



MUNICIPALITY OF THE DISTRICT OF WEST HANTS
Audit Committee Terms of Reference

1. Official Name

The official name of this committee will be the Audit Committee.

2. Members/Composition

The Committee consists of five members.

- The Warden
- Two (2) Municipal Councillors
- Two (2) Members of the public

Council shall annually appoint an Audit Committee. Each member appointed by Council serves the Committee for one (1) year term. Members are eligible for reappointment.

The Committee Chair will act as the liaison in providing recommendations and reports to Council.

The selection process of the members of the public is determined on the basis of an evaluation process, and a recommendation to Council. The two members at large will rotate off in opposite years to maintain continuity. In the first year, one of the members at large will sit for one-year term.

All positions, whether or not an existing member has re-offered, will be reviewed through the evaluation process when the designated term is over.

The Council Remuneration Policy will be followed in regards to any stipend for the two members at large.

Committee members, who fail to attend two (2) consecutive meetings, without a reason accepted by the Committee Chair, may be recommended to Council to be dismissed from the Committee. Committee members may be dismissed by Council, on recommendation by Audit Committee, if they fail to fulfill the identified responsibilities/mandate of the Committee.

Each member of the Committee is expected to exercise care and diligence when dealing with the affairs of the Municipality of the District of West Hants (Municipality).

3. Mandate

The primary function of the Audit Committee is to assist Council in fulfilling its oversight responsibilities, outlined in the Municipal Government Act, related to the quality and integrity of financial reporting.

The Audit Committee assures fair presentation of the financial position and results of operations of the Municipality in accordance with accounting standards and ensures that appropriate systems and controls are maintained for proper recording of



transactions and protection of assets.

All Committee members are expected to operate in compliance with Councillor's Code of Conduct, and the policies, laws and regulations governing the Municipality.

4. Operating Procedures

4.1 Meeting

Meetings may be convened at request of any member of the Committee, at the request of the Municipal appointed external auditor, or at the request of the Chief Administrative Officer or management. The Committee will meet no less than four times each year. The required minimum of four meetings will occur:

(1) after appointment of Committee members; for management to present all financial policies used in the preparations of financial statements to the committee; appoint a Chair; review quarterly financial presentation;

(2) prior to the year-end audit; to review and approve the audit scope; and review the quarterly financial presentation;

(3) after the audit is complete; to review the draft financial statement, audit findings, and the auditor's performance for the current audit; and review quarterly financial presentation;

(4) after approval of audited financial statement; to review process, internal controls, and quarterly financial presentation; and perform Committee Self-Assessment.

The Committee will meet with the external auditor at least twice a year, at meetings (2) & (3). The external auditor will receive notice of all meetings to appear at and may be required to attend additional meetings at the Committee's request.

All meetings are open to the public as per the Municipal Government Act.

4.2 Quorum and Decision Making

A quorum consists of 3 voting members of the Committee, of which one (1) must be a Councillor and one (1) must be a Member of the Public. Each Committee member is entitled to one vote and decisions will be by majority vote of those present. In the absence of the Chair of the Committee, the members will appoint one of the members of Council to act as Chair of the meeting.

In the event of a tie vote the motion is defeated.

4.3 In-Camera Meetings

The Committee may hold in-camera meetings, as allowed under Section 22 (2) of the Municipal Government Act, for issues related to the Committee.

No decisions shall be made at in-camera meeting except a decision concerning procedural matters or to give direction to the Chair or staff.



A record which is open to the public shall be made noting the fact that the Committee met in-camera, the type of matter that was discussed, the date, but no other information.

Any Committee or staff member who discloses information matters discussed at an in-camera meeting may be liable for damages to the Municipality.

5. Responsibilities

5.1 Financial Reporting

- 5.1.1 Review with the external auditor the annual financial statements of the Municipality and the West Hants Water utilities.
- 5.1.2 Review the external auditor report, and discuss the financial statements with management and the external auditor
- 5.1.3 Review the auditor management letter (where applicable) and management's responses thereto, as well as the status of any significant issues reported previously.
- 5.1.4 Recommend the annual financial statements to Council for approval
- 5.1.5 Review with management the quarterly financial updates to be presented to Council.

5.2 Financial and Accounting Policies

The Chief Administrative Officer and Council is responsible for setting financial and accounting policies. The Committee will review financial and accounting policies and recommend changes to the Chief Administrative Officer or Council, if required.

5.3 Risk and Uncertainty

Review with management, on an annual basis, risk management practices including insurance coverage, and internal control systems to ensure adequacy.

5.4 Control Deviations

Consider any matters relating to internal controls and reports from management or other to significant control deviations or indications of fraud and the corrective action undertaken with regards to the matter.

5.5 Relationship with External Auditors

Recommend the appointment of the Municipality's auditor.

Review and approve the overall scope and approach of the auditor's annual audit plan. The Director of Finance has authority to make minor changes to the audit scope where necessary. Substantive changes that impact the scope and cost of the audit, will be subject to a staff report recommend to Council with estimated costs and resource impacts or will be managed within the existing policies of Council related to budget management and expenditures.

The Warden will sign the Engagement and Representation letters on behalf of the Municipality. The Warden and Chief Administrative Officer will sign the Financial Statements of Municipality.



Review the auditor’s performance, at least annually, including a review of all relationships and engagements between the auditor and the Municipality for non-audit services that may reasonably be thought to reflect on the independence of the auditor.

5.6 Committee Self-Assessment and Accountability

The Committee will annually review, discuss and assess the performance of the Committee and its membership, and will periodically review and consider the need for recommending amendments to these Terms of Reference.

The Committee will report to Council.

6. Communications

The Committee members will maintain direct, open and frank communications with each other, management, Council, the external auditor, and other advisors as appropriate, during meetings. Communications may be done outside of meetings with each other, management, Council, or as assigned, in person at meetings by phone or in writing which includes email. Notice of meetings will be communication through email.

7. Related Policies, Procedures and Legislation

- COFN-007.00 Audit Committee Policy
- COHR-002.00 Councillor Code of Conduct Policy
- COGE-004.00 Council Remuneration Policy

Approved by: _____
 Committee Chair

Adoption	
Notice to Council:	Not Applicable
Approval:	September 18, 2018
Description: Initial approval of the Audit Committee Terms of Reference, identified as ADFN-005.04.	