



Agenda No: 7.2

Mtg. Date: Dec 7/15

Regional Board Report

TO: Regional Board
FROM: Marilyn Rilkoff
Director of Financial Services
DATE: October 27, 2015
SUBJECT: Audit Committee Terms of Reference Revision

Purpose: To amend the Audit Committee Terms of Reference in accordance with the Board's resolution at the October 26th meeting:

Executive Summary:

The Terms of Reference for the Audit Committee require revision in accordance with the resolution approved by the Regional Board at its October 26, 2015 meeting which removed references to the annual review of the financial statements.

#201/15 "THAT all information with respect to the Audit and Financial Statements come directly to the Regional Board rather than via the Audit Committee."

RECOMMENDATION:

THAT the Regional Board approve the amended Terms of Reference for the Audit Committee.

Respectfully Submitted:

Marilyn Rilkoff,
Director of Financial Services

Approved for Board's Consideration

Brian Reardon, CAO

Implications of Recommendation:

General: Provides the entire Board with best understanding of audit and financial statement process for fiduciary duty.

Financial: Reduces duplication of effort and provides cost savings.

Legal/Statutory Authority: *Financial Information Act* and *Local Government Act* re: Approval of Financial Statements by the Regional Board.

Background:

The Board has expressed that every member of the Board has a fiduciary duty and responsibility to understand the financial statements and audit process, and have opportunity to ask questions of the auditors and staff when the financial statements are reviewed.

At the October 26th Board meeting, the Board adopted a resolution that the audit and financial statements would now come directly to the Regional Board rather than via the Audit Committee. It was understood that should there be a major discussion item that needed to be addressed, the Audit Committee may be asked to review the audit item in advance, and provide recommendations to the Board.

The Terms of Reference for the Committee require updating in accordance with that resolution.

Financial Considerations: Reduced costs (auditors & staff) – not repeating review process twice.

Alternatives: None proposed

Organizational Issues: N/A

External Implications: N/A

Attachment(s):

Proposed revisions to Audit Committee Terms of Reference

Regional District of Central Okanagan
Audit Committee

TERMS OF REFERENCE

INTRODUCTION

The Audit Committee will provide additional support to the Board as required for the review of the annual financial statements and operating results of the Regional District.

The Audit Committee reinforces the principle that the administrative function of the Regional District is accountable to the legislative arm of the Regional District, and in turn the legislative arm is accountable to the taxpayers of the Region.

The Committee will provide this oversight, and also coordinate the Administrator's annual review and executive search in the event of a vacancy. The Committee will provide oversight of the collective bargaining process and human resource issues of Management and exempt staff.

The Audit Committee is a Standing Committee of Regional Board under the Board's Procedures Bylaw No. 1278.

OBJECTIVE

The objective of the Committee is to make recommendations to Regional Board on the:

- Audit matters of the Regional District as required.
- Human resource issues related to Collective Agreement bargaining, management and exempt staff policy line, and the Regional District Administrator's annual review and recruitment.
- Any other matter which may impact on the efficiency and effectiveness of Regional District operations, or that will significantly impact Regional District assets.

SCOPE OF WORK

To achieve this objective, the Audit/HR Committee will undertake the following activities:

- Review any audit matters as necessary and make recommendations to the Regional Board.
- Recommend "value for money audits" in various operations of the Regional District as deemed necessary and to review results of these audits.
- Have regard for potential impact on Regional District assets, especially future liabilities that may be created by natural or other significant events.
- Provide oversight of the collective bargaining process for all Regional District labour agreements.
- Coordinate the annual Regional District Administrator's review process making recommendations to Regional Board.
- Coordinate the executive search process in the event the Regional District Administrator's position becomes vacant.

MEMBERSHIP

The Board Chair, as a representative of the electoral areas, and the mayors of the member municipalities.

CHAIR

The Chair of the Committee shall be the Chair of the Regional Board.

APPOINTMENT AND TERM

Membership shall run concurrent with their Regional Board term.

In the event of a vacancy occurring during a regular term of office, the vacancy may be filled for the remainder of that term by the Chair.

The Committee may appoint sub-committees to deal with any special matters coming within the scope and jurisdiction of the Committee. Any sub-committee so created will report to the Committee.

MEETING PROCEDURES

The Committee shall meet annually to review the performance of the Regional District Administrator. The Chair shall call meetings of the Committee as required.

Unless otherwise authorized by Division 3 of Part 4 of the *Community Charter* or Regional District of Regional Board Procedure Bylaw No. 1278, all meetings will be held in open session and in a location accessible to the public.

Unless otherwise authorized by the Committee, the public shall only address the Committee when they are a scheduled delegation on the Committee meeting agenda.

A majority of the Committee shall represent a quorum.

The order of business is to be as set out in an agenda package to be provided to the committee members in advance of the meeting date. A copy of the agenda shall be forwarded electronically to the Regional District Corporate Services Department at least three complete working days prior to the meeting date. Minutes of the meetings will be prepared by the staff liaison and then signed by the Committee Chair. Originals of the minutes will be forwarded to the Corporate Services for safekeeping.

Committee members have a responsibility to make decisions based on the best interests of the Regional District-at-large.

CONFLICT OF INTEREST

Committee members must abide by the conflict of interest provisions of the Community Charter and Regional District Procedure Bylaw.

Members who have a direct or indirect pecuniary interest in a matter under discussion are not permitted to participate in the discussion of the matter or to vote on a question in respect of the matter. They must declare their conflict and state the general nature of their conflict, and then leave the meeting or that part of the meeting where the matter is under discussion. The member's declaration must be recorded in the minutes, and the Committee member must not attempt in any way, whether before, during or after the meeting to influence the voting on any question in respect of the matter.

VOTING

All members of a committee, including the chair, vote on every question unless they have declared a conflict and left the meeting.

Members who do not indicate how they vote, or have left the meeting without declaring a conflict, are counted as having voted for the question.

If the votes are equal for and against, the question is defeated.

REPORTING TO REGIONAL BOARD

Recommendations of the Committee must be adopted by Committee motion prior to presentation to Regional Board.

The Committee will regularly report to Regional Board regarding current activities and recommendations.

The Chairperson will report to Regional Board on behalf of the Committee.

The Corporate Services Department will ensure Committee agendas and minutes are forwarded electronically for circulation to all Regional Board members.

BUDGET

The routine operations and any special project initiatives of the Committee will be funded by allocations within the Administration budget.

STAFF SUPPORT

Corporate Services, Human Resources, as well as Finance & Administrative Services, will provide staff support for the Committee. Typical support functions include the following:

- Organizing and preparing the agenda, in conjunction with the committee chair;
- distributing the agenda packages to committee members;
- forwarding the agenda to the Committee a minimum of 3 days prior to the meeting and posting a public notice;
- taking and preparing draft minutes;
- forwarding the final minutes to Corporate Services for filing as a public record;
- managing the files of the committee, as necessary;
- maintaining a list of outstanding issues for committee action;
- in conjunction with the Chair, drafting Committee reports to Regional Board;
- providing financial and audit information as necessary, and
- providing the position of Regional District Staff on issues discussed by the Committee.

Revised TOR and endorsed by Regional Board: _____