


TERMS OF REFERENCE

	Committee:	AUDIT AND FINANCE ADVISORY COMMITTEE	
	Prepared By:	Audit and Finance Advisory Committee	September 23, 2019
	Replaces:	N/A	

1. NAME

- 1.1. This committee shall be known as the Audit and Finance Advisory Committee (AFAC).

2. PURPOSE

- 2.1. The objective of the AFAC is to enhance the credibility and increase the reliability of the Town's financial reporting, the independence of external auditors, and foster professional communication on financial matters between Council, the external auditors, administration and the community. The AFAC reports its observations and findings directly to Council through the official minutes of the committee, the staff liaison, a Council representative or committee presentation.

3. SCOPE

- 3.1. This policy applies to all individuals who have been selected to sit on the Audit and Finance Advisory Committee including Council representation, administration representation, and public representation.

4. TERM

- 4.1. This Terms of Reference is effective from September 10, 2019 and continues until November 15, 2022, or until amended or dissolved by Council.

5. DEFINITIONS

Common definitions, acronyms, and terms are available in the glossary located on the Town website.

6. MANDATE

- 6.1. The purpose of the Committee is to consider matters related to the Town of Amherstburg financial affairs and to report its findings, opinions and recommendations to Council through the official minutes of the committee, the staff liaison, a Council representative or a committee presentation.
- 6.2. The following are the specific purposes and functions of the Committee:

- 6.2.1. Monitor the operating effectiveness of the financial reporting environment. This includes the monitoring of systems of internal control over financial reporting, and systems of internal control to ensure compliance with legal, regulatory and ethical requirements.
- 6.2.2. To review and provide recommendations on the financial goals, priorities and targets proposed by the senior management team in the long term strategic financial plan.
- 6.2.3. Oversee the external audit coverage including:
 - 6.2.3.1. Engagement letters
 - 6.2.3.2. Assessment of the reasonableness of the audit fee
 - 6.2.3.3. Review audit results
 - 6.2.3.4. Annually assess auditor performance
 - 6.2.3.5. Review and discuss with management any proposed material changes in financial reporting and accounting policy to be adopted by Council
 - 6.2.3.6. Review the annual audited financial statements and the auditor's opinion thereon
 - 6.2.3.7. Review the audit plan regarding scope and materiality
 - 6.2.3.8. Making recommendations to Council regarding the selection and dismissal of the Town's statutory auditor(s) in accordance with the requirements of Section 296 of the Municipal Act, 2001
 - 6.2.3.9. Review the auditor's management letters together with the implementation plans as advised by the senior management team
- 6.3. Review the status of all open implementation plans resulting from any external auditor or consultant finding report.
- 6.4. Review and make recommendations on the proposed draft budget.
- 6.5. To consider any additional matters referred to the Committee by Council.

7. DELEGATION OF AUTHORITY

- 7.1. The AFAC is an advisory committee to Council and does not have any delegated authority.
- 7.2. The AFAC has no authority to direct staff and any recommendations requiring implementation, reports or staff actions must first be considered by Council before any action by staff may be taken.

8. COMPOSITION

- 8.1. The Committee will consist of the following:
 - 8.1.1. Five (5) individuals appointed by Council as follows:
 - 8.1.1.1. Two (2) members of Council;

8.1.1.2. Three (3) individuals who are;

- Residents and/or rate payers of the Town, being
- a minimum of 18 years of age,
- and not an employee of the Town,

Preference will be given to the following competencies:

- a. Finance professional with demonstrated skills in audit or accounting;
- b. Audit Committee experience
- c. Minimum of 10- years of experience in a complex organization
- d. Excellent verbal, written, listening, teamwork and collaboration skills

8.1.2. Administrative support for the AFAC will consist of the following:

- 8.1.2.1. The Director of Corporate Services or designate, will attend all AFAC meetings as an administrative liaison;
- 8.1.2.2. The Clerk or designate will attend AFAC meetings and provide administrative support to the AFAC; and,
- 8.1.2.3. Other members of Administration may attend AFAC meetings, as required.

8.1.3. The Committee shall have the following two positions:

8.1.3.1. **Chair** – which shall be:

- Elected annually by the AFAC from among its members; and,
- Responsible for heading the meeting and ensuring that proper decorum and Code of Conduct are followed.

8.1.3.2. **Secretary** – which shall be:

- Appointed by the Clerk's Office; and,
- Responsible for coordination of scheduling and preparing agendas and minutes for the meetings.