



NOVA SCOTIA  
FEDERATION OF  
MUNICIPALITIES

## **NSFM Audit and Finance Committee**

Terms of Reference

September 2019

### **Audit Committee Role**

The primary function of the Nova Scotia Federation of Municipalities (NSFM) Audit and Finance Committee is to assist the Board of Directors in fulfilling its fiduciary responsibility by providing oversight regarding the integrity of financial reporting. The Audit and Finance Committee will assure fair presentation of the financial position and results of operations of the Nova Scotia Federation of Municipalities in accordance with the GAAP principles and ensures that appropriate systems and controls are maintained for the proper recording of transactions and protection of assets.

### **Audit and Finance Committee Authority**

The committee will quarterly receive and review from staff detailed financial reports including updated Forecast, Statement of Revenues and Expenditures, Balance Sheet, and Account Reconciliation.

The committee will report to the Board of Directors and require that any material misstatement or error in the audited yearly financial statements, following the discovery, would be reported to management and inform the auditor.

The committee will oversee the budget and recommend it to the Board of Directors.

### **Committee Composition**

The NSFM Board of Directors will appoint the members of the audit and finance committee. The committee composition will be:

- Two board members of the Nova Scotia Federation of Municipalities for a 2-year term; and
- A member of the Nova Scotia Federation of Municipalities at large for a 2-year term.

There are no restrictions on renewal of terms. Board members with specific accounting expertise will be given preference to sit on the committee. It is required that the member at large have accounting expertise.

### **Role of the Committee Member**

- Regularly attend Audit and Finance Committee meetings and important related meetings
- Make a commitment to actively participate in the committee work
- Stay informed about committee matters, thoroughly prepare for meetings, review and comment on minutes and reports

### **Time Commitment**

4 meetings per year – 2 hour meetings, with specific meetings as required. Where possible, in-person meetings will be held in conjunction with other already scheduled meetings or held via teleconference.

### **Audit and Finance Committee Responsibilities**

The committee is responsible for:

#### Audit

- Recommending the appointment of the external auditor
- Review annual audit plan and determine specific areas to address
- Ensure the audit is conducted efficiently and in a cost effective manner
- Provide guidance regarding the specific areas to be addressed during audit
- Oversee the work of the external auditor

#### Financial Reporting

- Review the draft financial statements of the Federation, including the external auditors' report
- Recommend the annual financial statements to the NSFM Board of Directors for approval

#### Internal Controls

- Review and consider matters relating to the adequacy of internal controls and provide recommendations, or corrective action on significant control deviations, or indication of fraud

- Review annually the adequacy of the internal control system established to minimize risk

#### Budget Development:

- Review the proposed budget prepared by staff
- Recommend the proposed budget to the NSFM Board for approval

#### Financial Policies

- Review NSFM Financial policies including but not limited to:
  - Investment Policy
  - Reserve Policy
  - Expense Policy
  - Signing Authority Policy
- Provide recommendations of changes or additions to the NSFM Board of Directors