



1. Purpose

- 1.1 The purpose of the Audit Committee is to act as an advisory board carrying out critical review functions on behalf of Council.

2. Mandate

- 2.1 The mandate of the audit committee is to assist Council in fulfilling oversight responsibilities related to the quality and integrity of financial reporting along with ensuring the appropriate systems and controls for the proper recording of transactions and protection of assets are in place.

3. Roles and Responsibilities

The roles and responsibilities are based on the Financial Reporting and Accounting Manual (FRAM), which is the regulation pursuant to the Municipal Government Act (MGA) Sections 451-520, produced by the Department of Municipal Affairs.

- 3.1 The audit committee will have unrestricted and complete authority to delve into any affair of the municipality with full access to the management and auditor to help Council meet its fundamental responsibilities of protecting the municipal assets and fulfilling its oversight responsibilities related to financial reporting.

3.2 Financial Reporting Function

The Committee shall:

- a) review the audited annual financial statements in depth with management and the external auditor; if satisfied the committee will present fairly the financial position and results of operations, and recommend acceptance to Council;
- b) review with management any changes in accounting principles and practices followed by municipalities;

- c) review any significant variance in comparison to prior year and/or budget;
- d) review and discuss the financial condition indicators; and
- e) review and discuss the mid-year budget to actual comparison.

3.3 External Audit Function

The Committee shall:

- a) discuss the extent, timing, and completion of the audit, including the level of materiality to be used;
- b) review estimated and final audit fee;
- c) discuss whether the terms of the letter of engagement were met;
- d) recommend to Council the change of the municipal auditor if management questions the competence of the incumbent auditor, and the committee confirms the view; the recommendation to appoint a new auditor would follow an adequate inquiry into the auditor's competence and reputation;
- e) review the problems and restrictions encountered by the auditor and the degree of cooperation received; and
- f) promote cooperation between the management and the auditor.

3.4 Accounting System and Internal Controls Function

The Committee shall:

- a) obtain and review the management and internal control letter addressed to Council;
- b) discuss with the auditor the annual evaluation of the internal control systems related to the financial reporting and the recommendations for improvements of accounting procedures and internal controls related to the financial reporting, together with management's response;
- c) discuss management's response to the recommendations and adequacy of management's action plan;
- d) Obtain reasonable assurance that the municipality has implemented appropriate systems of internal controls over its financial reporting; and receive and review any internal reports relating to accounting procedures and internal controls.

3.5 Financial Risk Management Function

The Committee shall receive and review reports related to the management of financial risks to the municipality.

4. Composition and Terms of Appointment

- 4.1 The membership shall include all members of Council, the Chief Administrative Officer, the Director of Finance, and one (1) member at large.
- 4.2 Member at large appointment shall be for four years, with the first year beginning one year after the municipal election cycle.
- 4.3 As per section 44 of the MGA, where the Audit Committee has a vacancy:
 - a) The audit committee shall continue to meet and perform its duties and may exercise its powers, and
 - b) If the vacancy is for a member at large, the municipality shall advertise to recruit a member at large at least once every six months until the requirement is met.
- 4.4 The Committee Chairperson will be the Warden, or their designate, of Richmond County Council.

5. Meetings

- 5.1 An audit committee should convene whenever circumstances demand such a meeting; however, the committee must meet at least twice in each fiscal year.
- 5.2 It is recommended that the audit committee meet at least four times, and the meetings should coincide with the stages of the audit. The following topics are recommended to be included on the audit committee's agendas at various stages:
 - a) role and responsibilities of the auditor;
 - b) review of the roles and responsibilities of the audit committee;
 - c) recommended appointment of a municipal auditor;
 - d) audited Financial Statements and auditor's work;
 - e) management or Internal Control letter and management's response;
 - f) adequacy of internal controls;
 - g) financial condition indicators; and
 - h) review of financial risk.
- 5.3 An Audit Committee meeting schedule and work plan will be established each year, and agendas developed.
- 5.4 Meeting procedures shall follow the Council Procedural Policy.

6. Authority and Accountability

- 6.1** The Audit Committee is a committee formally approved by Council and is provided with the authority to make recommendations to Council. Final decisions related to the work of the Committee rests with Municipal Council.
- 6.2** At least quarterly, progress reports shall be presented to Council at Committee of the Whole meetings by a designated member (member of Council, staff, and/ or citizen appointee). The timing of the quarterly reports will be influenced as appropriate by the meeting frequency/activity of the ABCC. If a committee meets at least once, it shall be included in the next quarter reports.

7. Related Documentation


- [Committees Policy](#)
- [Council Procedural Policy](#)
- [Municipal Government Act](#)
- [Financial Reporting and Accounting Manual \(FRAM\)](#)
- [Code of Conduct Policy for Elected Officials](#)
- [Strategic Communications Plan](#)

8. Version Log

Version Number	Amendment Description	Council Approval	Date
3	Final review	Yes	April 28, 2026
3	Review, comparison to the MGA, FRAM		June 19, 2025, April 8, 2026
2	Formatting and removal of items that are included in the Committees Policy and Council Procedural Policy.	Yes	September 9, 2024
1	New	Yes	2018

9. Certification

I, Shelley David, Municipal Clerk for the Municipality of the County of Richmond, hereby certify that these Terms of Reference were duly approved.



Shelley David
Municipal Clerk