

Section 5 - Audit Committee Relationships

1. Relationship with the Board

- o The Audit Committee supports the Board and Board Chair.
- o The Audit Committee is not separate from the Board; rather it is a committee of the Board whose purpose is to delve more deeply into one aspect of Board operations. As a result, the Audit Committee must be viewed as a support to the ongoing work of the Board.

2. Relationship with Management

- o The Audit Committee must carry out its responsibilities in a manner that maintains independence from Management and avoids any situations that may impair its objectivity in performing its oversight duties. This is not an adversarial role, but rather one that ensures that the jurisdiction has adequate controls and safeguards in place.
- o Members of the Audit Committee communicate with the Superintendent and Secretary-Treasurer, but do not direct their actions. Communications should flow freely, but within designated channels. Only the Board can direct the actions of the management team.
- o Consideration should be given as to whether management has a long-term focus or whether it is overly distracted with managing short-term results.
- o The Audit Committee should not resolve everyday issues or make management decisions.
- o By fulfilling the roles of the Audit Committee, board members become better trustees, not better managers!
- o Management should support the Audit Committee by:
 - a. Promoting open communication.
 - b. Answering questions fully and promptly.
 - c. Providing factual information to support responses.
 - d. Admit when they do not know the answer.



- e. Support the committee by contacting additional relevant resources and specialists.
- f. Is easily accessible.

Open communication is the bridge between the Audit Committee and Management, and will encourage the free flow of ideas between the members of the Audit Committee and Management.

An in-camera session should be a part of every meeting with management - avoids unease that may occur if such discussions are only held when a specific issue arises.

3. Relationship with External Auditor

- o Audit Committee
 - a. Develops terms of engagement for the external auditor.
 - b. Recommends appointment of external auditor.
 - c. Manages the relationship with the external auditor.
 - d. Maintains open lines of communications with the external auditor to ensure the committee has access to any information it requires.
- o An in-camera session should be a part of every meeting with the external auditor - avoids unease that may occur if such discussions are only held when a specific issue arises.

