

## CITY OF CHESTERMERE POLICY HANDBOOK

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| <b>EFFECTIVE DATE:</b><br>October 1, 2007                                                         | <b>SECTION: 800 POLICY: 830</b>                            |
| <b>APPROVED BY:</b><br>COUNCIL                                                                    | <b>SUBJECT:</b><br>Audit Committee                         |
| <b>REVISED DATE:</b><br>January 17, 2011<br>August 19, 2013<br>March 6, 2017<br>February 19, 2019 | <b>PAGE NO.:</b> 1 of 4<br><br><b>REVIEW:</b> July 1, 2024 |

### **PURPOSE AND INTENT**

The Audit Committee serves to oversee the work of the Council appointed Auditor to ensure that obligations under the Municipal Government Act, (Sections 281(1)(2)(3) are completed and facilitated by the City. This work assists the Council of the City of Chestermere in fulfilling its financial oversight responsibilities.

### **COMPOSITION AND TERMS OF OFFICE**

The Audit Committee shall be composed of the following members:

1. A minimum of two (2) members to a maximum of three (3) members of Council.
2. A minimum of two (2) and up to four (4) Chestermere residents, who are not members of Council and have accounting, auditing or similar experience.
3. Members are appointed, or reappointed, by City Council annually.
4. Members may serve a maximum of three (3) successive years.
5. The Chairperson, shall be a Member of the Committee, appointed by the Committee. The Chairperson may serve a maximum of two (2) years as Chairperson.
6. Quorum is four (4) members with at least one (1) member of Council being present at all meetings of the committee.

## RESPONSIBILITIES AND DUTIES

### 1. Responsibilities

- A. To recommend to Council the appointment of the City's external auditor.
- B. Annually review the Financial Statements with the Auditor.
- C. Review of Internal Controls with the Auditor.
- D. To ensure that the contractual obligations of the Auditor are met.
- E. To ensure that the Auditors have full access to the necessary financial and other documentation in order to effectively complete the annual audit.

### 2. Duties

- A. Appointment of external auditors:
  1. Ensure the auditor procurement process occurs at least once every five years. An allowance of one additional year will be available only for exceptional conditions;
  2. Approve the selection process and criteria;
  3. Review all materials submitted by applicants;
  4. Approve the short list of candidates;
  5. Participate in interview of the short-listed candidates; and
  6. Make recommendations to Council about the appointment and fees payable to the External Auditor including the extension or termination of existing contracts.
- B. Approve the external auditor's work plan and requests for changes to the annual work plan, including:
  1. The objective and scope of the external audit work plan;
  2. Materiality limits;
  3. Areas of audit risk;
  4. Timelines for the work plan; and
  5. Ensure that the External Auditors have full access to the necessary staff and financial and other documentation in order to effectively complete the annual audit. These requests if required are made through the Chief Administrative Officer.
- C. Review the External Auditor's audit and other reports, post-audit and management letter and will, in particular, address any significant issues or findings on:
  1. Financial reporting matters including judgments on estimates, assumptions and clarity of disclosures;
  2. Difficulties or impediments encountered during audits;
  3. Identification and assessment of deficiencies in internal controls;
  4. Selection and application of accounting principles or standards and application of elective principles or methods;
  5. Audit limitations;

6. Response to and status of implementation of audit recommendations and follow up; and
  7. Contingencies that could have a material effect on the City's financial statements.
  8. Receive for information the External Auditor's annual confirmation regarding the External Auditor's independence.
- D. May request additional information from the External Auditor's about any part of the External Auditor's work plan or reports.
- E. Responsible for providing an annual assessment of the work of the External Auditor.
- F. The completeness and clarity of financial statement reporting;
1. Estimates and assumptions underlying financial statement reporting;
  2. Financial statement reporting practices;
  3. Compliance with generally accepted accounting standards for the public sector or changes to those standards;
  4. Impact of any change in the City's reporting practices on the City's financial statements; and
  5. Issues affecting approval of the City's audited financial statements.
- H. Provide recommendation to Council;
1. The annual audited financial statements be approved; and/or
  2. That further actions or information that Council may desire in relation to the City's financial reporting.

## **CONFLICT OF INTEREST AND PROFESSIONALISM**

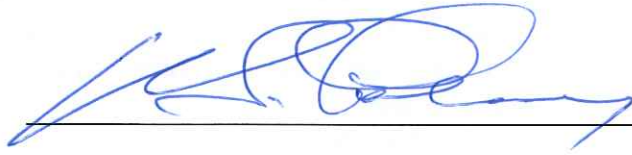
Members of Council appointed to the Audit Committee are bound by the Code of Conduct for Elected Officials.

Members of the public appointed to the Audit Committee shall ensure they act professionally, impartially, trustworthy and with the confidentiality inherent in the position to which they have been duly appointed by City Council. Members must be aware of personal circumstances or conflict of interest that might interfere with their effectiveness. They will refrain from conduct that can lead to substandard performance and/or harm to anyone including themselves, the public or the City.

Members shall disclose any interest or relationship likely to affect impartiality or which might create an appearance of partiality or bias.

Adopted by Council: February 19, 2019

Resolution No.



Mayor



Chief Administrative Officer