

PROVINCIAL AUDIT COMMITTEE

TERMS OF REFERENCE

Introduction

Under provincial legislation, the Audit Committee is established primarily in an advisory role to the Government of Alberta and the Auditor General of Alberta on the matters laid out in these terms of reference.

Composition

Pursuant to section 21 of Alberta's *Auditor General Act*, the Lieutenant Governor in Council appoints an Audit Committee consisting of not more than seven persons, one of whom is designated the Chairperson.

Legislative Authority – Auditor General Act

Under section 22(2)(b):

- The Chair of the Audit Committee may inquire into any matter relating to the financial affairs of the Crown in accordance with a request of the President of Treasury Board and Minister of Finance.

Under section 23:

- The Auditor General shall give to the Audit Committee any information that the Auditor General considers reasonable and appropriate to enable the Audit Committee to advise the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of departments, regulated funds, Provincial agencies and Crown-controlled organizations.

Functions

- The Committee reviews and advises on issues relating to financial statement presentation and disclosure, accounting policies and pronouncements, and non-financial performance information including:
 - a financial disclosure philosophy to ensure best disclosure of financial and non-financial performance information;
 - major accounting policies and all changes in accounting policies;
 - integration of financial and non-financial performance information;
 - compliance with relevant accounting pronouncements;

- key estimates and judgments that are material to financial statements and non-financial performance information;
 - discussions with the auditor and management relative to any serious differences of opinion between the auditor and management; and
 - any restrictions on the auditor's work and the cooperation received in the performance of the audit.
- The Committee reviews and advises on matters related to the Auditor General's reports to the Legislative Assembly prior to its publication and any other reports made by the Auditor General. The review will include:
 - discussion of the scope of the Auditor General's audits;
 - discussion of the findings and recommendations of the Auditor General including such matters as:
 - any reservation of any opinion in an audit report;
 - collection and disbursements of public money that are not properly accounted for, or are not in compliance with legislation;
 - assets that are not adequately safeguarded or accounted for;
 - inadequate accounting and management control systems;
 - inadequate procedures to measure and report on program effectiveness;
 - commentary on accounting policies and financial disclosure;
 - commentary on the suitability of the form of the estimates as a basis for controlling disbursements; and
 - any other matter that the Auditor General considers should be drawn to the attention of the Assembly.
- The Committee reviews and advises on any matter related to the financial affairs of the Crown in accordance with a request of the President of Treasury Board and Minister of Finance.
 - The Committee reports:
 - annually to the Lieutenant Governor in Council on the results of the Committee's work; and

- on any matter if requested by the President of Treasury Board and Minister of Finance.

Meetings

- Under section 22(2)(a) of the *Auditor General Act*, the Chair of the Audit Committee shall, on request of the Auditor General, call a meeting to review any matter that the Auditor General considers should be brought to the attention of the Audit Committee.
- The Committee generally meets five times a year and may also meet at any other time at the call of the Chair.
- The Committee members will be provided with appropriate background information, in part through annual Education sessions, with the content, duration and timing to be determined by the Chair of the Committee in consultation with the Controller and the Auditor General.
- The appointed Committee members will attend meetings on a regular and punctual basis. If a member is absent from two consecutive meetings, the Committee, following discussion between the member and the Chair, may consider a resolution requesting the President of Treasury Board and Minister of Finance to replace the member.