

2016 Annual General Meeting

COUNCIL PROPOSED BY-LAW CHANGE TO CREATE BY-LAW 4.5.5

By-Law	Current Wording	Proposed Wording	Reason
By-Law 4.5.5	NEW	<p>4.5.5 Audit Committee</p> <p>The council shall maintain a committee, known as the Audit Committee, whose functions and responsibilities are as defined in the terms of reference established and published by the council through its governance process policies. The Audit Committee's composition shall exclude staff and the chief executive officer.</p>	<p>Establishes an Audit Committee reporting to Council, which does not include staff or CEO. Ensures independent review of Association's finances. See Appendix A - Terms of Reference.</p>



ENGINEERS GEOSCIENTISTS MANITOBA COUNCIL POLICY

Policy Name: Audit Committee Terms of Reference Number: GP-8.11 Policy Type: Governance Process Date Approved: April 8, 2016

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Purpose

1. The Audit Committee enhances the Board's effectiveness and efficiency in fulfilling its external and direct inspection monitoring responsibilities of fiscal policy.

Committee Products

2. The committee products are to support the Council's job, never to decide for the Council unless explicitly stated below

2.1. A transparent process of review and disclosure that enhances owner and stakeholder confidence in the organization's financial reporting

2.1.1. Options for board decision concerning the selection of the external financial auditor and liaison with auditor on behalf of Council. 2.1.2. An annual opinion for the Council as to the CEO compliance with criteria specified in Executive Limitations policies on finance (EL-3; EL3.1 and EL-4). 2.1.3. An opinion for the Council's decision of the appropriateness of the scope in the auditor's proposal including areas of audit risk, timetable, deadlines and materiality limits, and of the projected audit fee. 2.1.4. An opinion for the Council, based on evidence required of the external auditor, as to whether the independent audit of the organization was performed in an appropriate manner. 2.1.5. An annual report to the Council highlighting the committee's review of the audited financial statements and any other significant information arising from their discussions with the external auditor.

2.2. Current information for the Council on significant new developments in accounting principles or relevant rulings of regulatory bodies that affect the organization.

2.3. A self-monitoring report on the appropriateness of the Council's own spending, based on criteria in the Council policy on board expenses, including periodic random audit of the Council members' expense accounts, where applicable.

2.4. Reports, as required, to ensure that the oversight over the organization's assets are sufficient.

2.5. Options for Board decision including capital assets outside the CEO's expenditure limits as identified in Executive Limitations.

Committee Authority

3. The Committee's authority enables it to assist the board in its work, while not interfering with Council holism.

3.1. The committee has no authority to change or contravene Council policies.

3.2. The committee has no authority to spend or commit other organization funds, unless such funds are specifically allocated by the Council.

3.3. The committee has authority to use staff resource time normal for administrative support around meetings.

3.4. The Committee does not have authority to instruct the CEO or any other staff member, other than to request information required in the conduct of its duties.

3.5. The Committee has the authority to meet independently with the organization's external auditors.

Committee Composition and Tenure

4. The Committee's composition shall enable it to function effectively and efficiently. 4.1. On an annual basis, the Council shall appoint Committee members as follows:

4.1.1. Two Council members who are not on the Executive Committee; each with a one year renewable term 4.1.2. Two members in good standing of the organization; preference will be given to members with demonstrated financial literacy; each will have a once renewable

three-year term 4.1.3. One representative with a professional accounting designation from a regulatory organization; the representative will have a once renewable three-year term.

4.2. In the event of a vacancy prior to the conclusion of the term, the Council may fill the vacancy by appointment for the duration of the term.

4.3. In the event that a member of the Audit Committee is temporarily unable to serve, an alternate may be appointed by Council to act in the member's absence.

4.4. The Council shall appoint the Chair and Vice-chair of the Committee from the Committee membership.

4.5. In the event that the Chair is unable to attend a meeting, the Vice-Chair shall act as Chair. 4.6. The Chair is entitled to a vote and shall cast the deciding vote in the event of a tie. 4.7. The quorum of the Committee shall be three.

4.8. Financial literacy is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to those to those that could be reasonably expected with the organization.