



# Audit & Accountability Committee

## Terms of Reference (TOR)

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### 1. Purpose

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The Audit & Accountability Committee (“Committee”) shall be a Committee of the Attainable Homes Calgary Corporation (AHCC) Board, responsible for enterprise risk management and the stewardship of AHCC’s finances and assets. Management, together with the Board and the Committee, is responsible for setting the proper tone, creating and maintaining a culture of honesty and high ethical standards and establishing appropriate measurement and controls to ensure sound financial and operational decision-making; accurate financial reporting; and, to prevent and detect fraud.

The Committee has oversight responsibility and makes recommendations to the Board on:

- a. The integrity of AHCC’s financial statements;
- b. Annual budgets and resourcing of the annual business plan;
- c. Risk management with respect to mandate, programs and operations;
- d. Capital Plans and Financing arrangements; and
- e. The adequacy and effectiveness of internal controls.

Make recommendations to the Board and Shareholder regarding the appointment of the auditor and evaluate the results of the external audits and related matters.

### 2. Committee Composition

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- a. The Committee shall be comprised of one Committee Chair, and a minimum of two (2) other members elected by the Board. Committee members will serve for two consecutive years.
- b. It is a requirement that Committee Members are Board Members. The Committee Chair is appointed by the Board Chair and the Committee Members are appointed by the Committee Chair, in consultation with the Board Chair.
- c. The Committee Chair will attend Development Committee meetings as ex-officio, when possible, to provide operational and financial oversight.
- d. The Committee members shall be financially literate with a working familiarity with basic finance and accounting practice; risk measurement and mitigation; and, at least one member shall have accounting or related financial management expertise.
- e. The Chair of the AHCC Board may attend any meeting at their discretion as ex-officio. The President and CEO is a non-voting ex-officio member of the Committee.
- f. The Director, Finance is a non-voting ex-officio member of the Committee.
- g. No member of the Committee shall have any personal interest, directly or indirectly, in any matter put forward for its consideration.



### 3. Committee Secretary

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The AHCC Secretary, or designate, will attend and be the secretary of all Committee meetings.

### 4. Responsibilities

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In fulfilling its responsibilities, the Committee shall report to the Board after each meeting:

#### A. FINANCIAL AND OPERATIONAL REPORTING PROCESS

- a. Review the Corporation's quarterly and annual financial statements, accounting practices and financial control policies. This review will include a discussion with management and if required the external auditors of significant issues regarding the financial results, accounting principles, practices and management estimates and judgments;
- b. Recommend for approval by the Board quarterly and annual financial statements and reports of AHCC;
- c. Review and recommend for approval by the Board, AHCC's financial and accounting policies;
- d. Review and recommend for approval by the Board, the annual budget of AHCC and any revisions thereto, including:
  - Reviewing the financial impact of new or changed projects and proposals subsequent to the Board's approval of annual budgets;
  - Reviewing and recommending to the Board in respect of those financial obligations and undertakings above;
- e. Review and recommend for approval by the Board, all financial information prepared for public distribution;
- f. Review compliance with all applicable finance and audit legal and regulatory requirements;
- g. Review and make recommendation to the Board regards AHCC's risk management procedures and controls, including:
  - Regular review of the operating context including economic, market, and regulatory influences
  - The maintenance of appropriate insurance;
  - Discussing significant business and operational risks with external professionals and auditors, including their assessment of management's related mitigation plans, processes and programs; Paying particular attention



to significant stakeholders, large, complex and/or unusual transactions, including joint ventures, partnerships and other contractual arrangements, and the hedging strategies, associated accounting treatment and financial statement disclosures;

- Review all material related-party transactions; and
  - Recommending policy and business model changes as conditions change.
- h. Review AHCC's performance measures and key performance indicators for alignment to the AHCC mandate and the desired outcomes of the AHOP or other programs as they are developed.
- i. Oversee the implementation of Reporting Procedures in accordance with this document.

## B. EXTERNAL AUDITOR

- a. Review annual and other reports of the External Auditor, including:
- i. The results of their review/audit of the Corporation's financial statements
  - ii. Any significant risk areas or issues reviewed by the External Auditor;
  - iii. Any corrected or uncorrected misstatements and disclosure deficiencies;
  - iv. Any problems or difficulties and management's response; and
  - v. Confirm the External Auditor independence of the Corporation
- b. Inquire as to the External Auditor's assessment of the Corporation's internal control over financial reporting and review management's response to any internal control recommendations of the External Auditors.
- c. To make recommendations to the Board and Shareholder regarding the appointment of an Auditor, review and approve the Audit Plan, process, results and performance of the independent external auditors.
- d. Evaluate the results of external audits and related matters, review and approve auditor fees, including advance approval of any non-audit services performed.
- e. Meet at minimum twice a year with the external auditors; once to review the audit plan and once to receive it and report to the Board on such meetings.
- f. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed in camera, including fraud, illegal acts, deficiencies in internal control and similar issues.



- g. Review the audit plan of the external auditor of AHCC and inquire as to the extent the planned audit scope.
- h. Review all material written communications between the external auditors and management, including the annual management representation letter and summary of unrecorded differences.

#### C. INTERNAL CONTROLS

- a. Oversee financial and operational risk management, monitor the integrity of the financial and business reporting process and the system of internal controls that management and the Board have established.
- b. Review financial results and have the right to inspect all of the accounts and records of AHCC and to discuss those accounts and records with AHCC's management, the Board and the Auditors.
- c. Communicate the Committee's expectations regarding the external auditor's performance and evaluate the auditor's past performance.
- d. Review as required the adequacy and effectiveness of internal controls over the business, accounting and financial reporting systems within the Corporation including management's response to the internal control recommendations of the external auditor.
- e. Review any changes in operating and accounting policies and financial impact thereof and review any major areas of management judgement and estimates that have a significant effect upon the financial and mandate results.
- f. Review annually with management material covenants in credit and loan agreements.
- g. Review and respond to any complaints received by the Corporation regarding accounting, internal controls, or auditing matters including all anonymous submissions by employees; and
- h. Monitor the 'reporting misconduct' process and report all complaints and their disposition to the Board at least annually.

#### D. INTERNAL AUDIT AND ENTERPRISE RISK ASSESSMENT

- a. Review and assess the need for internal audits on an annual basis;
- b. Review and assess the probability and severity of enterprise risk measures in the Risk Register quarterly



- c. Consider contracting outside assistance to audit internal controls and market and economic assessment;
- d. Perform in depth sensitivity analysis of emerging risks as deemed appropriate; and,
- e. Perform adhoc internal audits as deemed appropriate.

## **5. Authority and Accountability**

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The Committee is responsible to the Board and makes recommendations to the Board, as required:

- a. The Committee shall report regularly to the Board on its activities.
- b. The Committee, in consultation with the Board Chair, shall have the authority to direct and supervise the investigation of any matter brought to its attention within the scope of its duties.
- c. The Committee shall have the authority to conduct any work appropriate to fulfilling its responsibilities and it has direct access to anyone in the organization and to the external auditors who will report directly to the Committee.
- d. The Chair of the Committee shall have the authority to approve the engagement of, and compensation to be paid to, independent counsel and other advisors in order to carry out their duties.
- e. The Committee shall review its terms of reference as needed and at least annually and recommend changes as necessary.
- f. The Committee shall review its effectiveness annually.

## **6. Meetings**

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- a. The Committee shall meet a minimum of quarterly. Any two members of the Committee may request a special meeting at any time;
- b. The Committee may require the attendance of the AHCC President & CEO, other AHCC staff or accountant engaged by AHCC (non-voting) at meetings as appropriate;
- c. A simple majority of Committee members constitutes quorum for the Committee;
- d. Each member of the Committee has one vote;

## **7. Resources**

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The Committee shall be provided with the resources necessary to carry out its responsibilities.

**Approval, Review, Revisions**

<b>Approval Date</b>	<b>Approved By</b>	<b>Originated By</b>	<b>Review / Revision Details</b>
October 14, 2010	Board of Directors	Sharon McCormick	Terms of Reference
September 13, 2012	Board of Directors	Board of Directors	New Position/Title– President & CEO
May 9, 2013	Board of Directors	Marion Shill	Change the frequency of external auditor meetings from once to at least twice/year.
May 9, 2013	Board of Directors	Marion Shill	Change the frequency of the committee meetings from annually to at least quarterly
July 12, 2013	David Watson	David Watson	Formatting Changes
June 26, 2015	Board of Directors	Wendy Hennel	Increase number of committee members; add clauses regarding independence and internal audits
June 20, 2017	Board of Directors	Audit and Accountability Committee	Enhanced enterprise risk measurement and mitigation activities
December 13, 2018	Board of Directors	President and CEO	Harmonization with other Committee TORs and the Board Charter; update A&A Chair as ex-officio of the Development Committee; update of Committee Chair and Committee members appointments as updated in the Board Charter.