



MEMORANDUM

Date: 14 June 2011
To: Board of Trustees
From: Tim Monds, Superintendent of Schools
Originator: Claire Jonsson, Associate Superintendent
Subject: **POLICY 8, ARTICLE 6 – AUDIT COMMITTEE**

Recommendation

That the Board of Trustees approves revisions to the structure of the Audit Committee of the Board and further that the Board makes appropriate adjustments to Board Policy 8 – Article 6, Audit Committee, as necessary, as presented at the Regular Board Meeting of 14 June 2011.

Background:

The Audit Committee met on 05 April 2011 and again on 03 May 2011 to review Policy 8, Article 6 Audit Committee and align it with best practices used by audit committees. The revised policy addresses the scope of the committee's responsibilities, structure, processes, membership requirements and involvement with external auditors.

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Policy 8

6. Audit Committee

The Board shall establish an Audit Committee to fulfill their oversight responsibility for reliable financial reporting, effective internal controls and compliance with legislation and regulatory requirements.

6.1 Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

6.1.1 With the consent of the Board, retain outside counsel, accountants or others to advise the committee or assist in the conduct of an investigation;

6.1.2 Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or external parties; and

6.1.3 Meet with Division officers, external auditors or outside counsel, as necessary.

~~6.1.3~~ **6.1.4** Make recommendations to the Board on financial control matters, including selection of external auditors.

6.2 Composition

The Audit Committee will consist of:

6.2.1 ~~The Board Chair, acting as Chair of the committee; Three (3) trustees, not to include the Board Chair, who are financially literate or willing to become so. One of the trustees will be appointed Chair by the trustees on the committee;~~

6.2.2 ~~Two (2) trustees; One member at large, not connected with Parkland School Division or the external auditors. The member must be financially literate and preferably hold an accounting designation;~~

6.2.3 ~~Two (2) Superintendent designates. The Executive Secretary to the Associate Superintendent of Business and Finance, who shall act as recording secretary for the committee;~~

~~6.2.3~~ **6.2.4** The Associate Superintendent of Business and Finance and the Manager of Business and Finance shall provide information and advice to the committee as requested.

6.3 Meetings

The Audit Committee will meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via tele-conference or video-conference. The Audit Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It may hold private meetings with auditors in executive sessions. Minutes of meetings will be prepared and provided at a meeting of the Board.

6.4 Compensation

6.4.1 Trustee members shall be compensated as specified in Policy 7 Appendix C.

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6.4.2 The member at large shall be compensated, as specified in Policy 7 Appendix C, as follows:

- one (1) full day per diem for each meeting up to four (4) hours;
- mileage to and from Audit Committee Meetings.

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6.4.5 Responsibility

The Audit Committee will carry out the following responsibilities:

6.4.16.5.1 Financial Statements:

6.4.1.16.5.1.1 Review significant accounting and reporting issues, including complex or unusual transactions;

6.4.1.26.5.1.2 Review with management and the auditors the results of the audit, including any difficulties encountered;

6.4.1.36.5.1.3 Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles; and

6.4.1.46.5.1.4 Review with management and the auditors all matters required to be communicated to the Board.

6.4.26.5.2 Internal Control

6.4.2.16.5.2.1 Consider the effectiveness of the Division's internal controls over annual reporting, including information technology security and control; and

6.4.2.26.5.2.2 Understand the scope of auditor's review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

6.4.36.5.3 Audit

6.4.3.16.5.3.1 Review the auditor's proposed audit scope and approach;

6.4.3.26.5.3.2 Review the performance of the auditor(s), and provide a recommendation to the Board regarding final approval on the appointment or discharge of the auditors;

6.4.3.36.5.3.3 Review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Division, including non-audit services, and discussing the relationship with the auditors; and

6.4.3.46.5.3.4 On a needs basis, meet separately with the auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately.

6.4.46.5.4 Compliance

6.4.4.16.5.4.1 Review the findings of any examinations by regulatory agencies, and any audit observations; and

6.4.4.26.5.4.2 Obtain regular updates from management and company legal counsel regarding compliance matters.