



**AUDIT COMMITTEE
Terms of Reference**

OBJECTIVE

The Audit Committee, as a committee of the Board of Directors, will be responsible for overseeing the administrative systems with respect to financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the effective and efficient use of resources.

The Audit Committee provides a focal point for communication between the Board of Directors, the external auditor and management and facilitates an impartial, objective and independent review of management practices.

The Audit Committee shall meet at least a minimum of four times per year, with additional meetings at the call of the Committee Chair in order to properly discharge its responsibilities as set out by the Board of Directors.

RESPONSIBILITIES

Management is directly responsible for the Kenora District Services Board's financial reporting, internal controls and compliance with laws and regulations. The Audit Committee is responsible to oversee and monitor how management carries out these functions. The Audit Committee must also satisfy itself that the responsibilities of the external auditor are effectively discharged. The Audit Committee will advise and make recommendations, where necessary, to the Board of Directors on the following:

- (1) The external audit function;
- (2) Financial and other reporting;
- (3) Internal control systems;
- (4) Compliance and business risk management;
- (5) Other related matters.

The External Audit Function

Is defined as oversight of the independent audit process

- 1.1 Recommend appointment or dismissal of the external auditor to the Board of Directors for approval;
- 1.2 Review the terms of engagement, fees and scope of the external audit and any non-audit services to be provided;
- 1.3 Review any reports and correspondence from the external auditor relating to the Kenora District Services Board, including the annual communication from the external auditor on independence matters;
- 1.4 Review with management and the external auditor, the results of the audit performed including evaluation of accounting principles applied; significant accounting estimates; significant audit misstatements; the effectiveness of, or weaknesses in, internal controls; significant related party transactions and any difficulties encountered during completion of the audit;
- 1.5 Receive reports from management summarizing progress made in resolving issues raised by the external auditors;
- 1.6 Meet privately with the external auditors to discuss any matters that the Audit Committee or the external auditors believe should be discussed.
- 1.7 Evaluate the performance of the external auditor.

Financial and Other Reporting

Is defined as the oversight of the financial reporting process to ensure the integrity and transparency of financial reports

- 1.1 Review the annual financial statements of the Kenora District Services Board and recommend approval to the Board of Directors;
- 1.2 Review financial and fiscal policies, practices and procedures (e.g.: accrual policies; investment policies; policies for establishing reserves, reserve funds, etc.);
- 1.3 Review significant accounting and reporting developments, including recent and contemplated professional and regulatory requirements and understand their impact on financial reports;
- 1.4 Review information used for decision making, as to integrity, timeliness and comprehensiveness.

Internal Control Systems

Is defined as oversight of effectiveness of the internal control environment

- 1.1 Review and understand the effectiveness of the internal control systems pertaining to safeguarding of assets and the authorization and recording of transactions;
- 1.2 Review and understand the adequacy of internal controls over data processing operations and computer-accessible data;

- 1.3 Be satisfied that appropriate monitoring devices are in place to detect dysfunctions, including fraudulent activities;
- 1.4 Review the effectiveness of corporate reporting systems regarding administrative and program performance (e.g.: budget monitoring systems).

Compliance and Business Risk Management

Is defined as oversight of the Kenora District Services Board's compliance with legal, statutory and regulatory requirements and oversight of the risk management environment

- 1.1 Review and understand how compliance with laws and regulations is achieved and the adequacy of the systems established to ensure compliance;
- 1.2 Review with management all legal claims and other contingencies that could have an effect on the financial position of the Kenora District Services Board and the adequacy of related insurance coverage's;
- 1.3 Review with management any significant financial risk exposures and processes in place to identify, monitor and manage these risks, including potential risks such as loss of key staff, loss of revenue sources, erroneous financial reporting, regulatory non-compliance, conflicts of interest fraudulent activities resulting from weaknesses in internal controls;
- 1.4 Review policies specifically regulating the conduct of members of the Board, staff, and suppliers (e.g.: fraud and theft policies; conflict of interest policies; procurement policies; budget control policies and expense claim policies);
- 1.5 Review and understand procedures that are in place for communication and follow-up of complaints regarding ethics, integrity, internal controls and accounting or auditing matters.

Other Related Matters

Is defined as matters directly related to Audit Committee responsibilities

- 1.1 Review and approve the scope, terms of reference and fees of professional services retained for purposes related to the Audit Committee's responsibilities;
- 1.2 Provide opportunities for private discussion of sensitive matters raised by the external auditor, management relating to personnel, legal, or other matters which could be prejudicial to the corporate interest if discussed in open committee;
- 1.3 Ensure that Audit Committee members receive appropriate orientation regarding the work of the Committee and that training to enhance financial literacy is made available;

- 1.4 Complete periodic self-assessments of the effectiveness of the Audit Committee against its responsibilities;
- 1.5 Review the Audit Committee responsibilities periodically and recommend modifications to the Board of Directors, as necessary.

COMPOSITION AND TERM OF OFFICE

The Audit Committee is comprised of four members as follows; three members of the Board of Directors who are elected by such members as well as one member of the public who has permanent residency in the District of Kenora, has declared an interest in serving on the Committee and meets the following qualifications:

- ❖ Appropriate academic qualification in accounting and/or business management and/or an equivalent combination of business experience and knowledge;
- ❖ Independence of judgment from, and no financial self-interest in, the Kenora District Services Board;
- ❖ Eligibility to be an elector in a municipality or unincorporated area within the District of Kenora.

The term of the elected members shall be two years determined as follows:

- (1) At the first regular meeting of the Board of Directors following the municipal elections and following confirmation of appointments to the Board by municipal councils and elected members from the unincorporated territories; and
- (2) At the first regular meeting of the Board commencing in the third year of the term of office of Board Members.

The term of the appointed public member shall be for a four year period with opportunity for reappointment upon approval of the Board of Directors. Any vacancy created by the resignation or ineligibility of the appointed public member shall be filled as soon as possible.

ELECTION OF CHAIR

The members of the Audit Committee shall elect from its members a Chair as follows:

- (1) At the first regular meeting of the Audit Committee following the municipal elections and following election/appointment to the Audit Committee; and
- (2) At the first regular meeting of the Audit Committee commencing in the third year of the term of office of the Board of Directors.

MEETINGS

The Audit Committee shall meet a minimum of four times per year as follows:

- (1) last week of April to review first quarter financial statements and previous years draft audited financial statements;
- (2) last week of July to review second quarter financial statements;
- (3) last week of October to review third quarter financial statements;
- (4) last week of January to review fourth quarter financial statements.

In addition the Committee would schedule additional meetings at the call of the Committee Chair with appropriate notice to the public as per the Notice Policy of the Kenora District Services Board.

Audit Committee meetings shall be conducted in accordance with the Rules of Order and Proceedings Policy adopted by the Kenora District Services Board.

The Audit Committee shall record the minutes of all of its public meetings and such minutes shall be available to the public on the Kenora District Services Board website.

In order to constitute a valid meeting a quorum of the Audit Committee shall require the presence of three Audit Committee members.

The four quarterly meetings of the Audit Committee noted above shall be conducted with all members present in the Board Room of the Kenora District Services Board Administration Office. The Chair will determine the necessity for additional meetings and such meetings may be conducted through teleconference or videoconference with appropriate notice to the public.

REMUNERATION

Audit Committee Members shall serve without remuneration however members shall be entitled to reimbursement of travel expenses in accordance with the Kenora District Services Board Travel Policy for Board Members and Non-Staff.

COMMITTEE RESOURCES

The Chief Administrative Officer and the Director of Finance shall act as permanent resource personnel to the Audit Committee with attendance of at least one of the permanent resource personnel at each meeting of the Committee. The attendance of additional staff members at Committee meetings shall be at the discretion of the Chief Administrative Officer and the Chair of the

Audit Committee. Resource personnel are not voting members of the Audit Committee.

**APPLICATION TO BOARD
FOR CONSIDERATION OF APPOINTMENT
TO COMMITTEES**

Name:	
Address:	
Home Tel:	Fax:
Business Tel:	Email:
Committee(s) or Board(s) to Which You Are Seeking Appointment (Please list order of preference in the event you are only considered for one appointment:	
1. Audit Committee	
2. N/A	
3. N/A	
Please limit your responses to the space provided below.	
Please list the reasons for seeking appointment to this Committee and other pertinent information you may deem helpful for the Board in considering your application.	

Please list the skills or qualifications you would bring to the committee position

Please list prior community involvement or experience within the Board or external:

Board Policy Limits Membership on a Board or Committee to a Maximum of Eight (8) Years. Indicate Below if You Have Served on the Committee Before and if so, for How Many Years.

Have You Served On This Committee Before? _____ Number Of Years _____

Please indicate you have reviewed the Terms of Reference for the Committee and committee meeting frequency: Yes ___ No ___

Please return your completed application by February 12, 2010 to the attention of:

**Chief Administrative Officer
211 Princess Street, Suite 1
Dryden, ON P8N 3L5
or fax to: 807-223-6500**

No Telephone or Verbal Applications will be accepted.

Signature: _____ Date: _____

To the extent that the foregoing information constitutes personal information as defined in the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, chapter M.56 as amended, the information is subject to provisions of that Act and will be used for the purposes indicated or implied by this form. Questions about the collection of personal information should be directed to the Chief Administrative Officer, 211 Princess Street, Suite 1, Dryden, Ontario, P8N 3L5, telephone (807) 223-2100.