



Algoma District Services Administration Board
Conseil d'administration des services du district d'Algoma

TERMS OF REFERENCE - AUDIT COMMITTEE

MEMBERSHIP:

- Three or four directors, one of whom shall be the Chairperson
- Chief Financial Officer: non -voting
- Such other persons as the Board deems appropriate – i.e.: the Chief Administrative Officer and/or other finance department member (staff are non-voting members)

FREQUENCY OF MEETINGS:

Three to four times a year

ROLE OF THE COMMITTEE:

1. review, with the external auditors, the proposed scope of the current year's audit
2. review and approve the auditor's engagement letter including the audit fee and expenses
3. assess whether appropriate assistance is being provided to the auditors by the organization's staff
4. review control weaknesses detected in the prior year's audit and determine whether all practical steps have been taken to overcome them

Policies for Financial Operations and Systems of Internal Control

1. inquire about changes in the financial systems and control systems during the year; Audit committee terms of reference
2. review the integrity and effectiveness of policies regarding the financial operations, systems of internal control and reporting mechanisms of the Organization and ensure that they are in accordance with generally accepted accounting principles and practices;
3. inquire into the major financial risks faced by the Organization, and the appropriateness of related controls to minimize their potential impact

Annual Financial Statements

1. receive and review the unaudited and audited financial statements of the Organization whether interim or year-end and report to the Board prior to the Board's approval thereof;
2. review audited annual financial statements, in conjunction with the report of the external auditor, and obtain an explanation from management of all significant variances between comparative reporting periods;
3. recommend approval of the financial statements to the Board; and

- a) inquire about changes in professional standards or regulatory requirements
- b) review the entire annual report for consistency with the financial statements

Audit Results

1. review the report of the external auditors on the annual financial statements;
2. review the external auditor's post-audit or management letter which may document weaknesses in the accounting system or in the internal control systems and which contain recommendations of the external audit, and management's response and subsequent follow-up to any identified weakness;
3. meet privately with the external auditors (without the presence of management) with regard to the adequacy Audit committee terms of reference of the internal accounting controls and similar matters, and review management responses to ascertain whether there are concerns that should be brought to the Committee's attention,
4. review any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management, or situations where management seeks a second opinion on a significant accounting issue
5. meet privately with management to determine whether the external audit was performed in a professional manner, in accordance with the audit engagement letter and any other contractual agreement in place for these services, and to receive management's recommendation regarding the appointment or re-appointment of external auditors.

Duty to Report

1. Prepare a report to the Board discussing the actions it has taken and the assistance the Committee has had in fulfilling its duties.
2. Prepare a report to Board/Members describing the Audit Committee activities during the past reporting period.