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Repealed:	October 22, 2009
	January 21, 2010
	May 20, 2010
	March 22, 2012
	September 17, 2015
	February 21, 2019
	February 17, 2022

5.2.3 FINANCE & AUDIT COMMITTEE TERMS OF REFERENCE

MANDATE:

1. The Finance & Audit Committee (Committee) is responsible to assist the Edmonton Police Commission (Commission) in fulfilling its obligations and oversight responsibilities related to - Financial Planning and Reporting; the Audit Process; Internal Controls; and Risk Management. The Committee makes recommendations to the Commission for approval when required.
2. The Committee provides assistance to the Commission, pursuant to the *Police Act and City of Edmonton Bylaw 14040*, to determine estimates of funds required for policing and allocating funds that are provided to the Commission for the Edmonton Police Service (Service) by Edmonton City Council.
3. The Committee assists the Commission in its oversight responsibilities relating to the integrity of the Commission's and Service's financial information, the financial reporting process, and the systems of the internal controls.
4. The Committee also provides oversight over the Audit Function and the overall risk environment for the Commission and the Service to ensure that the Commission's and Service's assets are protected and safeguarded.

Composition and Operations:

1. The Finance and Audit Committee shall have a minimum of three members appointed by the Commission, with one member designated as Chair. The maximum number of members appointed shall be less than the quorum of the Commission as a whole.

2. The Finance and Audit Committee shall meet on a monthly basis unless there is agreement by the committee members that a meeting is not required.
3. The Finance and Audit Committee can consider scheduling additional meetings in order to fulfill their mandate and to be able to make recommendations to the Commission in a timely manner.
4. The Executive Director shall attend meetings as required to act as administrative support to the committee and is not a voting member.

DUTIES AND RESPONSIBILITIES OF THE FINANCE & AUDIT COMMITTEE:

Financial Matters:

1. Consult with the Chief of Police on the development of a business plan for the Service that specifies the level of police service and programs to be provided in the City of Edmonton.
2. Consult with the Commission's Executive Director on the development of an annual business plan for the Commission that will support its joint roles of governance and oversight;
3. Oversee and guide the preparation of long-range financial plans for the Service and the Commission for recommendation to the Commission;
4. Review and recommend operating and capital budget information provided by the Service to the Commission.
5. Review and recommend to the Commission the guiding principles for changes to approved budgets.
6. Review and recommend financial policies to the Commission;
7. Review and recommend signing authorities for expense approvals to the Commission;
8. Review strategic key performance indicators as they relate to financial performance;
9. Review and make recommendations with respect to relevant legislative changes

affecting financial resources and significant issues as they relate to the Commission and the Service; and,

10. Participate, with the Service's Senior Management, on formal presentations to the City of Edmonton regarding operating or capital budget requirements for the service.

Internal Controls:

1. Reviews assurance reports that the Service and Commission prepare and have implemented appropriate systems of internal controls for:
 - a. Financial reporting;
 - b. Compliance with Commission, Service and City Policies, Procedures (as applicable), Provincial Policing Standards and relevant laws and regulations;
 - c. Financial, operational, or corporate risk exposure.

Audit Matters:

1. Engage and serve as the primary contact for the Director of Audit & Risk (Director) and report on reviews of all audit engagements.
2. Review and recommend approval to the Commission on the following audit reports:
 - Internal audit charter (every 3 years, at a minimum)
 - Internal audit plan (annual)
 - All audit and advisory engagements performed within the Service both internal and external (annually)
 - Confirmation of independence of Internal Audit (annual)
 - Review adjustments to audit plan (as required)
 - Review significant changes in scope of planned engagements (as required)
 - Review status of audit recommended implementation (semi-annual)
 - Immediately review significant risk exposures and control issues, including fraud risks and governance issues and any threats to auditor independence
 - On the conclusion of each engagement review results, including management responses to any findings and recommendations.
3. Review and assess audit recommendations including management's responses, and monitor management's actions to address audit recommendations.

4. Review the Internal Audit's conformance with The Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.
5. Review the Internal Audit's quality assurance and improvement program, including results of internal and external assessments conducted at least once every five years by a qualified, independent assessor from outside the Service.
6. Meet "in camera" at least three times per year with the Director to discuss audit outcomes and initiatives, emerging issues, and ensure that the Audit Function has appropriate resources and supports to fulfill its responsibilities outlined within the audit charter and the scope of the audit work. Review any difficulties encountered in the course of the audit functions work such as impairments to independence, restrictions to people, data, and/or information.
7. Assist with the dispute resolution process as outlined in the Internal Audit Charter.

Risk Management:

1. Ensure that the Service has established an enterprise risk management process in which risk identification, risk awareness, risk tolerance and risk mitigation is determined, monitored and reported.
2. Review and assess the effectiveness of the Service's Integrated Risk Management processes and framework.
3. Review and recommend to the Commission, the Service's Corporate Risk Profile and subsequent risk mitigation plans.
4. Ensure the Service provides risks identified within the Service's corporate risk profile and other risk assessments and ensure that the audit plan considers those risks within the annual audit plan
5. Review significant risks affecting the Service's ability to fulfill its mandate and ensure that appropriate risk mitigation plans have been implemented.

References:

1. *Police Act, RSA 2000, c P-17*

2. *City of Edmonton Bylaw 14040, Edmonton Police Commission Bylaw*
3. *EPC Policy # 1.1.5 – Risk Management & Audit*
4. *EPC and EPS Internal Audit Charter*