



## REPORT OF THE AUDIT COMMITTEE TO THE 2021 AGM

The mandate of the Audit Committee is to be a liaison between the Credit Union's Management, Board of Directors, Internal and External Auditors.

Generally, the role of the Audit Committee encompasses four critical oversight responsibilities;

- Review of financial reporting;
- Risk management and controls;
- Audit activities; and
- Compliance activities.

Together with senior management, internal and external auditors, the Audit Committee provides oversight that fosters an environment where:

- Risks are assessed and adequately mitigated;
- Reporting is accurate, timely and relevant;
- Assets and member interests are safeguarded;
- Positive ethics are upheld; and
- Compliance is assured.

For the Audit Committee to ensure that these responsibilities are effectively completed, it should:

- Exercise sound unbiased judgement and decision making;
- Have appropriate qualifications and competencies individually and collectively;
- Be supported by competent, robust and independent risk management and control functions;
- Follow good governance practices for its own work as a committee; and
- Seek third party advice on certain matters, where appropriate.

The Audit Committee met six times since last year's annual meeting. The Audit Chair (and occasionally other Audit Committee members) had five meetings with our Third-Party Internal Auditor and two meetings with the External Auditors. The purposes of the meetings were:

- To review The AML Shop - Operational Self-Assessment
- To review results of Disaster Recovery testing
- To review the reports on staff testing of internal controls
- To review the reports of all third-party internal audits
- To review Enterprise Risk Management quarterly reports
- To review and respond to Financial Services Regulatory Authority of Ontario's examination report
- To review the 2020 fiscal year end Auditor's Report and findings
- To review management's responses to the various audit findings

- To review various policies throughout the year and make recommendations to the Board
- To make recommendations to the Board on various audits and external auditor for 2021
- To develop the audit plans for 2021

Members of the Audit Committee continue to be invited to participate in the Asset Liability Management Committee and Enterprise Risk Management meetings of Senior Management and Picuz, our third-party consultant.

Jimena Martinez, our third-party internal auditor, carried out field work six times during the year to perform risk-based internal audit functions. Her work was very thorough with various recommendations that have been implemented by Management and the Board.

McCay Duff LLP, our external auditors, carried out field work twice during the year to perform audit functions with no recommendations having been made.

The Committee reviewed the reports on the Operational Internal Controls Review performed, throughout the year, by Lisa Tanguay, Chief Financial Officer and Gina Ranger, Accounting Administrator.

The Committee has no matters that require reporting or disclosure to our members pursuant to the Act or the Regulations and I confirm that the Committee is conducting its activities in accordance with the Act and Regulations.

The Committee would like to thank the Senior Management team of Steve Kingan, Debbie Hamilton and Lisa Tanguay for their dedication to their jobs and the assistance provided to all of the auditors and the Audit Committee during the year. Frontline has developed a very cohesive audit group that has the best interests of the members.

We would also like to thank all the staff for their professional service provided to our members.

I would like to thank Peter Hunt, Brendan White and Neil Warren for their time and commitment during the past year on the Audit Committee.

This report submitted, March 8, 2021 on behalf of the Audit Committee by:



Kathy Stewart, Audit Committee Chair