



Professional Geoscientists of Ontario (PGO)
Audit Committee
Terms of Reference (ToR)

Status:

The Audit Committee is a Standing Committee to satisfy the mandate outlined below. The operational term of the Audit Committee is open-ended.

Mandate

The primary mandate of the Audit Committee is to:

- oversee the annual financial audit of the PGO

Other mandates of the Audit Committee include:

- oversee the establishment and implementation of appropriate accounting policies and internal financial controls;
- oversee and assess the financial risks of PGO;
- recommend to Council the annual appointment of financial auditors in March of each year for approval by registrants at the June Annual General Meeting;
- provide independent oversight of the financial audit;
- provide assessments of significant adjustments resulting from the external audit, and oversee implementation of the auditor's recommendations;
- assist Council in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements;
- oversee the internal control systems that management has established; and,
- oversee the PGO's external and internal audit processes;
- maintain the risk management policy of PGO and oversee the risk management framework followed by staff;
- assume other duties and responsibilities, compatible with the expertise of the Audit Committee and its members, that may be assigned by Council or the Executive Committee from time to time.

As befits the role of an Audit Committee and as part of its mandate, the Audit Committee functions independently by reporting directly to Council through its Chair, and by fulfilling the requirements outlined in the Composition/Organization, below.

Composition/Organization

Unless Council shall from time to time determine otherwise or there is a vacancy, it is recommended that the Audit Committee includes, but is not limited to the following perspectives:

- One (1) elected councillor;
- One (1) elected councillor and/or PGO registrant; and
- One (1) councillor who is a non-registrant appointee.

With the approval of Council, a non-member of Council may serve on the Audit Committee, so long as they have educational and experiential qualifications of value to the Audit Committee in a relevant field such as audit, accountancy, law or business.

Additional Clause:

- a) To provide oversight or guidance to the committee, the following individuals may attend or may be invited to attend any committee meeting in a non-voting, ex-officio capacity:
 - i) The President or Chair of Council;
 - ii) The PGO CEO; or
 - iii) Other members of staff
- b) Unless approved by the Committee Chair, no more than one member of staff (not including the CEO) may be present at a meeting of a committee.
- c) Quorum does not include staff or other guests.

Audit Committee Independence (per mandate, above):

- Unless Council shall from time to time determine otherwise or there is a vacancy the Audit Committee will consist of at least three people or such greater number as Council may determine (a registrant of PGO and/or a Council member).
- Unless Council shall from time to time determine otherwise or there is a vacancy, at least one committee member should be a non-registrant councillor to provide a further degree of independence and breadth of experience;
- Unless Council shall from time to time determine otherwise or there is a vacancy, a majority of the Audit Committee members shall be “independent”. A member of the Committee is independent if the member is not a member of the Executive Committee or the Finance Committee or an employee of the PGO; and
- Members of the Audit Committee must be financially literate.

Committee Selection

- As specified in the By-laws, the committee Chair is to be selected by Council, generally on the basis of a recommendation from Committee members;
- The Vice-Chair is to be selected by Committee members;
- The recommended terms of the Chair and Vice-Chair are two years;
- It is recommended that the Vice-Chair shall normally succeed the Chair;
- Other members of the Committee may be appointed by Council, possibly as recommended by the Chair of the Committee, as needed, from the roster of volunteers;
- The term of the members of the Committee will generally begin in November of the year appointed, as the fiscal year end of PGO approaches;
- Observers and invited experts may attend meetings of the Committee;
- In the event of a vacancy on the Audit Committee or a need to add expertise or strength of numbers, the Executive Committee of the PGO, in consultation with the Chair of the Committee, may nominate an immediate replacement or addition to the Committee;
- A volunteer at large who is not a registrant nor a Councillor of PGO may be invited by Council to sit on this Committee if they have valuable professional expertise and

experience to offer; ideally such a committee member will have been a PGO Councillor or Registrant previously.

Functions and Responsibilities

The function and responsibilities of the Audit Committee include:

- ensures the integrity and compliance of the accounting and financial reporting processes of the PGO;
- recommends to Council annual appointment of auditors for approval by registrants at the Annual General Meeting;
- reviews the auditor's work plan for the annual audit, and assists with timeline coordination for audit delivery; and,
- provides independent oversight of the audit.

Outcomes and Deliverables

The Audit Committee is responsible for the following:

- providing annual reports and recommendations to Council on:
 - the financial process and appointment of auditors for the following year;
 - its review of policies and/or guidelines of the PGO as related to the mandate of the Audit Committee;
- approving the final audited financial statements for delivery to Finance Committee;
- reviewing the auditor's report, auditing standards and audited financial statements and recommending to Council for approval; and
- reviewing annually, and whenever requested by Council or management, accounting and control procedures followed by the PGO.

Training Requirement

Committee members shall attend training provided by PGO, as well as by Committee Chairs for committee members at such times as those Chairs shall determine, to help them carry out their roles and responsibilities effectively.

Operational Considerations

Operations of the Audit Committee are expected to follow ordered procedures, which include:

- meetings will be held at least once a year;
- Recommendations and decisions of the Committee will be by consensus to the extent reasonably possible;
- When consensus is not achievable, a majority of votes shall determine the outcome, as per Bourinot's Rules of Order, which governs the meetings of members, Council and committees of Professional Geoscientists of Ontario as per its By-Law #1A. Section 6.05;
- meetings may be held in person, by telephone, by online meeting facilities or some combination as long as proper notice has been given and systems used allow full participation for all members in attendance;

- the Audit Committee, through the Committee Chair, shall report periodically to Council as deemed necessary, but at least once a year as required by the Committee Outcomes and Deliverables (above); and,
- meeting independently with the PGO's external auditors to discuss any concerns that they may raise;
- meeting with auditor at least annually; It is noted that sensitive and confidential information not appropriate for general dissemination may be handled by the Audit Committee.
- It is the prerogative of the audit committee to redact information not appropriate for general dissemination from meeting minutes released outside of the Committee.
- The Chair or any Committee member that the Chair may designate shall record, prepare, and deliver minutes of meetings to the PGO CEO, PGO Registrar and Committee members within 30 days of an Audit Committee meeting being held.
- Similarly, the Chair shall provide documents and information considered by the Audit Committee to the CEO, or such other appropriate PGO staff person as is designated for the task, for retention and, when appropriate, destruction.
- It is noted that Audit Committee minutes, documents and information should be made, collected, retained and destroyed in a secure manner by the Chair or any appropriate person that the Chair may designate, with appropriate safeguards including limiting access to them to appropriate persons only.

Authority

In order to complete its mandate, the Audit Committee has the authority to:

- function independently, by reporting directly to Council;
- seek external support from staff or contractors as needed to fulfill tasks within its mandate, subject to the approval of Council (or, if the situation does not permit delay, the approval of Executive Committee);
 - foresee, plan for, and submit its external support needs as part of the annual PGO budgeting process conducted by the Finance Committee and by Council
- call upon expert advice it determines is appropriate to enable the Committee to satisfy its responsibilities and meet its objectives; and
- act by unanimous circulated resolution where meetings are not practical.

Working groups of the Audit Committee that include members who are not Audit Committee members may only be formed with the express approval of Council.

Review

The Governance Committee shall review the Terms of Reference of the Audit Committee next in 2025 and at least once every three years thereafter, or as mandated by the Council.

References

Professional Geoscientists Act
Bylaws of the Corporation

Version Control

Version	Author	Date	Changes
1.1	Governance Committee	March 23, 2023	Incorporated the update to decision-making process approved by Council
1.2	Governance Committee	May 23, 2024	Incorporated the amendments approved by Council