



## **1. Purpose**

The purpose of the Audit Committee is to provide advice to Municipal Council on the matters relating to auditing of finances of the Municipality of St. Mary's.

## **2. Authority**

The Committee fulfills the legislative requirements as outlined in Section 44 of the Municipal Government Act (MGA).

## **3. Definitions**

- 3.1 An *Auditor*- means a company or individual that is appointed by Council as the municipal auditor and is on the list of Nova Scotia Registered Municipal Auditors.
- 3.2 *CAO* - means the Chief Administrative Officer for the Municipality of the District of St. Mary's
- 3.3 *Directors* - refers to the Director of Community Development and Recreation, Director of Public Works and/or the Director of Finance (DOF)
- 3.4 *Municipal Council* - means the Council of the Municipality of the District St. Mary's, including Warden and Deputy Warden and councillors.
- 3.5 *Resident* - A person is ordinarily resident in the place where the person lives and to which, whenever absent, the person intends to return. A person may be ordinarily resident in only one place at a time. Where a person usually sleeps in one place and has meals or is employed in another place, the person is ordinarily resident in the place where the person sleeps. Where a person is being provided with food, lodging or other social services by a shelter, hostel or similar institution, the person is ordinarily resident in the shelter, hostel or institution.
- 3.6 *Fiscal Year* - means April 1<sup>st</sup> to March 31<sup>st</sup>, of any given year.
- 3.7 *MGA* - means the Municipal Government Act of the Province of NS.

## **4. Committee Composition and Membership**

- 4.1 The committee will consist of all elected officials for the Municipality of the District of St. Mary's as voting members, and up to two individuals appointed by council who are residents of the Municipality but not members of council or employees of the Municipality as voting members.

The appointed resident(s) shall possess knowledge and understanding of financial and accounting matters.

- 4.2 Municipal Staff are not considered voting committee members but the CAO and DOF will provide administrative support for the committee.
- 4.3 The committee, including the outside appointments, shall be appointed annually by motion at the Annual General Meeting of St. Mary's Municipal Council. Outside appointments to the committee may serve three consecutive terms (fiscal year). At that time the Municipality will advertise for outside appointments for the next three terms.
- 4.4 Where an audit committee does not include at least one (1) public member, the audit committee shall continue to meet and perform its duties and may exercise its powers and the Municipality shall advertise to recruit a resident appointment at least once every six (6) months until the requirement is met.
- 4.5 The committee will be chaired by the Warden of the Municipality.

## 5. Resident Appointment Requirements

- 5.1 Must be a current resident of the Municipality of St. Mary's.
- 5.2 Cannot be an immediate family member of a member of council or an employee of the Municipality.
- 5.3 Cannot be an employee of the Municipality (full time, casual, part time, term or seasonal).
- 5.4 Must be at least 18 years of age (legal voting age).
- 5.5 Resident Appointments shall complete **Form ACP-1 – Application for Appointment** and describe any personal/professional experience in accounting, finance, municipal government, or relevant/related fields.
- 5.6 Resident Appointments must review and sign a *Municipal Code of Conduct*, Municipal Confidentiality Agreement and review the *Council Procedural Policy*.
- 5.7 New committee members will receive an orientation from the Chair or designate and a Municipal Administration member or designate within one month of appointment. This will include a review of the Committee Policy and an update on any current issues or topics relevant to the working of the Committee. Additional committee training needs must be budgeted for and approved by Council prior to any expenditure occurring.

## 6. Duties & Responsibilities

### 6.1 Tenders and Requests of Proposals:

- 6.1.1 External Audit Service; Periodically review requests for proposals and tenders for external audit services including audit fees and terms of engagements; recommend the appointment of the external auditor to municipal council.
- 6.1.2 Legal Services; Periodically review requests for proposals and tenders for legal services; recommend the appointment of municipal legal services to municipal council.
- 6.1.3 Large Capital/Operating Tenders; Periodically review awarded tenders.

### 6.2 Annual Municipal Audit:

- 6.2.1 The CAO and DFO must provide to the committee a summary and overview of events and sections reviewed by the External Auditors during the annual audit.
- 6.2.2 Review in detail the audited financial statements of the Municipality with the auditor and management; recommend approval to council.
  - a. Hold in camera session with management if required.
  - b. Review both corrected and uncorrected audit differences.
  - c. Review external audit findings report.
  - d. Discuss external auditors' views on control environment, risk management, weaknesses in internal controls and managements remediation plan.
- 6.2.3 Review the internal control management letter with the auditor and CAO/DOF; recommend any changes to Council, as required.

### 6.3 Finance and Risk Management:

- 6.3.1 Review municipal operating and capital budget quarterly finance updates as provided and presented by the DOF and CAO. Review should highlight large, unusual and complex transactions and significant accounting judgements and estimates.
- 6.3.2 Annually review Municipal Council and CAO's expense reports as posted on the Municipal website and hospitality expenses.
- 6.3.3 Review the yearly FCI's (Financial Condition Indicators) as produced by the Department of Municipal Affairs.

6.3.4 Evaluate the corporate culture and the 'tone from the top'.

6.3.5 Review new accounting, reporting developments, critical accounting policies and alternative accounting treatments as required by the Department of Municipal Affairs and legislative changes to the MGA, NSAURB or Department of Environment.

6.4 Municipal Policy Review:

6.4.1 Mileage/Expense Policy

6.4.2 Procurement Policy

6.4.3 CAO Policy

6.4.4 Municipal Credit Card Policy

6.4.5 Councillor Pension Plan Policy

6.4.6 Audit Committee Policy

6.4.7 Consider any other policy in relation to risk management and non-audit services.

## 7. General Administration & Meeting Frequency

7.1 The Audit Committee will meet a minimum of four times per fiscal year (quarterly) on the third week immediately following the end of a quarter.

7.1.1 First Quarter - Third week of July

7.1.2 Second Quarter – Third week of October

7.1.3 Third Quarter – Third week of January

7.1.4 Fourth Quarter – Third week of April

7.2 An additional meeting for the presentation of annual audited financial statements by the Municipal External Auditors, generally held the first week of September annually.

7.3 There will be no limit on the number of meetings; the committee shall convene whenever circumstances demand.

7.4 All committee members are eligible for reimbursement of travel expenses for meetings from their place of residence in accordance with the municipal *Mileage/Expense Policy*.



## **8. Rules of Engagement**

- 8.1 Committee members shall review and abide by the guidelines as per the Municipality of the District of *St. Mary's Council Procedural Policy*.
- 8.2 The committee may receive presentations from the public upon approval of the chair, as per the Municipality of the District of *St. Mary's Presentation to Council Policy*.
- 8.3 Committee Members shall abide by *Virtual Meetings Policy* should virtual attendance be required.

## **9. Policy Review**

- 9.1 The St. Mary's Audit Committee has the authority to review the policy as deemed necessary or when a change to legislation through MGA is required, or following a motion by Council, either to re-adopt the policy or amend it and adopt the policy as amended.



## SCHEDULE A- POLICY AMMENDMENTS

Version #	Amendment Description	Approved By	Approval Date
1	Original Policy	Council	March 12 <sup>th</sup> , 2018
2	Substantial changes throughout the policy.	Council	September 12, 2022