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PROPOSED UPDATE TO THE AUDIT COMMITTEE CHARTER

The Audit Committee recommends the deferral to its next meeting of the following report, May 13, 2004, from the Chief Administrative Officer:

1. RECOMMENDATIONS

It is recommended that:

1. The updated terms of reference for the Audit Committee as defined in the *Audit Committee Charter* as outlined in this report be recommended for approval by Regional Council.

2. PURPOSE

The terms of reference for the Audit Committee be updated to incorporate changes in the Region, which include the formation of the Audit Services Branch.

3. BACKGROUND

The Audit Committee was established through clause No. 6 embodied in Report No. 5 of the Finance and Administration Committee at its meeting on April 9, 1998. The terms of reference adopted at that time did not incorporate the responsibilities that the Audit Committee is currently executing with regards to the development of the Audit Services Branch. The branch was established through the Report of the Chief Administrative Officer to the Audit Committee on October 11, 2000.

4. ANALYSIS AND OPTIONS

The proposed terms of reference for the Audit Committee as defined in the Audit Committee Charter, *Attachment 1* set out the updated terms of reference for the Audit Committee. The main updates are for the inclusion of the responsibilities for the work carried out by the Audit Services Branch, and a change in the recommended Audit Committee membership. The remaining responsibilities have been maintained in this updated terms of reference.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

6. LOCAL MUNICIPAL IMPACT

Through the Audit Committee's terms of reference, Regional Council is demonstrating its effective discharge of its oversight responsibilities for the financial reporting processes, the system of internal control, and the internal and external audit functions.

7. CONCLUSION

The updated terms of reference for the Audit Committee encompass the practices currently being exercised by the Audit Committee and incorporate the oversight responsibilities for the financial reporting processes, the system of internal control, and the internal and external audit functions.

The Senior Management Group has reviewed this report.

(A copy of the attachment referred to in the foregoing has been forwarded to each Member of Council with the June 17, 2004 Audit Committee agenda and a copy thereof is on file in the Office of the Regional Clerk.)