



AUDIT COMMITTEE

APPROVED: 2018.05.29

POLICY

The Board of Education requires an Audit Committee to provide advice and recommendations related to the Board's oversight of the school district's finances.

DEFINITIONS:

"Financial Instrument" is a contract that creates a financial asset for one entity and a financial liability or equity instrument for another entity

"Financial Risks" involve credit risk, liquidity risk, and market risk, defined as follows:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Liquidity risk is the risk that a government will encounter difficulty in meeting obligations associated with financial liabilities.
- Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Responsibility Centre: Secretary-Treasurer

References: *School Act*, Part 8, Division 8 Accounts and Audits,
Public Sector Accounting Board Standard, PS3450 Financial Instruments

AUDIT COMMITTEE

PREAMBLE

An Audit Committee assists the Board of Education in fulfilling its governance and oversight responsibilities related to financial reporting, risk management, and the appointment, duties, and reporting of an external auditor.

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AUDIT COMMITTEE**REGULATIONS:**

1. For the purposes of this Policy, the Management and Finance Committee (Bylaw 1, Section 3.5), will be convened in September and the spring of each year as a Committee of the Whole Board, to serve as the Audit Committee.
2. The deliberations of and information received by the Audit Committee will be treated as private and confidential.
3. The Chair of the Management and Finance Committee will serve as the Chair of the Audit Committee.
4. The Audit Committee will:
 - 4.1 Oversee financial reporting including reviewing the annual audited financial statements before such statements are considered for approval by the Board of Education. To this end, the Audit Committee will:
 - 4.1.1 Receive a presentation from the Secretary Treasurer on the annual financial statements.
 - 4.1.2 Receive a presentation from the external auditor on their Audit Report and any related findings.
 - 4.1.3 Discuss with the external auditor any matters related to accounting principles, practices, and judgments.
 - 4.2 Provide an opportunity for communication amongst Trustees, the external auditor, and the school district's senior administration.
 - 4.3 Establish processes to Identify, assess, communicate and manage risks faced by the school district.
 - 4.4 Make recommendations to the Board in response to any matters identified in any report made by the external auditor.
 - 4.5 Consider any financial risks that may affect financial reporting.
5. With respect to the external auditor, the Audit Committee will:
 - 5.1 Recommend the appointment of, or continue the appointment of an external auditor in accordance with the *School Act*, Section 158.
 - 5.2 Review the independence of the external auditor to the school district, and the fees paid to the external auditor by the school district on an annual basis.



AUDIT COMMITTEE

- 5.3 Review with the external auditor the scope of their work, including determination of materiality, and areas, if any, of audit risk.
- 5.4 Review with the external auditor any reports of their findings and any recommendations included in an auditor's management letter.
- 5.5 Consider any other matters the external auditor may bring to the Audit Committee's attention.

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ADMINISTRATIVE PROCEDURES:

1. The Secretary Treasurer and the Director of Finance will serve as the primary staff resources to the Audit Committee.

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