

### Section 3 - Who should be on the Audit Committee?

The primary responsibility of the committee is to provide oversight of the organization's financial statements and evaluate the management of risk. It's critical that the committee membership understand and adhere to this purpose.

The Education Act, S.142 outlines the following requirements of the Audit Committee:

142 (2) The audit committee shall comprise at least 5 individuals and shall include at least one of each of the following individuals:

- (a) a member of the business community who is not a trustee;
- (b) a member of the adult learning community who is not a trustee;
- (c) a trustee.

The legislation requires that there must be a minimum of five individuals on the committee and that the membership of the committee must include at least one member of the "business community" who is not a trustee, one member of the "adult learning community" who is not a trustee, and one trustee.

A member of the audit committee should build the financial literacy of the other members, and the Board itself.

#### Business Community Committee Member

Based on the legislation, membership shall include an individual that represents the business community. A Board may want to consider the following items for attributes of this member:

- Level of management experience with similar sized organizations.
- Experience with evaluating financial information and reports.
- Previous board level experience.
- Knowledge of financial terminology.
- Relationship to the Boards local objectives to meeting educational needs of the business community.

### Adult Learning Committee Member

The legislation also indicates that membership shall include an individual that represents the adult learning committee. When considering attributes for this role, candidates should have:

- Relationship to the Boards local objectives to post-secondary transitioning of students.
- Previous board level experience.
- Balancing non-financial outcomes, with fiscal responsibility.

A benefit of having an audit committee with public members is that it also provides another level of community engagement along with fiscal oversight.

### Trustees

The audit committee may be structured to be a “committee of the whole” of all school trustees or it may be a committee of a few members of the board and public members.

- Delegation of Board responsibilities to a committee.
- The rotation of trustee members on the committee.
- Information that the Board needs to make effective decisions, and effectively use their time.

### Administration

The board may want to consider the following when determining Administration’s role either as a member or as a resource on the audit committee.

- What level of independence does the Board want the committee to have?
- How will the committee reports be communicated to Administration and the Board?
- How is contextual knowledge shared, as membership changes?

Consideration should be given to items such as:

- succession planning for members of the audit committee
- organization of meeting
- term of audit committee members
- professional development for committee members

**Assignment:**

- 1) What is the primary responsibility of the audit committee?
- 2) What is the minimum number of committee members required by the Education Act?
- 3) Name three considerations when choosing an external audit committee member.

