



Town of Newmarket

TERMS OF REFERENCE

NAME: Audit Committee

REPORTS TO: Council

STATUS: Advisory

ESTABLISHED: June 19, 1995

ENABLING LEGISLATION/AUTHORIZING BY-LAW

The Audit Committee is authorized under the *Municipal Act, 2001*, and was established by Council resolution on June 19, 1995.

The Audit Committee is required to adhere to the provisions outlined in the Town's Procedure By-Law , as amended from time to time, Committee Public Appointment Policy, and Committee Administration Policy.

MANDATE

The Audit Committee shall assist the Council in maintaining the financial integrity of the municipality.

The Committee will be responsible for the following:

- To provide advice and recommendations to Council with respect to the financial control framework including financial reporting, accounting policies, information systems integrity, approval processes and the safeguard of assets.
- Reviewing and making recommendations on external auditor's Request For Proposal scope documents, subject to the following conditions:
 - The recommendations must come from the committee collectively and not from individual members; and,
 - Committee members must sign a confidentiality agreement with acknowledges the importance of strict confidentiality regarding the scope of a request for proposal document prior to its release; and,
 - Committee members must sign a declaration confirming they do not have a conflict of interest related to the matter, including specifically that no committee member participating in providing recommendations has a connection to any potential proponent.
- To provide advice and recommendations to Council with respect to the scope of the audit
- To review and provide recommendations to Council regarding the annual report and management letter of the External Auditor.
- To make recommendations with respect to the work plan of the Internal Auditor and to provide comment and advice with respect to the recommendations of the Internal Auditor on issues of internal financial control.

- To provide advice and recommendations to Council with respect to any special project or issue as requested by Council.
- To meet with internal auditors at Audit Committee meetings to review reports of a financial nature.

Deliverables

The Committee will accomplish its mandate by:

- Recommending approval of the annual financial statements.
- Reviewing the newly issued external auditors' management letter with Senior Management.
- Reviewing and approving the scope of the external audit.
- Following up with senior management on disposition of the previous year's external auditors' management letter points.

Strategic Plan Linkages

The mandate meets the following Corporate Strategic Goals:

- *Well-equipped and managed:* By focusing on Fiscal Responsibility, Leadership excellence and leading edge management, efficient management of capital assets and municipal services to meet existing and future operational needs.

The mandate meets the following Council Strategic Priorities:

- Long-term Financial Sustainability: Maintaining long-term financial sustainability while ensuring a thriving community.

COMMITTEE COMPOSITION AND STAFF RESOURCES

The Audit Committee will be composed of:

- Three (3) residents
- Three (3) Members of Council

The Audit Committee shall be supported by:

- Chief Administrative Officer
- Chief Executive Officer of the Newmarket Library
- Commissioner of Corporate Services
- Director of Financial Services/Treasurer

Quorum

A quorum will be the attendance of three (3) members at a Committee meeting.

Qualifications

Consideration shall be given to inclusion of the following qualifications during the appointment process:

- Persons with knowledge of accounting policies
- Persons with knowledge of risk management
- Persons with knowledge of financial auditing

FREQUENCY OF MEETINGS

Three (3) times annually (or as required)

BUDGET CONSIDERATION

The fiscal year of the Committee shall be from January 1 to December 31. The Committee will work with the assigned staff resource to submit a budget request that reflects their upcoming year's operating and capital needs, in keeping with corporate budget directions and timelines.

WORK PLAN

A report or presentation summarizing the Committee's accomplishments shall be provided to Council in the fourth quarter annually.

REMUNERATION

None.

TERM OF OFFICE

A Member's term on the Committee shall be concurrent with the Term of Council, unless otherwise indicated in the Committee's Mandate, or until a successor is appointed.

COMMITTEE REVIEW/SUNSET DATE

Every four years to coincide with the Term of Council or when a change to legislation impacts the obligations and responsibilities of the Committee.