

Audit Committee Terms of Reference

The Audit Committee Terms of Reference outlines the Committee's composition, authority, meetings, reporting, mandate, and procedure.

Composition:

The audit committee will be an advisory committee of Regional Council and will be comprised of the Regional Chair, Chair of the Corporate Services Committee, and at least three other Councillors.

Members of the Audit Committee should be financially literate (able to understand the Region's internal and external reporting, accounting policies and process).

Audit Committee deliberations will normally be supported by staff including the CAO, Chief Audit Executive/ Internal Auditors, Commissioner of Corporate Services, Treasurer, Director Financial Management & Planning and other appropriate staff as required.

The length of term to be served by members on the committee will be determined by the Regional Council, giving consideration to the benefits of periodic rotation of committee membership.

As with other committees of Council, the Audit Committee Chair and Vice Chair shall be elected for a 2 year period of time from the membership of the committee at the first meeting of the year and 2 years subsequent to that date.

Authority:

Regional Council may authorize the Audit Committee to investigate any activity of the Region. All employees are to co-operate as requested by the committee. In addition, all Standing Committees may request that any activity be considered for an audit with requests submitted directly to the Chair of Audit Committee.

With the approval of Regional Council the Audit Committee may assign staff (e.g. Internal Audit) or retain persons or a third party having special expertise to assist the committee in fulfilling its responsibilities.

Meetings:

The audit committee is to meet at least four times per year.

The meetings will be scheduled to permit timely review of internal and external financial reporting and special purpose audit reports. Additional meetings may be held as deemed necessary by the Chair of Niagara Region, Chair of Audit Committee or as requested by any member or the external auditors.

Reporting:

The minutes of meetings of the regular audit committee will be provided to the Regional Council.

Supporting schedules and information reviewed by the committee will be available for examination by any Councillor upon request to the secretary of the committee.

An annual assessment of the effectiveness of the committee against the mandate should be conducted and reported to the Regional Council.

Mandate:

The Audit Committee assists Regional Council in the provision of effective municipal government by overseeing the administrative systems regarding financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical, and regulatory requirements and the efficient and effective use of resources.

The responsibilities of the audit committee are to satisfy itself, on behalf of the Regional Council, that:

The External Audit Function

- Niagara Region's annual consolidated financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to Corporate Services Committee and Council whether the annual financial statements should be approved.

- Audited financial statements of the Niagara Region's boards, agencies, and commissions and other audited financial statements be received for information purposes following approval by the respective Board or Standing Committee, to assist in its overall assessment of the Region's annual consolidated financial statements and internal controls over financial reporting.
- The Region has implemented appropriate systems of internal control over financial reporting and that these are operating effectively.
- The Region has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements.
- The external audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of Audit Committee, Corporate Services Committee and/or Council has been addressed.
- The Audit Committee will approve the replacement, reappointment and/or appointment of the external auditors to Corporate Services Committee and Council.

The Internal Audit Function

- Audit Committee will review and approve the mandate for Internal Auditing and ensure that all of the Region's operations are considered for review by Internal Audit based on a risk-based annual work plan.
- The Region has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements.
- The audit function is effectively carried out and that any matter which the independent auditors wish to bring to the attention of Audit Committee, Corporate Services Committee and/or Council has been addressed.
- The reporting of the Internal Audit team is relevant, reliable, objective and transparent. In making this assessment the Audit Committee may recommend the use of external subject matter experts. For purposes of efficiency and matters of budgeting expenditures, it is recommended that the use of subject matter experts be determined annually when the Internal Audit team work plan is approved.

- Quality assurance reviews are conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- Internal auditing include a review of the adequacy of internal control systems for safeguarding assets, the effectiveness of corporate reporting systems regarding administrative and program performance and the level of compliance with legislation, regulations, corporate objectives, policies and ethics.

Applicability of Procedural By-Law:

As an advisory committee of Council the Audit Committee would be governed by the sections of the Region's Procedural By-law relating to advisory committees.