

MUNICIPALITY OF THE COUNTY OF ANNAPOLIS POLICY AND ADMINISTRATION MANUAL		AM - 1.3.5.1
Section Procedure & Organization of Council	Subject Audit Committee Policy	

PURPOSE, OBJECTIVES AND RESPONSIBILITIES

1. The Audit Committee is a standing committee of the Municipal Council.
2. The purpose of the Audit Committee is to provide advice to Municipal Council on all matters relating to audit and finance.
3. The objectives of the Committee are to a) fulfil the requirements outlined in Section 44 of the *Municipal Government Act* and b) assist Council in meeting its responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management and internal controls.
4. Specifically, the Committee is responsible for:
 - a) Reviewing with the external auditor the annual financial statements of the Municipality and its utilities.
 - b) Reviewing the external auditor report, and discussing the financial statements with management and with the external auditor.
 - c) Reviewing the auditor management letter (where applicable) and management's response thereto, as well as the status of any significant issues reported previously.
 - d) Recommending the annual financial statements to Council for approval.
 - e) Reviewing, on an annual basis, the adequacy of the internal control system established to minimize risk.
 - f) Reviewing and considering any matters relating 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.
 - g) Reviewing and approving the overall scope and approach of the auditor annual audit plan. The Treasurer has authority to make minor changes to the audit scope where necessary. Substantive changes that have a significant impact on scope and cost of the audit, will be subject to a staff report to the Chief Administrative Officer with estimated costs and resource impacts or will be managed within the existing policies of Council related to budget management and expenditures.
 - h) Reviewing and making recommendations, as appropriate on:
 - i. such other matters as may be determined by the Council to be the duties of the Committee; or
 - ii. any other matters as may be referred to the Committee by the Council.
5. The Chief Administrative Officer (or his / her designate) shall sign the Engagement and Representation letters on behalf of the Municipality.
6. The Warden and the Clerk will sign the Financial Statements of the Municipality.

AUTHORITY

7. Section 44 of the *Municipal Government Act*, as amended

DEFINITIONS

8. Unless otherwise defined herein, terms used in this policy shall have the same meanings as those defined in the *Municipal Government Act*.

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PROVISIONS

9. The provisions of this policy shall apply for all serving members of the County of Annapolis Audit Committee.
10. Committee membership shall include all councillors and one (1) citizen member.
11. The Audit Committee shall be appointed annually in accordance with Subsection 44 (1) of the *Municipal Government Act*.
12. Appointments shall annually commence on December 1st.
13. Any person shall be qualified to be appointed as a citizen member of the Audit Committee who is:
 - a) a Canadian citizen of the full age of eighteen years; and
 - b) has been ordinarily resident in the municipality or in an area annexed to the municipality for a period of six months; and
 - c) has no outstanding taxes, fees, charges or liens owing to the Municipality of the County of Annapolis at the time of appointment.
14. Except as otherwise provided in this policy, no citizen appointment shall cease until such time as a successor is appointed.
15. Unless Municipal Council specifically determines otherwise by resolution, a citizen member may only be re-appointed for one additional consecutive term (1 year appointment + 1 year re-appointment); the citizen member shall once again become eligible for appointment following a 1 year absence / hiatus from the committee.
16. A citizen member appointed pursuant to this policy or any other Act of the Legislature who, without leave of the committee, is absent from three consecutive regular meetings, ceases to be a member (Subsection 25(1), *MGA*).
17. Municipal Council may replace at any time a citizen member who resigns or who, in Council's opinion, is unable or unwilling to discharge their duties.
18. A member of the committee who is a council member is not entitled to additional remuneration for serving on the Committee.
19. The annual honorarium for the citizen member of the Audit Committee shall be based upon \$50 per meeting attended. If the Audit Committee does not meet during the calendar year, the citizen member shall receive an honorarium of \$50.
20. All committee members shall be reimbursed their reasonable expenses for attending committee meetings, and mileage / kilometrage and meals shall be paid at such rate as may be prescribed by Municipal Council in *AM-1.8.1 Travel and Expenses Policy*.
21. Except to the extent that the chair is otherwise determined by statute, bylaw or policy, Municipal Council may appoint a person to serve as chair of the Audit Committee, after seeking the advice of the Nominating Committee; but if Municipal Council does not appoint a chair, the committee shall elect a chair from one of its members. The chair shall be entitled to speak and to vote on any motion. Subject to the other provisions of this policy, the chair shall have the same powers and responsibilities at committee meetings that are conferred upon the chair at Municipal Council meetings pursuant to *AM-1.2.0 Council Meetings and Proceedings Policy*, with any necessary modifications for context.

