



Board Organizational Meeting – December 3, 2018 Appointment/Election Form

Position	Member, Audit Committee	
No. To Be Appointed	3 trustee members: 2 trustees to be appointed <i>(NOTE: Trustee Schwartz is the third trustee member of the Audit Committee. She was appointed in 2017 for a two-year term ending November 30, 2019)</i>	
Appointment Authority	Education Act § 253, Reg. 360/10, OCDSB By-laws and Standing Rules, Policy P.016.GOV.	
Term of Appointment	1. December 3, 2018 – November 30, 2019 (one year term) 2. December 3, 2018 – November 30, 2020 (two year term)	
Ex-officio position(s)	None. (All Trustees are entitled to participate in debates and receive materials except where the committee determines it is appropriate to meet without the presence of other board staff or board members, other than board members who are members of the committee, Reg. 360/10 § 10(c))	
Eligibility Requirements	Any member of the Board.	
Mandate	The duties of the Committee are outlined in Policy P.016.GOV, Audit Committee, in sections 4.12 to 4.17. Please see attached policy.	
Other Relevant Information	<p>The committee meets approximately six times per year in the evenings at the administration building.</p> <p>One trustee member shall be selected by the other members of the Committee to be Chair of the Audit Committee at the first meeting.</p> <p>Trustee members shall be paid \$50.00 for attendance at Audit Committee meetings (Ontario Regulation 367/06)</p> <p>Note: The first meeting is scheduled for 23 January 2019 .</p>	
Nominees (nominations/volunteers)		
Number	Name	
1.		
2.		
3.		
4.		
Candidate(s) Appointed	1.	
	2.	
	3.	
Confirmed	Moved by:	Seconded by:

TITLE: AUDIT COMMITTEE

Date issued: 12 March 1998

Last revised: 29 September 2015

Authorization: Board: 29 September 2015

1.0 OBJECTIVE

To govern the composition, operation and reporting responsibilities of the Audit Committee.

2.0 DEFINITIONS

In this policy:

- 2.1 **Audit committee** refers to the statutory committee established in accordance with Ontario Regulation 361/10 and the *Education Act*.
- 2.2 **Board** refers to the Board of Trustees.
- 2.3 **District** refers to Ottawa-Carleton District School Board.
- 2.4 **External auditor** refers to an auditor appointed by a Board under subsection 253 (1) of the *Act* to perform the duties referred to in subsection 253 (4) of the *Act*.
- 2.5 **Internal auditor** refers to the manager of the audit team funded by the province, who for eastern Ontario school districts, examines and evaluates the Board's records and procedures related to risk management, internal controls and governance processes and makes recommendations on ways to improve those processes or such other individual as is appointed by the Board to fulfill these duties.
- 2.6 **Regulation** refers to Regulation 361/10, which establishes and governs audit committees in school districts.
- 2.7 **Reporting entity** refers to, with respect to a board, an organization that is required to prepare reports for the purposes of the Board regarding the organization's financial affairs and resources.
- 2.8 **Selection committee** refers to the committee charged with recommending appointment of external candidates to the Board for approval.

3.0 POLICY

Policy Statement

- 3.1 The Board is committed to fulfilling its fiduciary role to ensure the effective use of resources in support of student achievement and well-being. An effective audit committee as prescribed in Regulation 361/10 will assist the Board in fulfilling its duties related to governance and oversight, through its review of processes and recommendations to the Board for the improvement of those processes.
- 3.2 The Audit Committee will review and make recommendations to the Board with respect to three main areas, namely:
- a) Financial reporting and liaison with the external auditor;
 - b) The status of internal controls and the work of the internal auditor; and
 - c) The District's risk management practices.

Guiding Principles

- 3.3 In fulfilling its duties, the Audit Committee and its members will adhere to the Ottawa-Carleton District School Board (OCDSB) Code of Conduct and ensure that its activities comply with other governing legislation, such as the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). Audit committees are given broad powers by the *Education Act* in their role of supporting the Board of Trustees. When exercising these powers, the committee will respect the roles of staff and trustees in the effective governance of the organization.

4.0 SPECIFIC DIRECTIVES

Composition of the Committee

- 4.1 The Audit Committee shall consist of three (3) trustees, elected at the Board's annual organizational meeting and two (2) external members. In order to assist with continuity, one trustee will be appointed for a two year term.
- 4.2 The external members will be appointed for three year terms. In order to assist with continuity, these terms will be offset by one year.
- 4.3 To be eligible for appointment as an external member, a person must meet the requirements outlined in the regulation, namely:
- a) They have accounting, financial management or other relevant business experience that would enable them to understand the accounting and auditing standards applicable to the Board;
 - b) They are not an employee of the District, or officer of the Board, or of any other Board at the time of their appointment;
 - c) They do not have a conflict of interest, defined as having a parent, child or spouse employed by the District; and

- d) They were identified by the selection committee as a potential candidate for appointment to the Audit Committee.
- 4.4 The selection committee shall be composed of the Director of Education, the Chief Financial Officer and the Chair of the Board, or another trustee designated by the Chair.
- 4.5 Should an external member become ineligible during their term, they shall resign from the committee. The Board shall appoint a replacement for the balance of the term, who may be selected from the most recent panel of candidates for the position, without the need for re-advertising should that be the will of the Board.

Operation of the Committee

- 4.6 At its first meeting following the Board's organizational meeting, the committee will elect a chair from among the Audit Committee members.
- 4.7 Three committee members, one of whom is an external member, shall constitute quorum.
- 4.8 The Audit Committee of the Board shall meet at least three times in each fiscal year at the call of the chair of the committee, and at such other times as the chair considers advisable.
- 4.9 The first meeting of the Audit Committee in each fiscal year shall take place no later than September 30.
- 4.10 Each member of the committee shall have one vote. In the event of a tie the chair of the committee may vote again.
- 4.11 The OCDSB Code of Conduct, insofar as it applies to trustees, shall also apply to the external members in relation to their duties as members of the committee.

Duties of the Committee

- 4.12 With respect to the District's financial reporting process, the committee has the following duties:
 - a) To make recommendations to the Board on the content of annual or multi-year external audit plans and on all proposed major changes to the plan;
 - b) To review with the Director of Education, the Chief Financial Officer and the external auditor the Board's financial statements, with regard to the following:
 - i. relevant accounting and reporting practices and issues;
 - ii. complex or unusual financial and commercial transactions of the Board;
 - iii. material judgments and accounting estimates of the Board; and
 - iv. any departures from the accounting principles published from time to time by the Canadian Institute of Chartered Accountants that are applicable to the Board;
 - c) To review with the Director of Education, a senior business official and the external auditor, before the results of an annual external audit are submitted to the Board:

- i. the results of the annual external audit;
 - ii. any difficulties encountered in the course of the external auditor's work, including any restrictions or limitations on the scope of the external auditor's work or on the external auditor's access to required information;
 - iii. any significant changes the external auditor made to the audit plan in response to issues that were identified during the audit; and
 - iv. any significant disagreements between the external auditor and the Director of Education or a senior business official and how those disagreements were resolved;
 - d) To review the Board's annual financial statements and consider whether they are complete, are consistent with any information known to the Audit Committee members and reflect accounting principles applicable to the Board;
 - e) To recommend, if the Audit Committee considers it appropriate to do so, that the Board approve the annual audited financial statements;
 - f) To review with the Director of Education, a senior business official and the external auditor all matters that the external auditor is required to communicate to the Audit Committee under generally accepted auditing standards;
 - g) To review with the external auditor material written communications between the external auditor and the Director of Education or a senior business official;
 - h) To ask the external auditor whether the financial statements of the Board's reporting entities, if any, have been consolidated with the Board's financial statements; and
 - i) To ask the external auditor about any other relevant issues.
- 4.13 With respect to the Board's internal controls, the committee has the following duties:
- a) To review the overall effectiveness of the Board's internal controls; and
 - b) To review the scope of the internal and external auditor's reviews of the Board's internal controls, any significant findings and recommendations by the internal and external auditors and the responses of the Board's staff to those findings and recommendations.
- 4.14 To discuss with the Board's officials the Board's significant financial risks and the measures the officials have taken to monitor and manage these risks.
- 4.15 With respect to the internal auditor, the committee has the following duties:
- a) To review the internal auditor's mandate, activities, staffing and organizational structure with the Director of Education, a senior business official and the internal auditor;
 - b) To make recommendations to the Board on the content of annual or multi-year internal audit plans and on all proposed major changes to plans;

- c) To ensure there are no unjustified restrictions or limitations on the scope of the annual internal audit;
 - d) To review at least once in each fiscal year the performance of the internal auditor and provide the Board with comments regarding his or her performance;
 - e) To review the effectiveness of the internal auditor, including the internal auditor's compliance with the document *International Standards for the Professional Practice of Internal Auditing*, as amended from time to time, published by The Institute of Internal Auditors and available on its website;
 - f) To meet on a regular basis with the internal auditor to discuss any matters that the Audit Committee or internal auditor believes should be discussed; and
 - g) To review with the Director of Education, a senior business official and the internal auditor:
 - i. significant findings and recommendations by the internal auditor during the fiscal year and responses of the Board's staff to those findings and recommendations;
 - ii. any difficulties encountered in the course of the internal auditor's work, including any restrictions or limitations on the scope of the internal auditor's work or on the internal auditor's access to required information; and
 - iii. any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit.
- 4.16 With respect to compliance matters, the committee has the following duties:
- a) To review the effectiveness of the Board's system for monitoring compliance with legislative requirements and most usually with the Board's financial and reporting policies and procedures, and where there have been instances of non-compliance, to review any investigation or action taken by the Director of Education, supervisory officers or other persons employed in management positions to address the non-compliance;
 - b) To review any significant findings of regulatory entities, and any observations of the internal or external auditor related to those findings;
 - c) To review the Board's process for communicating any codes of conduct that apply to Board members or staff of the Board to those individuals and the Board's process for administering those codes of conduct;
 - d) To obtain regular updates from the Director of Education, supervisory officers and legal counsel regarding compliance matters; and
 - e) To obtain confirmation by the Director of Education and supervisory officers that all statutory requirements have been met.

- 4.17 With respect to risk management, the committee has the following duties:
- a) To ask the Director of Education, a senior business official, the internal auditor and the external auditor about significant risks, to review the Board's policies for risk assessment and risk management and to assess the steps the Director of Education and a senior business official have taken to manage such risks, including the adequacy of insurance for those risks. This may include the identification of risks by the committee.
 - b) To perform other activities related to the oversight of the Board's risk management issues or financial matters, as requested by the Board;
 - c) To initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealing; and
 - d) To recommend to the Board a schedule for cyclical reports on the matters referred to in 4.16 (d) and (e) and 4.17 (a).

General

- 4.18 From time to time the Board may, by resolution, refer other items to the committee for its consideration and recommendations and report on any such referred items in the annual report.
- 4.19 The Audit Committee shall submit to the Board on or before a date specified by the Board an annual report that includes:
- a) Any annual or multi-year audit plan, including enrolment audit plans, of the Board's internal auditor;
 - b) A description of any changes made to a plan referred to in clause (a) since the last report of the committee;
 - c) A summary of the work performed by the internal auditor since the last annual report of the committee, compared to a summary of the work the auditor expected to perform during the period, as indicated in the plan referred to in clause (a); and
 - d) A summary of risks identified and findings made by the internal auditor.
- 4.20 The Board shall submit a copy of the annual report to the Minister in each fiscal year on or before a date specified by the Minister.
- 4.21 The Audit Committee shall submit a report to the Board in each fiscal year on or before a date specified by the Board, and at any other time as may be requested by the Board, that includes:
- a) A summary of the work performed by the committee since the last report;
 - b) An assessment by the committee of the Board's progress in addressing any findings and recommendations that have been made by the internal or external auditor;

- c) A summary of the matters addressed by the committee at its meetings;
 - d) The attendance record of members of the committee; and
 - e) Any other matter that the committee considers relevant.
- 4.22 Meetings of the Audit Committee shall be held in public unless there are matters that are to be dealt with in camera, in accordance with the OCDSB's policies and the *Education Act*. In those cases where matters are dealt with in camera, trustees who are not members of the committee are entitled to attend. Should the committee choose to exclude non-members under the provisions of the Regulation, the reasons for such exclusion must be documented in the committee's minutes and shared with the Board as soon as practical.

5.0 REFERENCE DOCUMENTS

Education Act of Ontario and Regulations under the Education Act
Ontario Regulation 361/10
Ministry of Education Guideline on Audit Committee Reporting
Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990
Policy P.125.SCO: School Board Code of Conduct