<u>Audit Committee</u>
Terms of Reference

Background
The Audit Committee is established to comply with the requirements of the Nova Scotia Municipal Government Act that the Town Council shall annually appoint an audit committee which shall meet at least three (3) times in each fiscal year.

The Committee also supports Council in fulfilling its financial oversight responsibilities consistent with guidance from the Department of Municipal Affairs. This includes adherence to the Financial Reporting and Accounting Manual, which provides municipal financial management standards in Nova Scotia. Together these directives and standards provide the framework for the Audit Committee to carry out its duties.

Committee Mandate
The responsibilities of the Audit Committee include:

a. Provide advice to Council on matters relating to the financial audit
b. Assist Council in meeting its responsibilities of ensuring the adequacy and effectiveness of financial reporting and internal controls
c. Assist Council with the appointment or reappointment process of the external auditors by reviewing tender documents employed by the Town to advertise for external auditors and review contractual agreements between the Town and external auditors relating to the purchase of service of the external auditors.
d. Review the qualifications, independence, qualify of service and performance of the external auditors annually and recommend to the Council the appointment or discharge of the external auditors
e. Review the proposed audit plan provided by the external auditor, including the approach to internal controls, their testing and substantive testing
f. Review the financial statements and the Financial Conditions Report of the town with the external auditors.
g. Review the results of the external auditor's evaluation of internal control systems and management letters with the external auditors and management
h. Review the conduct and adequacy of any internal audit undertaken
i. Review significant matters arising out of any internal audit

j. Undertake any other actions determined by Council to be within the duties of the Audit Committee
k. Monitor the achievement of appropriate timelines for completion of the audit as required by Council
l. Review with management and the external auditor the annual audited financial statements and make recommendations to Council regarding their approval.

Committee Membership
The membership of the Audit committee shall include:

- Two members of the Town Council;
- The Manager of Finance (non-voting);
- Up to three members of the public, one of who will also be a member of the Finance Committee. This may include stakeholders from area of the Municipality of the District of Lunenburg abutting the town.

In selection of public members, preference will be given to applicants with a demonstrated knowledge of and experience with financial reporting and audit committees.