

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 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.
3. 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 recommending to Municipal Council the overall scope and approach of the auditor annual audit plan (This must be done before the CAO can sign the Engagement Letter). 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.
 - i) Reviewing the hospitality annual summary report by October 31st of each year.
4. The Chief Administrative Officer (or his / her designate) shall sign the Engagement and Representation letters on behalf of the Municipality.
5. The Warden and the Clerk shall normally sign the Financial Statements of the Municipality unless specifically requested by the Auditor and designated by the CAO and subsequently approved by Municipal Council.

AUTHORITY

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

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DEFINITIONS

7. Unless otherwise defined below, terms used in this policy shall have the same meanings as those defined in the *Municipal Government Act*.
 - (a) **Term of Appointment** – Except to the extent that the term of appointment is otherwise determined by statute, bylaw or policy, committee members shall be appointed for two (2) years with the term commencing in December following each municipal general election or bi-annual election anniversary. Except as otherwise provided in this policy, no appointment shall cease until such time as a successor is appointed.
8. The provisions of this policy shall apply for all serving members of the County of Annapolis Audit Committee.
9. Committee membership shall include all councillors and one (1) citizen member.
10. The Audit Committee shall be appointed annually in accordance with Subsection 44 (1) of the *Municipal Government Act*.
11. A councillor is not entitled to additional remuneration for serving on the Committee.
12. 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*.
13. 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.
14. 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.
15. All committee meetings shall be public meetings, except as provided for under the *Municipal Government Act* [currently *Subsection 22(2)*].
16. No decisions shall be made while in a closed session except decisions on matters of procedure. All other decisions will be made during a public meeting.
17. The Chief Administrative Officer or his / her designate may appoint an employee of the County to serve as Secretary, with a voice but no vote.

Municipal Clerk’s Annotation for Official Policy Book	
I certify that this policy was adopted by Municipal Council as indicated below:	
Seven (7) Day Notice	<i>January 12, 2021</i>
Council Approval	<i>January 19, 2021</i>
<u><i>Carolyn Young</i></u>	<u><i>January 20, 2021</i></u>
Municipal Clerk	Date
At <u>Annapolis Royal</u> Nova Scotia	

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Approved October 18, 2016

Amended February 22, 2017

- In Section 23 deleted the words “*or to give direction to the CAO or solicitor*”

Amended January 16, 2018

- Deleted Section 2 (with appropriate subsequent re-numbering)
- Sub-section 3 (g) amended as follows:
*Reviewing and **recommending to Municipal Council** ~~approving~~ the overall scope and approach of the auditor annual audit plan **(This must be done before the CAO can sign the Engagement Letter)**.* 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.
- Section 5 amended as follows:
*The Warden and the Clerk **shall normally will** sign the Financial Statements of the Municipality **unless specifically requested by the Auditor and designated by the CAO and subsequently approved by Municipal Council.***

Amended January 16, 2018

- Amendments to remove all provisions and references related to citizen members and added “Term of Appointment” in definitions

Amended September 15, 2020:

- Added “Term of Appointment”; removed all provisions and references related to citizen members on committees

Amended January 19, 2021:

- Added Section 3 (i): *Reviewing the hospitality annual summary report by October 31st of each year.*