



Board Charter

1. Purpose

The Board of Directors (the “Board”) has ongoing responsibility for the stewardship of CPAB, which it carries out directly and through its committees. The purpose of this Charter is to assist the Board in carrying out its role and responsibilities as outlined below.

2. The Board

2.1 Organization

The composition of the Board, including the number, qualifications, election and term, remuneration, meeting procedures, notices of meetings and quorum requirements, are as established by the by-laws of CPAB.

2.2 Board Selection and Education

2.2.1 The Board shall establish and recommend to the Council of Governors criteria for selecting directors consistent with CPAB’s by-laws, and review a succession plan for the Chair, Vice-Chair and other directors.

2.2.2 The Board shall ensure that directors receive an initial orientation into the business and operations of CPAB as well as ongoing professional development.

2.3 Independence and Ethics

2.3.1 Independence requirements for directors are as established by the by-laws of CPAB.

2.3.2 The Board shall at least annually, evaluate the independence from the accounting profession of each director in accordance with the by-laws.

2.3.3 The Board shall approve a Code of Ethics and Board members shall be required to sign an annual confirmation of compliance with that code.

2.4 **Meetings**

2.4.1 The Board shall meet five times per year, with additional meetings scheduled as required.

2.4.2 The Board shall appoint a Secretary to act as Secretary to the Board and its committees.

2.4.3 At each Board meeting, there shall be an in-camera session of the directors.

2.4.4 Materials for consideration at Board meetings shall be distributed to directors within a sufficient timeframe to allow due consideration of the matters at hand.

3. **Duties and Responsibilities**

3.1 **Attendance**

Directors have a responsibility to attend, prepare for and participate in Board meetings.

3.2 **Role and Responsibilities**

The role and responsibilities of the Board of Directors are as follows:

3.2.1 ***Human Resources Management***

- With the assistance of the Corporate Governance Committee, to review and approve compensation arrangements for the Chair and the directors.
- To appoint the Chief Executive Officer (“CEO”), to approve annual objectives for the CEO and to review and evaluate the performance of the CEO at least annually.
- To review and approve compensation arrangements for the CEO.
- To review with the CEO the objectives and compensation arrangements for the other officers and review and evaluate the performance of the other officers based on recommendations from the Corporate Governance Committee.
- With the assistance of the Corporate Governance Committee, to ensure that a succession plan is in place for the CEO and the other officers.

3.2.2 *Strategic Planning and Financial Matters*

- To review CPAB's strategic planning process and approve, on an annual basis, a strategic business plan for CPAB.
- To review and approve CPAB's annual budget and annual fee for participating firms.
- To review CPAB's interim unaudited financial statements.
- To review, with the assistance of the Audit Committee, and approve CPAB's annual audited financial statements and accompanying management's discussion and analysis.
- To review and approve major (over \$200,000) capital or unbudgeted operating expenditures.
- To review and approve major contracts.

3.2.3 *Risk Management and Internal Controls*

- To review, with the assistance of the Audit Committee, the material risks associated with CPAB's business and operations and ensure that CPAB has established adequate measures to identify, mitigate and manage those risks, including an appropriate system of internal financial and non-financial controls.

3.2.4 *Rules*

- To approve any proposed amendments to CPAB's Rules.

3.2.5 *Policy and Inspections*

- To establish policy guidelines for, and approve, the inspection framework.
- To review and approve submissions to standard-setting bodies on matters of strategic importance to CPAB as determined by the CEO.

3.2.6 *Disciplinary Actions and Reports to Other Authorities*

- To review and approve disciplinary actions proposed by CPAB staff such as:
 - revocation of registration
 - imposition of requirements, restrictions and sanctions
- To report a matter to securities regulators, professional regulatory authorities and foreign regulators where the Board feels this is appropriate.
- To take decisions with respect to:
 - conducting a formal investigation
 - negotiating a settlement of a matter that is before a review proceeding

- appealing from a review proceeding to arbitration

3.2.7 *External Relations and Communication*

- To review the Annual Report.
- To review CPAB's public reports on the results of its inspection activity.
- To approve agreements with other national bodies having responsibility for auditor oversight.

3.2.8 *Legal Matters and Corporate Governance*

- To review, at least annually, the performance of the Board, the committees and the Chair of the Board.
- To review and approve proposed amendments to the by-laws for submission to the Members.
- To approve, and review annually, the mandates and terms of reference of Board committees.
- To recommend the appointment of a firm as the external auditor to the Industry Members.

4. Committees of the Board

- 4.1 The Board shall have an Audit Committee, a Corporate Governance Committee and such other committees as may be constituted from time to time by resolution of the Board.
- 4.2 The Chair of a Board committee shall be appointed by resolution of the Board.
- 4.3 The members of any such committee or committees shall be appointed by resolution of the Board and shall be removable from such committee at any time at the discretion of the Board.
- 4.4 Only Independent Directors (as defined in CPAB's by-laws) may serve on committees of the Board.
- 4.5 Committees of the Board shall submit proposed charters and all changes thereto to the Board of Directors for approval.
- 4.6 Committees of the Board may make recommendations to the Board for approval and adoption.
- 4.7 Committees determine their meeting dates and agendas at the discretion of the committee members.