

Grand River Conservation Authority

Audit Committee Terms of Reference

Composition of the Audit Committee:

An Audit Committee shall be appointed annually, at the Annual General Meeting. The Audit Committee will be composed of the Chair of the Authority, the Vice-chair(s), as applicable, and up to five other members appointed by and from the General Membership, without exceeding a total of seven appointed Committee Members. At its first meeting, the Audit Committee shall elect a Chair from its Members, excluding the Chair and Vice-Chair(s) of the Board. The terms of reference for the Audit Committee shall be reviewed annually by the General Membership and attached to the Minutes of the meeting at which they are approved or confirmed.

The Audit Committee shall meet at least twice per year, with the first meeting to take place after the Auditors have prepared the Auditors' Report, at such time and place as the Chair of the Committee shall decide. Additional meetings may be arranged at the call of the Chair, the Auditor, or a member of the Audit Committee.

The Audit Committee reports to the General Membership. It is understood that the Chair of the Audit Committee and the external Auditor will have direct access to each other at all times, to discuss matters relevant to the audit. The Audit Committee may also invite members of the public to attend Audit Committee meetings in a non-voting capacity to act as a resource, to aid in understanding the financial statements and the processes and internal controls used in support of financial reporting.

Members of the Audit Committee must:

1. Be impartial, independent and without conflict of interest, which includes not having a business relationship with the GRCA.
2. Have sufficient knowledge and experience to understand and interpret financial statements. This knowledge may be gained through training provided by the GRCA after being appointed to the Audit Committee.

Responsibilities of the Audit Committee are:

1. To review the audited financial statements of the GRCA and recommend approval of those statements (or otherwise) to the General Membership at the Annual General Meeting.
2. To review the results of external audits and direct staff regarding any action required in response to the Auditor's recommendations.
3. To review the effects of any changes in accounting practices or policies on the financial statements and recommend appropriate changes in accounting practices or policies to the General Membership. This will include a review of significant accruals, provisions, and estimates in the financial statements.
4. To review the system of Internal Controls and the effectiveness of those controls in protecting the assets of the GRCA and ensuring effective and accurate financial reporting.
5. In consultation with Management and the Auditors, to review any material contingency facing the GRCA and evaluate the appropriateness of the GRCA's disclosure of such items.
6. To review any other matter that should be considered in reaching a recommendation to the General Membership concerning the approval of the audited financial statements.
7. To recommend the appointment of Auditors and approval of the audit fee(s) for the upcoming year.
8. To review services provided by the auditor outside of the audit to ensure that such services are appropriately provided by the firm also acting as Auditor.
9. To meet with the Auditor without Management present, at least once per year.