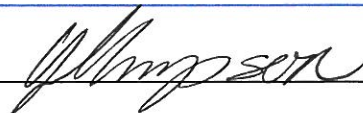


Audit Committee – Terms of Reference

Approved by the Board of Directors:



Date:

June 20, 2013

Mandate and Purpose

The Audit Committee is created to assist the Board of Directors in fulfilling its oversight responsibilities in the following areas:

- ❖ Financial performance of the association;
- ❖ Adequacy of internal controls present in the association;
- ❖ Risk identification and risk mitigation strategies;
- ❖ Liaison with external auditors; and
- ❖ Other functions as may be assigned by the Board of Directors.

Responsibilities

- ❖ Make a recommendation to the Board of Directors (for recommendation to the membership) on the annual appointment of external auditors;
- ❖ Meet with the external auditors to review and discuss the following:
 - Scope of the audit;
 - Review of the engagement letter;
 - Independence of the auditor;
 - Appropriateness of the association's accounting policies and principles;
 - Audited financial statements including adjusting journal entries;
 - Auditors recommendations to management (if any) and management's response;
 - Other issues that arise during the audit.
- ❖ Recommend approval of the audited financial statements to the Board of Directors to recommend to the membership;
- ❖ Satisfy itself that management has implemented an appropriate system of internal control;

- ❖ Understand the significant risks that face the association and satisfy itself that management has appropriate mitigation strategies in place; present an opinion on risks to the board annually or as soon as detected if occurrence is likely with high impact;
- ❖ Review the adequacy of the association’s liability insurance;
- ❖ Draft a policy for board approval on restriction of funds;
- ❖ Draft an investment policy for approval of the board and monitor compliance with that policy; and
- ❖ Review the financial statements of the association monthly.

Composition

Chair: Treasurer

Committee Members: One additional board member and one to two representatives from the general membership with financial knowledge and expertise.

The Committee Members will be recommended by the Nominating Committee and appointed by the Board of Directors.

Frequency of Meetings

Conflict of Interest

A conflict exists at any time when an individual’s judgement is impaired due to other factors. It is the responsibility of the individual to self-declare any potential conflicts. The potential for real and perceived conflict of interest exists in not only the Board, but with members who participate on committees. This policy applies to both board and committee members.

- Board and Committee Members must avoid conflict of interest with respect to their responsibility:
 - There must be no self-dealing or any conduct of private business or personal services between any Board member and the Association except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.

- When the Board or a Committee is to decide on an issue, about which a member has an unavoidable conflict of interest, that member shall absent her or him without comment from not only the vote, but the deliberation as well.
- Board Members must not use their positions to obtain employment for them, family members, or close associates. Should a member desire employment, he or she must first resign.
- Members will annually disclose their involvements with other organizations, with vendors, or any other associations which might produce a conflict.
- Any Board member or Committee member serving on an awards committee or any Board member where the Board is making the selection must remove themselves from the deliberation and the decision when the potential nominee or recipient is:
 - The owner, employer or the employee of the board or committee member;
 - A work colleague of the board or committee member;
 - A family member of the board or committee member; and
 - Any other situation identified by the Board or Committee where an individual's objectivity may be impaired.
- The above would apply in the following situations:
 - Choosing speakers
 - Awarding contracts/choosing service providers
 - Selecting award recipients
 - Member discipline, accreditation and assessment
 - Creating strategic partnerships
- It is incumbent on an individual board member or committee member to remove him or herself from any discussion and decision when he or she feels that objectivity is impaired; and
- Should it be unclear as to whether a real or perceived conflict of interest exists, the decision will be made by vote of the Board or Committee.