

		Commission scolaire English-Montréal English Montreal School Board
POLICY:	AUDIT COMMITTEE	CODE: FS-4
Origin:	Financial Services	
Authority:	Resolution #10-08-25-10 Revised by Resolution # 15-03-24-12.1	
Reference(s):	Policy Statement FS-8: Appointment of External Auditors Procedure Statement FS-8.P: Appointment of External Auditors Education Act, Section 193.1	

RATIONALE

As required by law, the English Montreal School Board (EMSB) has created an Audit Committee, whose purpose is, among other things, to assist the commissioners in seeing to the establishment of internal control mechanisms and the optimal use of the school board's resources. . The Audit Committee's mandate is to act on behalf of Council in overseeing all material aspects of financial reporting, internal controls, the Internal Audit function and the audit of the annual financial statements.

POLICY STATEMENT

The Audit Committee exercises oversight in three interrelated areas:

Financial Reporting
 Audit Activities
 Risk Management and Internal Control

The Audit Committee serves the Council of the EMSB in an advisory capacity. In addition, the Audit Committee shall appraise itself of the Internal Audit department's annual Audit Plan as well as its overall conclusions. Finally, the Audit Committee may recommend to Council the extension of the scope of the external auditors' mandate.

FIELD OF APPLICATION

This policy statement applies to the Ministry-approved annual financial statements (*Rapport Financier Annuel*), the condensed financial statements derived therefrom, and the external auditing firm approved by Council resolution to conduct the annual external audit of the EMSB's financial operations.

PRINCIPLES

The role of the Audit Committee is to establish a communication channel between the commissioners, senior management and the external auditors.

RULES OF APPLICATION

Financial Reporting includes:

1. Oversight of the selection of accounting policies used in the preparation of the financial statements, including consideration of all relevant alternatives.
2. Reviewing other financial information (e.g. the Annual Report), for consistency with the financial information in the financial statements and other reports required by the organization
3. Maintaining an effective communications policy, including disclosure of the Audit Committee`s mandate

Audit Activities include:

1. Pre-approval of all audit and non-audit services to be performed by the external auditor, including the approval of the auditors` annual engagement letter;
2. Reviewing reports from the external auditor concerning their independence;
3. Reviewing the overall scope of the external audit, including areas of identified risk;
4. Reviewing and discussing the annual financial statements and related note disclosures with the external auditors;
5. Reviewing with the external auditors the results of the audit and determine if there were any difficulties or disputes with management, any significant changes in the audit plan, any significant changes in accounting policies and any management estimates that required significant judgment;
6. Recommending to Council the approval of the annual audited financial statements;
7. Review the external auditors` mandate, within the scope of the mandate specified by the Minister, and to study the possibility of recommending to Council its extension to meet specific needs.
8. Reviewing with the external auditors any internal control weaknesses, and if appropriate, determine whether effective steps have been taken to overcome them;
9. Recommending the re-appointment (or replacement) of the external auditors to Council, and their compensation.

The Audit Committee shall review and assess the Internal Audit department`s annual Audit Plan. In addition, the Committee shall annually receive from the Internal Audit department a general report on the audits performed by the Internal Audit department and their results and make appropriate recommendations to the Council.

Risk Management and Control include:

1. Reviewing and assessing the organization's financial risk management policies and processes;
2. Having a clear understanding of the risks of fraud and error in the entity and reviewing management's response to these risks;
3. Overseeing management's establishment of an adequate system of internal controls and risk management systems to mitigate the financial risks facing the organization and to ensure a strong internal control environment exists;
4. Considering the potential risk of management's override of controls or other inappropriate influence over the financial reporting process;
5. Enquiring into the condition of the books and records and the adequacy of resources committed to the accounting function and internal controls.

COMPOSITION, TERM OF OFFICE AND FREQUENCY OF MEETINGS

The composition of the Audit Committee shall be as detailed in Annex 1 – Commissioner Participation in Committees, to resolution “Structure of Advisory Committees” as well as the following:

1. Director General
2. Deputy Director General - Administrative Division
3. Director of Financial Services
4. Manager of Internal Audit

The Audit Committee shall secure the assistance of at least one person (who is not an employee of the School Board) who has competency in accounting or financial matters.

Quorum consists of the majority of the Commissioner members of the Audit Committee, plus the Director of Financial Services, and either the Director General or the Deputy Director General – Administrative Division. Only the Commissioner members of the Audit Committee shall have voting privileges.

At meetings where the external auditor is present, time should be allocated for the Committee to meet separately with management and with the external auditor.

Minutes of each meeting must be prepared and be made available to all the members of the Council of Commissioners.

The Audit Committee shall meet at least three (3) times a year. Meetings shall be scheduled at the call of the Chair.

COMMUNICATION

The Committee should:

1. Be accountable to all stakeholders of the organization;

2. Have open communication with management, other committee members and advisors, as applicable, to strengthen the Committee's knowledge of current and prospective issues;
3. Insist on open discussions with management and the external auditors about issues of quality and integrity.
4. Review and update its mandate on a regular basis;
5. Recommend to Council investigations into matters within the Committee's scope of responsibilities, including retaining independent legal counsel and other professionals;
6. Obtain management's confirmation that all statutory filings and requirements have been met;
7. Perform other duties delegated to it by Council.

COMMITTEE PERFORMANCE

The performance and effectiveness of the Committee and its individual members should be assessed annually as part of the Board's evaluation process. The activities of the Audit Committee should be assessed in relation to its mandate. In this way the Committee will be continually improving and updating its mandate to meet the current issues of the organization and the environment in which it operates.