



ATTAINABLE HOMES CALGARY CORPORATION

Audit & Accountability Committee

Terms of Reference # 1
Review Date Jun 8 2016

1. Purpose

The Audit & Accountability Committee ("Committee") shall be a Committee of the Attainable Homes Calgary Corporation (AHCC) Board, responsible for stewardship of AHCC's finances and assets. The Committee has oversight responsibility and makes recommendations to the Board on:

- A. The integrity of AHCC's financial statements;
- B. Annual budgets;
- C. Financing arrangements; and
- D. The adequacy and effectiveness of internal controls.

2. Committee Composition

- A. The Committee shall be comprised of one Committee Chair, and a minimum of two (2) other members elected by the Board, none of whom will have any interest in, or business or other relationship with the Corporation that may, or may reasonably be perceived to, interfere with the exercise of their independence from management and the Corporation.
- B. The Committee members shall be financially literate with a working familiarity with basic finance and accounting practise, and at least one member shall have accounting or related financial management expertise.
- C. Committee members will serve for two consecutive years. This may be extended with the Board's approval. It is a requirement that Committee Members are Board Members and the Chair is confirmed by the Board annually. The Chair of the AHCC Board may attend any meeting at their discretion as an ex-officio. The President and CEO is a non-voting ex-officio member of the Committee.
- D. If the Chair of the Committee cannot be present at any meeting, the Committee Chair will be chosen from among the members present.

2. Committee Secretary

- A. The Corporation's Secretary, or designate, will attend and be the secretary of all Committee meetings.

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3. Responsibilities

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 controls to ensure sound financial decision-making, accurate financial reporting, and to prevent and detect fraud.

A. FINANCIAL REPORTING PROCESS

- a. Review the Corporations' 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:
 - The maintenance of appropriate insurance;
 - Discussing significant business and financial risks with the external auditors, including their assessment of management's related mitigation plans, processes and programs;
 - Paying particular attention to large, complex and/or unusual transactions, including joint ventures, partnerships and other contractual

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arrangements, and the associated accounting treatment and financial statement disclosures;

- Review all material related-party transactions; and
- h. Review accounting practices and financial control policies; and
- i. Review AHCC's performance measures and key performance indicators for alignment to the desired outcomes of the AHOP.
- j. 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;

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- 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 risk management, monitor the integrity of the financial 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 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 accounting policies and financial impact thereof and review any major areas of management judgement and estimates that have a significant effect upon the financial statements;
- 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;

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D. INTERNAL AUDIT

- a. Review and assess the need for internal audits on an annual basis;
- b. Consider contracting outside assistance to audit internal controls;
- c. Perform adhoc internal audits as deemed appropriate.

4. Authority and Accountability

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 review its terms of reference as needed and at least annually and recommend changes as necessary.
- D. The Committee shall review its effectiveness annually.

5. 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;

6. Committee Powers

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. 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.

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Approval, Review, Revisions

Approval Date	Approved By	Originated By	Review / Revision Details
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