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Halifax, Nova Scotia  
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Item No. 11.2.1  
Halifax Regional Council  
March 1, 2011

**TO:** Mayor Kelly and Members of Halifax Regional Council

Original Signed

**SUBMITTED BY:**

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Councillor Gloria McCluskey, Chair, Audit and Finance Standing  
Committee

**DATE:** February 10, 2011

**SUBJECT:** Audit and Finance Standing Committee Terms of Reference

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**ORIGIN**

The January 10<sup>th</sup>, 19<sup>th</sup> and February 9<sup>th</sup>, 2011 Audit and Finance Standing Committee meetings.

**RECOMMENDATION**

It is recommended that Halifax Regional Council approve the Terms of Reference for the Audit and Finance Standing Committee as outlined in Attachment 1 of this report.

## **BACKGROUND**

On November 30, 2010, Halifax Regional Council approved the formation of six Standing Committees of Council. The draft Terms of Reference for the Audit and Finance Standing Committee was before the Committee at their first meeting held on January 10, 2011.

## **DISCUSSION**

The Audit and Finance Standing Committee considered a number of changes to the Terms of Reference during their meetings of January 10<sup>th</sup>, 19<sup>th</sup> and February 9<sup>th</sup>, including the consideration of citizen appointments, staggered terms to ensure good governance and continuity, and the role of the Committee in oversight of HRM's enterprise risk management.

The Committee decided that consideration of citizen appointments to the Standing Committee be deferred for one year to allow Council to better determine the role and function of Standing Committees.

In regard to staggered terms, it is proposed that Councillor appointments from Community Councils be for a two year term and Councillor appointments at large be for a one year. This would meet the desire for staggered terms and ensure continuity of experience.

In regard to the area of risk management, a slight revision was made to Section 3.2.5 by listing the areas that may be considered by the Committee under enterprise risk management.

## **BUDGET IMPLICATIONS**

None.

## **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

## **COMMUNITY ENGAGEMENT**

None as this is a Standing Committee of the Halifax Regional Council.

## **ATTACHMENTS**

1. Terms of Reference – Audit and Finance Standing Committee.

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Chris Newson, Legislative Assistant, 490-6732

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## Audit and Finance Standing Committee Terms of Reference

### 1. Objective:

The principle role of the Audit and Finance Standing Committee is to provide advice to Council on matters relating to audit and finance. The objectives of the Committee are to a) fulfill the requirements as outlined in Section 48 of the HRM Charter and to b) assist Council in meeting its responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management and internal controls.

### 2. Composition:

Up to eight (8) members of Regional Council – one (1) appointed from each Community Council and two (2) at-large appointments.

Term: Community Council appointments to serve two (2) year terms to maintain the learning curve, the technical knowledge, and the complexity of the Committee's work and Members at large to serve a one (1) year term. Chair & Vice-Chair to be elected annually in November by the members.

<b>Community Council Appointments (1 each)</b>	<b>Members at-large</b>	<b>Ex officio</b>
Marine Drive Valley & Canal Community Council Member  Harbour East Community Council Member  Chebucto Community Council Member  North West Community Council Member  Western Region Community Council Member  Peninsula Community Council Member	Two (2) At Large Members to be nominated by the Community Councils.	Mayor Kelly

### 3. Duties and Responsibilities

#### 3.1 Audit

- 3.1.1 Review the qualifications, independence, quality of service and performance of the External Auditors annually and recommend to Regional Council the appointment or discharge of the External Auditors

## Audit and Finance Standing Committee – Terms of Reference

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- 3.1.2 Carry out the responsibilities of the Audit Committee as outlined in Section 48 (2) of the HRM Charter, including but not exclusive to:
  - (a) Review in detail, the financial statements of the Municipality with the External Auditors
  - (b) Evaluate internal control systems and management letters with the External Auditors
  - (c) Review the conduct and adequacy of any internal audit undertaken
  - (d) Review matters arising out of any internal audit that require further investigation
  - (e) Undertake other actions determined by the Council to be the duties of the Audit Committee
- 3.1.3 Review with management and the External Auditor and recommend to Council for approval, the annual audited financial statements.
- 3.2 Finance & Risk Management
  - 3.2.1 Review with Finance management the monthly financial forecast and KPIs (key performance indicators) to be presented to Council
  - 3.2.2 Review annually the debt and interest risk management activities proposed for the upcoming year by the CFO
  - 3.2.3 Review annually with Finance management and report to Council on the appropriateness of financial accounting policies, disclosures, forecasts
  - 3.2.4 Ensure the adequacy and effectiveness of the systems of internal control in relation to financial controls and risk management ADD as established by Administration.
  - 3.2.5 Review bi-annually with management the enterprise risk management and financial implications coming from such including: Environmental, Human Resources, Operational and the insurable risks and insurance coverage strategy of the municipality.
  - 3.2.6 Review , as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipality's CAO and the Committee.
- 3.3 Liaison with Auditor General
 

Notwithstanding Section 49 of the HRM Charter which outlines the role, independence and reporting relationship of the Municipal Auditor General , the Audit and Finance Standing Committee shall act as a liaison and communication link between the Auditor General and Regional Council.
- 3.4 Liaison with Provincial Property Valuation Service through representation on the Union of Nova Scotia Municipalities (UNSM) oversight board
- 3.5 Liaison with the Investment Policy Advisory Committee through appointment of the Council representative to the Committee

## Audit and Finance Standing Committee – Terms of Reference

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- 3.6 Liaison with the Grants Committee and Special Events Advisory Committee through nomination of the Council and Citizen representatives and appointment of the Chair of the Committees from a member of the Audit and Finance Standing Committee.
- 3.7 Other matters as may be determined by Regional Council.

### 4. Administration & Procedures

- 4.1 Meetings of the Audit and Finance Standing Committee shall be scheduled on a monthly basis, or as determined by the Committee, with meetings being withdrawn when there are not sufficient items to provide a full agenda.
- 4.2 Administrative and meeting procedures shall be in accordance with Administrative Order 1 of the Municipality.

### 5. Staff Liaison

Management support and liaison shall be through the office of the Director of Finance/CFO, and the Office of the Auditor General and the office of the Director of Legal Services & Risk Management (as required).

### 6. Standing Committee Advisory Committees

Investment Policy	Advisory	1 member appointed from Audit & Finance – other appointments at large
Grants	Advisory	Chair appointed from Audit & Finance- other appointments a large
Special Events	Advisory	Chair appointed from Audit & Finance – other appointments at large