

2014 Halifax Commonwealth Games Candidate City Society  
**Audit Committee Terms of Reference**

December 2006

**STRICTLY  
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**I. Establishment**

The existence of an Audit Committee has been approved as part of the Governance policy approved by the Board of Directors of the 2014 Halifax Commonwealth Games Candidate City Society (the Society).

**II. Guiding Principles**

The audit committee is charged not only with the protection of the financial assets of the Society, but also with the protection of the Society's reputation. In keeping with this goal, the Committee shall:

- A. Instil confidence that the funds of the organization are used in a manner consistent with good financial practice and that respect the goals and objectives of the Society;
- B. Maintain independence from Society management;
- C. Recruit and maintain a level of financial literacy among Committee members that is sufficient to deal with the breadth and complexity of financial issues that the Society can reasonably expect to encounter;
- D. Establish and maintain direct, open and frank communication with the Board of Directors, management, external auditors and key external stakeholders, including funding partners; and
- E. Demonstrate a commitment to the time and effort necessary to do the job properly.

**III. Purpose**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- A. The financial information that will be provided to the Board, and the financial policies and assumptions upon which this information is based, making pertinent comments and recommendations to the Board on the appropriateness of these policies and assumptions;
- B. The financial reporting structure and disclosure policies of the Society, making appropriate recommendations to the Board on the effectiveness and application of the structure and policies;
- C. The internal control structure of the Society, making appropriate recommendations to the Board as to the effective and efficient use of resources and the safe-guarding of assets;
- D. The transition plan of the Society from International Bid phase to the Organizing Committee or wrap up, and making recommendations to the Board as to the adequacy of the plan; and
- E. The selection of the external auditor, the audit plan, and the reports of the external auditor and making recommendations to the Board as to the appointment of the external auditor and the financial statements for the Society.

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**IV. Composition**

- A. The Committee will be comprised of seven voting members, including:
  - i. four representatives of the Board of Directors, including the Treasurer and the Secretary of the Board, and
  - ii. three representatives of the business community who are financially literate and who have demonstrated experience and expertise in providing financial oversight.
- B. The Committee shall be appointed by the Board of Directors.
- C. The Committee Chair and Secretary shall be elected by the members of the Committee.
- D. The Committee shall remain in place until the Society either completes the transition to an Organizing Committee, or is wrapped up and dissolved.
- E. The Committee Chair and Committee members shall serve without remuneration. Normal out-of-pocket expenses shall be reimbursed within the approved policies of the Society.

**V. Operating Procedures**

- A. The Committee shall meet at least quarterly:
  - i. A quorum of the Committee shall be a majority of the Committee members;
  - ii. Committee meetings shall be called by the Committee Chair, or at the request of a majority of the Committee members;
  - iii. The Committee Chair will provide Committee members with an agenda and any background material required to prepare for the meeting at least 3 days in advance of the meeting;
  - iv. In the absence of the Committee Chair, the Committee members shall appoint an acting Chair.
- B. Decisions of the Committee shall be based on a simple majority;
- C. The Committee reports shall be written and accompanied by a presentation to the Board at the discretion of the Committee Chair;
- D. The Committee Chair may request a meeting with the Board of Directors outside of the Board meeting calendar;
- E. The Committee shall have access to the Halifax 2014 CEO, Halifax 2014 Senior Director of Finance, Administration and Government Relations, and CGC Bid Director, as well as any supporting documents, as required at Committee meetings, when requested in reasonable advance of the meeting;
- F. The Committee shall be supported through the existing support staff of the Society and any additional resources requested by the Committee subject to the approval of the Board of Directors and the overall and approved budget of the Society;
- G. Minutes shall be taken at each Committee meetings by the Secretary of the Committee, and provided to each Committee member in advance of the next Committee meeting for review and approval at the next Committee meeting.

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**VI. Duties and Responsibilities**

Subject to the powers and duties of the Board of Directors, the Committee shall exercise the following authority, power and duties:

**A. Financial Reporting**

- i. The Committee will review and recommend for approval to the Board financial information on the Society, including:
  - a. Reviewing and recommending approval of the annual financial statements of the Society;
  - b. Reviewing and approving for release the quarterly financial statements of the Society;
  - c. Reviewing and recommending to the Board and to management the financial content of annual or periodic reports;
  - d. Reviewing and approving any significant changes to processes or assumptions for the development of the Games budget forecasts.
  - e. Reviewing and approving for release any other financial reports or disclosures on behalf of the Society.
- ii. The Committee will review and evaluate for the Board:
  - a. The appropriateness of accounting policies and financial reporting practices;
  - b. Any proposed material change in accounting policies and financial reporting practices to be adopted by the Society.

**B. Risk Management and Internal Control**

- i. The Committee will review and obtain reasonable assurance that the risk management, internal control structure and information management systems or processes are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:
  - a. Reviewing the risk management controls and practices of the Society;
  - b. Reviewing the design and implementation of internal control structures of the Society;
  - c. Reviewing the design and implementation of information systems of the Society;
  - d. Monitoring compliance with established financial authority controls;
  - e. Monitoring compliance with statutory and regulatory obligations.

**C. External Audit**

The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

- i. Reviewing and recommending to the Board the appointment or continuance of the external auditor;
- ii. Reviewing the external audit plan;

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- iii. Meeting with the external auditors, without management present, at least annually to review the audited financial statements and discuss any audit issues that may be brought forward by the external auditors;
- iv. Briefing the Board on the planning, conduct and reporting of the annual audit, including, but not limited to:
  - a. Any difficulties encountered, or restriction imposed by management, during the annual audit;
  - b. Any significant accounting or financial reporting issue;
  - c. The auditor's evaluation of the Society's system of internal controls, procedures and documentation;
  - d. The post-audit, or management, letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
  - e. Any other matters the external auditor brings to the attention of the Committee.

D. Other Duties

- i. Review insurance coverage of significant risks and uncertainties;
- ii. Review material litigation and its impact on financial reporting;
- iii. Review policies and procedures for the review and approval of officer and senior management expenses and perquisites;
- iv. Review the terms of reference for the Committee annually and make recommendations to the Board as required; and
- v. When appropriate, authorize expenditures within the limits imposed on the Committee by the Board.

**VII. Accountability**

- A. The Committee shall report its discussions to the Board by oral or written report at the next Board meeting.
- B. The Chair of the Committee shall have the responsibility to make periodic statements or reports on financial matters to the funding partners of the Society, as requested.