



## Audit Committee Charter

### Purpose

Management is responsible for the preparation and integrity of CPAB's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

The External Auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of CPAB's annual financial statements and internal controls over financial reporting.

The Audit Committee is responsible to assist the Board in fulfilling its obligations and oversight responsibilities relating to financial planning, the audit process, financial reporting, the system of corporate controls and risk management, and when required, to make recommendations to the full Board for approval.

In the process of overseeing CPAB's audit procedures, the Audit Committee will have unrestricted access to CPAB's personnel and documents, and will be provided with the resources necessary to carry out its responsibilities, including the authorization to engage independent counsel and other advisors.

### Composition and Quorum

The Audit Committee is composed of between three and five Directors, none of whom have any direct or indirect association with CPAB or the External Auditors, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgement.

The Board, on the recommendation of the Board Chair, appoints the Committee Chair and members who shall serve at the pleasure of the Board until their successors are duly appointed.

The Board Chair is an *ex officio* member of the Committee and is not counted in establishing a quorum and does not vote.

Committee members shall have a degree of financial literacy deemed appropriate by the Board. At least one member of the Committee should have a financial designation or relevant financial management expertise.

A majority of members of the Committee shall constitute a quorum.

The Committee may, from time to time, delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder.

## **Meetings**

The Committee shall meet a minimum of three times per year. The Chair shall prepare an agenda for each meeting based on the Audit Committee Work Calendar developed in response to the Audit Committee Charter. The Committee may choose to hold additional meetings if considered necessary for it to carry out its responsibilities effectively. The agenda and any pre-reading material for each meeting will be circulated to the members in advance.

Minutes of each meeting must be prepared and circulated to the Board. When a Board meeting closely follows a Committee meeting, the Committee Chair will provide a verbal report to the Board and the minutes will be circulated in advance of the next Board meeting.

## **Accountability**

The Committee is accountable to the Board and has no authority to direct management or to commit CPAB unless specifically authorized by the Board through the Committee's Terms of Reference or otherwise.

## **Duties and Responsibilities**

### **1.1. Financial Planning**

The Committee will review and make recommendations to the Board in respect of:

- a) financial plans and budgets forwarded to the Board for approval;
- b) the appropriateness and validity of any material assumptions and estimates used in the preparation of such plans or budgets;
- c) the consistency of the plans and budgets with strategic plans and initiatives approved by the Board.

## **1.2. Financial Reporting**

The Committee will perform the following duties:

- a) maintain oversight of the selection of accounting policies used in preparation of the financial statements, including consideration of relevant alternatives;
- b) review interim financial statements and recommend them to the board;
- c) review and recommend to the Board for approval the:
  - i) annual audited financial statements and the accompanying notes thereto;
  - ii) management discussion and analysis that accompanies the audited financial statements; and
  - iii) significant financial reports made publicly available or required by legislation or the government.

## **1.3. External Audit**

The Committee will:

- a) review the terms of engagement of the External Auditor and the reasonableness of proposed fees;
- b) review and approve the annual audit plan;
- c) confirm the independence of the External Auditor, including:
  - i) receiving from the External Auditors on a periodic basis a statement delineating all relationships between CPAB and the external auditors consistent with Canadian professional standards for auditors;
  - ii) Reviewing and discussing annually with the Board, and the External Auditor, any relationship or services between CPAB and the External Auditor that may impact their objectivity and independence;
  - iii) Confirming the External Auditor is not registered as a participating audit firm and is independent from any other participating audit firm.
- d) discuss with the External auditor any problems experienced in conducting the audit including any issues with management's co-operation or disagreements with management regarding the financial statements or disclosure;
- e) discuss with the External Auditor any significant findings and recommendations;

- f) meet with the External Auditor at least once per year without management present;
- g) recommend to the Board the re-appointment of the External Auditor or, in the event the Committee does not recommend re-appointment or the External Auditor is unable to accept re-appointment, the Committee will oversee the steps for an orderly transition to new auditors;
- h) review and recommend on an annual basis the actual fees paid to the External Auditor;
- i) review and approve any non-audit services with the external firm and with any participating audit firms in excess of \$50,000.

#### **1.4. Internal Controls**

The Committee will:

- a) through discussions with management and the External Auditors, obtain reasonable assurance that CPAB has implemented appropriate systems of internal control:
  - i) over financial reporting and that these systems are operating effectively;
  - ii) to ensure compliance with its policies and procedures and that these systems are operating effectively; and
  - iii) to identify, monitor, mitigate and report significant financial or operational risk exposures and that these systems are operating effectively;
- b) review with management on at least an annual basis any legal matters that could have a significant impact on CPAB's financial statements;
- c) review the evaluation of internal controls by the External Auditor, including any recommendations for improvement of CPAB's accounting procedures and internal controls, together with management's response;
- d) direct the External Auditor's examinations to any particular areas of concern with respect to internal controls.

#### **1.5 Risk Management**

The Committee will:

- a) semi-annually review management's assessment of material financial and non-financial risks to the organization including processes to identify and

rank these risks and management's actions to mitigate the impact of such risks on the organization;

- b) review the annual Information Technology Risk Management Report including disaster recovery plans;
- c) review the annual Privacy Officer's Assessment of Controls Over Private and Confidential Information;
- d) review insurance coverage for material business risks;
- e) review D&O insurance coverage annually.

## **1.6 Whistleblower**

The Committee will establish procedures for confidential, anonymous submissions of concerns in relation to questionable accounting or other financially related improprieties by CPAB employees and Directors. The Committee should ensure that employees will not suffer any recourse for acting in good faith when making such claims.

## **1.7 Performance Evaluation**

The Committee will conduct an annual self-assessment of its performance and effectiveness in relation to its mandate. It will also assess the performance and effectiveness of the Chair and individual members.

## **1.8 Other Responsibilities**

The Committee will:

- a) annually review expense summaries of the Board Chair, Chief Executive Officer, General Counsel and Chief Financial Officer;
- b) annually review the adequacy of the Committee's Charter;
- c) review with the Chief Executive Officer any changes in respect of the Chief Financial Officer.
- d) annually review compliance with the Investment Policy.
- e) annually review the Director's Expense Policy and make any recommendations required to the Board.