



AUDIT COMMITTEE  
Terms of Reference  
February 11, 2019

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## **1. Mandate**

The primary mandate of the Audit Committee is to provide an additional level of accountability to citizens on municipal financial reporting.

The Audit Committee is responsible for the following:

### The External Audit

- To review the arrangements for the scope of the annual audit, accounting principles, and materiality limits.
- To review the auditor's report and audited financial statements and to satisfy itself that these statements present fairly the financial position and results of operations and that the external auditors have no reservations about these statements, and to make such recommendations to Municipal Council as deemed necessary.
- To review the auditors' management letter and the accounting letter together with administrative recommendations.
- To be the focal point for communication between Council and the external auditor.

### Financial and Other Reporting

- To review requests for special studies, investigations and/or financial audits (including value for money audits) made by Administration or Council.
- To review financial policies, practices and procedures.

## **2. Composition of Committee and Membership Eligibility**

The Audit Committee is comprised of two members of Council appointed by the Mayor, and two citizen members who are not members of Council or a municipal employee. The Mayor would serve as ex-officio of the Committee.

Citizen members shall be independent, and meet the criteria set out in Schedule A.

## **3. Term of Membership**

The Audit Committee will be appointed for the term of Council. The Chair will be elected from the committee's membership at the first meeting of the term.

#### **4. Role of Committee Members and Meeting Procedure**

The role of the Audit Committee is to assist Council in the provision of effective municipal government by overseeing the administrative policies regarding accounting, reporting, internal controls, safeguarding of corporate assets, legal compliance, ethical and regulatory requirements. The Committee provides a focal point between Council, the external auditor, and management on these matters.

Audit Committee meetings will be held at least twice per year, including an audit planning meeting with the auditor prior to the external audit commencing, and with the external auditor when the audit results are presented. The Chair may call additional meetings when appropriate.

A quorum consists of the majority of the voting members of the Committee. Decisions shall be by majority of vote of those present. In the absence of the Chair, the members shall appoint one of the members to act as Chair of the meeting.

Only Committee members are automatically entitled to attend meetings. The Committee may invite such other persons to its meetings as it deems necessary.

#### **5. Staff Support**

The CAO, General Manager of Financial Services and Treasurer, Accounting Manager/Deputy Treasurer and the Financial Services Administrative Assistant will provide staff support to the Committee. They are not voting members of the Committee.

The General Manager, Financial Services and Treasurer will act as primary municipal contact, whose responsibilities include working with the Chair to prepare agendas, and researching and collecting any materials as required.

Information related to meetings will be distributed electronically, but will also be available in paper format for those who prefer.

#### **6. Compensation**

Council and outside Committee members would be reimbursed for costs incurred by them in carrying out their duties under this mandate.

#### **7. Reports to Council**

Minutes will be kept by administrative staff and distributed to all Members of Council. The Audit Committee will initially review the auditor's report and audited financial statements. However, approval and acceptance of the auditor's report and audited financial statements will be by Council on a regular Council meeting agenda.

The Audit Committee may make recommendations to Council on other financial matters as appropriate.

## **Schedule A**

### **REQUIREMENTS AND CRITERIA FOR CITIZEN APPOINTEES TO THE AUDIT COMMITTEE**

- Satisfactory police check (paid for by the Municipality)
- Be independent
- Be a resident of the City of Cornwall
- Be financially literate (the ability to read and understand basic financial statements)
- Have an aptitude for complex organizational effectiveness and governance
- Have a broad awareness of the interrelationship of the Municipality's operations and its financial reporting
- Have an understanding of the difference between the oversight function of the Committee and the decision-making function of management
- Be willing to challenge management when necessary
- Preferably a member of a professional accounting association