



## Audit Committee

<b>Procedure No.:</b> C-5	<b>Council Resolution No.:</b> N/A
<b>Department:</b> Council	<b>Authority:</b> CAO
<b>Effective Date:</b> 01/26/15	<b>Revision Date:</b>
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<b>Supersedes:</b> Audit Committee Policy and Procedure 05/10/11	
<b>Related Policy No.:</b> C-5	
<b>Related Policy Name:</b> Audit Committee	

### Purpose

The procedure will determine operating guidelines and support for creating the Audit Committee, as well as establishing the role of the Audit Committee, to oversee and ensure efficiency of the Town of Taber's systems of financial reporting, internal controls, and corporate governance.

### Procedure Statement

The Audit Committee provides a focal point for communication between Council, the external auditor and management and facilitates an impartial, objective and independent review of management practices. Members of the Audit Committee should be independent and financially literate, and have the personal and professional characteristics necessary to be effective committee members. The Audit Committee should be informed, vigilant, and effective overseers of the financial reporting process. The Audit Committee members must be prepared to invest the time necessary to understand why critical accounting policies were chosen, how they were applied, and why the end result fairly presents the Town's actual status.

### Operating Guidelines

- 1) The Audit Committee will be comprised of three appointed (3) Council members, and attendance of all three (3) members shall be required to declare a quorum.
- 2) The Audit Committee shall recommend the appointment of the external auditor to Council for approval.
- 3) The Audit Committee shall review the terms of engagement, fees, and scope of the external audit and any non-audit services provided.



- 4) The external auditor(s) are ultimately responsible to Town Council through the Audit Committee.
- 5) The Audit Committee will review any reports and correspondence from the external auditor relating to the Town of Taber, including the annual communication from the external auditor on independence matters. The Audit Committee will satisfy itself that the reports adequately and appropriately reflect the findings of the auditor(s) and that any management responses are acceptable.
- 6) The Audit Committee may discuss internal control effectiveness with management/external auditors, and encourage continuous improvement of the related processes over financial reporting.
- 7) The Audit Committee may discuss modifications to work plans for the external auditor(s), subject to appropriate budget amendments required by Council, and to evaluate the results of any Town audit engagements or reviews.
- 8) The Audit Committee will rely on the work of the Chief Administrative Officer, Director of Corporate Services, and the Town's external auditor(s) to form its conclusions regarding the:
  - a. Effectiveness and efficiency of Town's operations including internal control systems,
  - b. Adequacy and appropriateness of the Town's financial policies and practices, and
  - c. Adequacy and appropriateness of the Town's governance policies and practices.
- 9) By means of monitoring management reports and the work and reporting of the external auditor(s), the Audit Committee will provide assurance to Council that the:
  - a. Town's key strategic risk areas, systems of internal controls, and financial reporting processes and policies are operating satisfactory.
  - b. Town's operations are in compliance with pertinent laws and regulations, and
  - c. Town's business affairs are conducted ethically, and Administration maintains effective controls against employee conflict of interest or fraud.
- 10) The Audit Committee shall review the external auditor's findings including, but not limited to, evaluation of accounting principles applied, significant accounting estimates, significance of misstatements, the effectiveness of, or weaknesses in, internal controls, significant related party transactions and any difficulties encountered during completion of the audit.
- 11) The Audit Committee shall receive reports from management summarizing progress made in resolving issues raised by the external auditor(s).
- 12) The Audit Committee may review with management any significant financial risk exposures and processes in place to identify, monitor and manage these risks, including potential risks such as loss of key staff, loss of revenue sources, erroneous financial reporting, regulatory noncompliance, conflicts of interest, fraudulent activities resulting from weaknesses in internal controls.



- 13) The Audit Committee may meet privately with the external auditor(s) to discuss any matters that the Audit Committee or the external auditor(s) believe should be discussed.
- 14) The Audit Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.
- 15) The Audit Committee shall meet periodically to review and discuss corporate governance.
- 16) The Audit Committee must meet to review and approve the audit plan with the auditor(s). This meeting may be included as one of the periodic meetings held each year or it may be a separate, additional meeting.
- 17) In-Camera Discussions may take place in order to hear any informal comments the auditor(s) and/or senior managers may wish to make regarding reported audit observations and to speak candidly on emergent issues that aren't appropriately discussed in a public forum.

  
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CHIEF ADMINISTRATIVE OFFICER

FEBRUARY 2 | 2015  
DATE

