



## TERMS OF REFERENCE

### AUDIT COMMITTEE (AC)

#### 1. **INTRODUCTION**

The Audit Committee of Council is constituted pursuant to Clause 148 of the *Financial Administration Act*. The Audit Committee reports to the Council.

#### 2. **AUTHORITY**

The Audit Committee's Terms of Reference are established through the authority of the Council.

#### 3. **DUTIES AND RESPONSIBILITIES**

The duties of the Audit Committee shall be to:

- (a) review and make recommendations to Council on the financial component of the annual report of the SCC;
- (b) oversee any internal audit of the Standards Council of Canada that is conducted pursuant to subsection 131(3) of the *Financial Administration Act*;
- (c) review, advise Council, and monitor any management response to the annual auditor general's report referred to in subsection 132(1) of the *Financial Administration Act*;
- (d) in the case of a special examination, review, advise Council, and monitor any management responses to the plan and reports referred to in sections 138 to 142 of the *Financial Administration Act*;
- (e) advise and make recommendations to Council on the Council's Corporate Plan, including the multi-year operational plan and its annual expenditure and capital budget and quarterly financial statements;
- (f) assess and make recommendations regarding management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting systems within the organization;
- (g) provide oversight of management's plan and process for identifying, assessing and managing risk, and insuring against identified risks, and monitoring and reporting to Council; and
- (h) perform such other functions as are assigned to it by Council.

## **4. MEMBERSHIP**

### **4.1 Composition**

The Audit Committee shall be comprised of five Council members. All members shall be financially literate (i.e. have the ability to read and understand fundamental financial statements, and the ability to ask probing questions about the organization's financial risks and accounting) and at least one member shall have accounting or related financial management expertise (i.e. past employment experience including these duties).

### **4.2 Appointments**

The Council, on the recommendation of the Nominating Committee shall appoint the members of the Audit Committee.

- 4.2.1 Council shall appoint one of the members to be the Chair. The Chair shall be appointed for a term not to exceed three years and may be reappointed for one additional term not to exceed three years.

### **4.3 Terms of Office**

- 4.3.1 Members shall be appointed for a term not to exceed three years and may be reappointed for one additional term not to exceed three years.

## **5. OFFICERS OF THE COMMITTEE**

The Chair of the Audit Committee shall chair the meetings of the Audit Committee and perform such other duties as required to ensure the proper functioning of the Committee.

## **6. MEETINGS**

- 6.1 The Committee shall meet as is necessary to fulfil its duties as described in the *Financial Administration Act* (148). Meetings will be subject to the following terms of the Act (148(4) and (5)):

- (a) "The auditor and any examiner of a parent Crown corporation are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the corporation, to attend and be heard thereat; and, if so requested by a member of the Audit Committee, the auditor or examiner shall attend any or every meeting of the Committee held during his term of office."
- (b) "The auditor or examiner of a parent Crown Corporation or a member of the Audit Committee may call a meeting of the Committee."

- 6.2 A quorum for any meeting of the Audit Committee shall consist of the Chair and at least

two members of the Committee.

6.3 The agenda shall be circulated at least two weeks prior to a meeting.

**7. VOTING**

7.1 The decision of the Audit Committee may be taken by simple majority of those members present or taking part in the meeting.

**8. FUNDING**

The members of the AC shall be reimbursed for personal travelling and other expenses while on Council business. Reimbursement of expenses shall be made upon submission of a Travel Claim form, which shall be provided at each meeting.

**9. SECRETARIAL SUPPORT**

The Corporate Secretary shall be the Secretary of the Audit Committee. The Council staff shall provide any additional secretarial support as required.