



Municipality of the District of Yarmouth Audit Committee Terms of Reference

Background

Pursuant to *Section 44* of the *Municipal Government Act*, the Municipality of the District of Yarmouth is required to appoint an Audit Committee.

Purpose

An Audit Committee enhances the credibility of financial reporting, the independence of the external auditors, and increases the reliability of financial reporting. The primary purpose of the Audit Committee is to procure, liaise, and oversee the work of the external auditor. The Committee assures fair presentation of the financial position and results of operations of the Municipality.

Powers

The Committee is empowered to make inquiries and investigate information and explanations from management as it considers reasonably necessary; and to require management to inform the Committee and the auditor of any material misstatement or error in the financial statements following discovery, if any. The Committee has authority to engage outside advisors where appropriate.

Mandate

1. As per *Section 44* of the *Municipal Government Act*, the responsibilities of the Audit Committee include:
 - a) Detailed review of the financial statements of the Municipality with the auditor;
 - b) an evaluation of internal control systems and any management letter with the auditor;
 - c) a review of the conduct and adequacy of the audit;
 - d) such matters arising out of the audit as may appear to the audit committee to require investigation;
 - e) such other matters as may be determined by Council to be the duties of an audit committee;
and
 - f) any other matters as may be determined by the Council.

2. External Auditor Relationship
 - a) The Committee shall recommend to Council the appointment of the municipal auditors.
 - b) The Committee members shall review and approve the overall scope and approach of the auditor's audit plan.

- c) The Committee shall review the auditor's performance, including a review of all relationships and engagements between the auditor and the Municipality for non-audit services that may reasonably be thought to bear on the independence of the auditor.

3. Internal Controls

- a) The Committee shall be responsible for reviewing and considering any matters related to the adequacy of internal controls and any reports from management or others on significant control deviations or indications of fraud and the corrective action undertaken.

Membership

1. The Audit Committee consists of up to five (5) members; two (2) Municipal Councillors and up to three (3) citizen members. Citizen members shall be appointed for a term pursuant to the *Citizen Appointment to Committees, Boards and Authorities Policy C-026-05* and Councillors shall serve at the pleasure of Council; Committee appointments from both the citizenry and the Council shall adhere to the qualifications below.
2. The CAO, Director of Finance, and other staff as appointed by the CAO shall attend all meetings as a non-voting member.
3. The CAO shall ensure adequate administrative support to the Committee.

Qualifications

Each member of the Audit Committee is an independent representative and does not represent any specific financial community groups. The members of the Audit Committee shall work together reasonably and with a practical approach. Members shall be chosen for their special expertise, experience, dedication, and commitment to the mandate of the committee in the Municipality of Yarmouth. Members should possess accounting, auditing, financial reporting, or financial experience. Council shall endeavor to make both Councillor and citizen appointments with diversity, equity, and inclusion in mind. All members must adhere to municipal policies and regulations including, but not limited to, Violence in the Workplace; Diversity, Equity, and Inclusion; and Conflict of Interest.

Roles and Responsibilities – Members

Membership on this Committee is a position of responsibility and requires a strong commitment to the Terms of Reference. Committee members are required to:

- a) Attend all meetings; any committee member absents for three consecutive meetings without leave of the committee shall be deemed to have vacated their seat;
- b) promote the role(s) of the Committee and its undertakings;
- c) attend training and professional development sessions as may be provided from time to time; and
- d) offer input to the Committee on all aspects of auditing finances for the Municipality.

Roles and Responsibilities – Chairperson

The Committee shall annually elect from its members a Chairperson and a Vice-chairperson.

- a) The Chair and Vice-Chair may serve two consecutive one-year terms after which a one (1) year interval is required.
- b) Any Committee member can serve as Chairperson and Vice Chairperson.
- c) The Chairperson shall:

- a. In collaboration with the CAO and Director of Finance set the draft meeting agenda.
- b. Facilitate the meeting and allow for input from all committee members.
- c. The Chairperson shall also act as the spokesperson for the Committee.
- d. In the Chairperson's absence, the Vice Chair shall be responsible for fulfilling the role.

Roles and Responsibilities – Staff (non-voting)

CAO and Director of Finance:

- Provide advice to the committee
- Recommend Professional Development
- Ensure Recommendations to Council are submitted for consideration

Meetings

- a) All meetings of the Audit Committee are open to the public with the exception of items as described in *Section 22 of the Municipal Government Act*.
- b) Approved minutes shall be publicly posted and a record maintained in the Municipality's file management system.
- c) The Audit Committee shall meet at least twice each fiscal year.
- d) Agenda items shall be forwarded to the CAO two (2) weeks in advance of meetings.
- e) A quorum shall consist of a majority of the total number of voting Audit Committee members.
- f) The Committee shall adhere to the same procedural rules as those found in *Parts 11, 12, and 13 of the Council Procedural Policy C-028-19*.

Conflict of Interest

Members shall declare all possible conflicts of interest before agenda items are presented and leave the meeting or that part of the meeting during which the matter is under consideration. Members shall adhere to the Council Code of Conduct as well as all Council By-laws and Policies.

Review

These terms of reference are to be reviewed every four (4) years.