“Demystifying the Finance Audit Committee”
Demystifying the Finance & Audit Committee

BENEFITS
Benefits

- Provides forward-thinking oversight of your Nation’s investments
- Supports Council in making informed decisions
- Reinforces Council’s financial responsibility, accountability, transparency
ROLES AND RESPONSIBILITIES
Roles and Responsibilities – Finance & Audit Committee

Audit and Finance Oversight

Financial Responsibilities
- Financial Planning
- Financial Performance
- Financial Statements

Audit Responsibilities
- External Auditor
- Audited Financials
- Risk Management
- Internal Controls
Roles and Responsibilities – Finance & Audit Committee

Financial

Financial Planning – Budget, 5-yr financial plan

Financial Performance – Quarterly and annual

Annual Financial Statements and Special Purpose Reports

Recommend

Monitor

Review
Roles and Responsibilities – Finance & Audit Committee

Audit

- External Audit Selection, Engagement, Performance
- Planning, Conduct and Results of Audit Activities
- Audited Annual Financial Statements and Other Reports
- Reporting Risks and Mitigating Controls

Recommend
Monitor
Review
Roles and Responsibilities – Council

Community Leaders

Oversight Responsibility

Approvers
Roles and Responsibilities – Senior Manager, Senior Finance Officer

- Financial Strategy, Plan and Report Development
- Internal Control Development and Compliance
Roles and Responsibilities – External Auditor

- Financial Statement Audit
- Compliance Audit
- Performance Audit
STRUCTURE
Structure - Overview

Reporting
- Report to Council
- Chair and Vice-Chair are appointed by Council (one must be Councillor)

Membership
- Minimum 3 members (at least 1 Councillor)
- For 4 or more members (at least 2 Councillors)

Qualification Criteria
- Majority of members must have financial competency
- All members are independent
Structure – Financial Competency

- Financial literacy or related financial management expertise
- Qualification requirements interpreted by Council

Sample Financial Competency criteria

- The ability to read and understand a set of financial statements;
- An understanding of internal controls and procedures for financial reporting and risk management processes;
- An understanding of the First Nation’s strategic objectives;
- The ability to assess the general application of accounting policies and principles
Structure – Independence

• No direct or indirect relationship with the first nation government

• Council required to make policies or procedures for independence criteria
  ▪ Establishing independence eligibility criteria in compliance with FMB Standards
    – Senior Manager, Finance Manager, Finance department ineligible
    – Councillors and Other employees may be eligible
  ▪ Requiring confirmation from candidate about independence
  ▪ Requiring annual conflict of interest disclosure statement
• No direct or indirect relationship with the first nation government
Keys to Success – Finance and Audit Committee

- Capable Chair
- Technical Expertise
- Well-Defined Mandate
- Communication

Improve Community Well-Being