



Audit Committee Terms of Reference

Policy Type: Board	Approval Date: September 2008
Sub-Category: Governance	Amended: April 2012 June 2015 November 2015 February 2018 February 2021 November 2023
Last Review Date: November 2023	Next Review Date: November 2026

"S:\7 - Board and Executive Office\Policies and Manuals\1. Board Policies\Terms of Reference"

a) Purpose, responsibilities and delegated powers:

The purpose of the Audit Committee is to provide recommendations to the Board of Directors regarding actions that will mitigate organizational risk. Specifically, the Audit Committee will assist the Board to fulfill its responsibilities with respect to:

- Overseeing the financial reporting process
- Monitoring the manner in which the organization's management ensures the adequacy of the financial controls
- Monitoring the manner in which the organization's management ensures the risk management processes manage significant risk exposures to the organization
- Selecting, and ensuring independence and performance of the organization's external auditors

The Committee shall:

- On an annual basis, review these terms of reference and provide recommendations for any changes to the Board
- Review and approve the external auditors terms of engagement, proposed fee and planned scope of audit
- Monitor the integrity of the financial statements of the organization
- Assist the Board's overseeing of the organization's compliance with applicable legal and regulatory requirements
- Prior to the filing of any audit report with the Board, review reports/statements with management and external auditors

- Monitor the organization's critical accounting policies and practices used, and provide the Board with recommended changes
- Review and discuss with management and the external auditors significant business risk exposures and the processes established to identify, monitor, control and report such exposures
- Evaluate annually the design and effectiveness of internal control structures and procedures of the organization for the purposes of financial reporting
- Identify and evaluate key risks that threaten achievement of the organizations objectives
- Monitor reports from management on a regular basis regarding the following risk management issues:
 - i. Compliance with Board policies
 - ii. Compliance with any and all pertinent federal provincial and municipal regulations
 - iii. Disaster and emergency planning
 - iv. Incident and occurrence reports
 - v. Quality improvement
 - vi. Security
 - vii. Workplace health and safety
 - viii. Other pertinent activities

b) Composition:

The Audit Committee will have a minimum of four members, comprised of:

- Board Treasurer
- No more than 4 other Board members
- Not more than 3 former Board members
- Not more than 4 voting members from the membership at large
- CEO (non-voting)
- Director, Human Resources and Operations (non-voting)
- Other AOM staff as required to provide staff resources to the committee
- President, Ex-Officio

c) Selection and term of office:

A call for nominations will be circulated to membership. Interested members will be asked to submit a letter of interest. Selection will be based on best representation of membership demographics and familiarity with financial statements and systems. Selection will be recommended by the Committee to the AOM Board based on the composition criteria. The Board Treasurer will Chair the Committee. Members at large will serve a three year term, renewable twice. (i.e. up to a maximum of 9 years). Term can be renewable a third time if there is no other eligible candidate. Terms will be completed as of the Annual Member Meeting each year. The term of Board members will be determined by the Board.

If the Treasurer position is vacant, the Board shall appoint a chair from the Board until the Treasurer position is filled.

Requests for short term leaves of absence (6 months or less) can be made to the Chair.

d) Rules for meetings:

The group will meet as required, at the request of the Chair. Members may be required to provide input between meetings via telephone or e-mail. Members who miss more than three meetings in a row (except due to attending births or extraordinary circumstances), will have their membership on the Committee revoked. Minutes for each meeting will be recorded.

Decision-making will be done by consensus where possible. Where this is not possible and a decision needs to be made, this will be done by majority vote. Quorum will be a majority of voting committee members. Staff members will not be counted in quorum.

Commitment to Anti-oppression, Diversity, Equity and Inclusion:

The AOM recognizes the dignity and worth of every person and is committed to creating an environment that is safe, accessible, inclusive and respectful of members, Board members, staff, and the Ontario public. The AOM recognizes that inequity is maintained by oppression, discrimination against, and systemic marginalization of people based on the protected grounds identified by the Ontario Human Rights Code.^[1] All members of this committee are expected to foster equity and inclusion, in accordance with the expectations set out in the AOM's *Policy on Anti-Oppression*, Diversity, Equity and Inclusion* (November, 2017). The AOM will work to ensure a safe space in which committee members will work. Training to support anti-oppression, diversity, equity and inclusion will be made available to members of committees, work groups and task forces as required.

** for a definition of anti-oppression, see AOM's policy on Anti-Oppression, Diversity, Equity and Inclusion."*

Members who are unwilling to meet the expectations of the Anti-Oppression, *Diversity, Equity and Inclusion* policy may, at the sole discretion of the Board have their membership on this committee revoked.

e) Reporting and accountability:

The Audit Committee is a committee of the AOM Board and accountable to the Board. In accordance with the AOM constitution article 6, the Committee is advisory in nature. It is established by the Board to carry out its mandate and to carry out the directions given to it from time to time by the Board. Committee members are responsible for implementing Board decisions regarding the Committee's mandate.

Due to the highly sensitive nature of information that will form part of the Committee's work, prior to joining the Committee, members will be required to sign a confidentiality agreement. A signed confidentiality agreement, one that covers the term of their membership on the Committee, is a requirement to serve on this Committee.

This committee will meet at least four times per year and report to the Board at least quarterly, generally in January, March, June and November. Committee meetings can be called by the Chair; meetings can also be called by the external auditor or the CEO if they consider one necessary.

Any staff/consultants hired to undertake specific work related to the Committee will be hired by and report to the CEO.

The Board of Directors has the authority to dissolve a committee if they determine that there is no longer a need for it, or if there has been sufficient evidence to suggest that the group is no longer productive.