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UPDATE TO AUDIT COMMITTEE CHARTER

The Audit Committee recommends the following:

1. **The Director of Audit Services be requested to submit a report to the June 5, 2008 meeting of the Audit Committee on the inclusion of citizen members on the Committee; and**
2. **The recommendation contained in the following report, October 23, 2007, from Director, Audit Services be adopted:**

1. RECOMMENDATION

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.

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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.

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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. During the fall of 2006, the Audit Services Branch undertook a Peer Review to ensure compliance with the Institute of Internal Audits' Standards of Professional Practice. The results of the review were reporting to Audit Committee in report 3 *Compliance with Institute of Internal Audits' Professional Practice Standards*. The Audit Services branch was deemed in compliance with the Standards, with the one finding being that the Audit Committee Charter be updated.

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 attachment referred to in this clause was included in the agenda for the November 1, 2007 Committee meeting.)