

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee (AC) is a Standing Committee of the Alberta Alcohol and Drug Abuse Commission Board.

Purpose

1. Serve as an independent and objective body to monitor and report on the Commission's financial management, reporting processes and internal control systems.
2. Provide an efficient and effective mechanism for raising, retaining and dispersing funds from the AADAC Memorial Trust Fund (MTF) on behalf of the Commission.
3. Serve as an independent and objective body to which members of the Commission or third parties can present concerns regarding the financial business of AADAC.

Key Duties and Responsibilities

1. Review and recommend approval to the Commission Board the business plan (including the budget), ensuring the budget reflects AADAC policies, strategic priorities and business plan goals.
 - Notify the Commission Board of any significant assumptions, forecasts, key estimates and judgments, financial targets and major changes in accounting policies used by management in the preparation of budgets.
 - The Chief Executive Officer (CEO) will inform the AC on a timely basis of budget decisions made at the ministerial or government levels that affect the Commission.
2. Review internal quarterly forecast results and report significant findings to the Commission Board.
3. Review and approve the Office of the Auditor General's (OAG) annual audit plan.
4. Review and recommend approval to the Commission Board the audited financial statements.
 - Conduct an in camera exit interview with the OAG staff at entrance and conclusion of the annual audit.
 - Receive the management letter from the OAG and ensure recommendations from the letter are carried out by management.

5. Ensure the principal business risks (strategic, legal, financial, ethical and operational) of the Commission are identified and effectively managed, and report significant issues or concerns to the Commission Board.
6. Review and recommend approval to the Commission Board the annual report, ensuring that it accurately reflects the achievements in relation to business plan goals, performance measures and targets.
7. Manage the administration of the Memorial Trust Fund as per Treasury Board Minute No. 38/79 (see Appendix A).
 - Review MTF administrative and investment policies and make recommendations regarding changes to the Commission Board.
 - Make recommendations regarding the investment of MTF funds to the Commission Board.
 - Ensure funds donated to the MTF meet the requirements of Treasury Board Minute No. 38/79 and comply with the conditions attached to a donation.
 - Review MTF expenditure proposals and make recommendations regarding their approval to the Commission Board.

MTF Conditions of Authority

- Definitions:
 1. *Accounting Officer of MTF* means the Senior Director, Financial Services of AADAC.
 2. *Expenditure Officer of MTF* means the Chief Executive Officer of AADAC.
 3. *Restricted donations* mean donations which are accompanied with conditions for expenditure.
 4. *Approved expenditure proposals* means programs or projects supported by the MTF.
- The authority to accept donations is vested with the Chief Executive Officer of AADAC.
- Donations to the MTF shall be deposited in a segregated account of the Commission as a Consolidated Cash Investment Trust Fund (CCITF), which is administered by Alberta Treasury in accordance with the Financial Administration Act. The Investment Management Division of Alberta Treasury, in accordance with the Financial Administration Act, makes investments of the CCITF.

- The AC shall maintain the principal balance of the MTF at a minimum of the greater of \$20,000 or 40% of the total contributions received. The principal balance does not include restricted donations.
- The AC may expend the earnings of the MTF and as much of the principal thereof as is reasonable (subject to the limitation specified above) on projects or programs that will enhance the mandate of the Commission. Approved expenditure proposals should not duplicate or replace existing AADAC programs.
- The AC may obtain expert advice from Commission personnel or external sources when reviewing expenditure proposals.
- The Accounting Officer certifies that expenditures from the MTF are made in accordance with: (1) Treasury Board Minute No. 38/79, (2) requests of the Expenditure Officer and, (3) the mandate of the Commission.
- The Expenditure Officer initiates payments for approved expenditure proposals.
- The signatories of the MTF shall be any two of: the Accounting Officer, Expenditure Officer, and the AC Chair.
- The Expenditure Officer and the Accounting Officer shall supply annually, or as required, a detailed MTF report to the AC and Commission Board.
- All MTF related administrative, travel, and other costs of operations either expensed by the AC or the MTF itself shall be paid by the Commission and shall not constitute a cost of or a charge against the MTF.

Membership

The AC is comprised of a minimum of three Board members that are appointed by the Commission Board Chair. The Commission Board Chair will appoint one member of the AC as chair to oversee AC business.

The Commission Board Chair shall not be eligible for membership on the AC.

Non-voting members of the AC include the AADAC Chief Executive Officer (CEO) and the Senior Director, Financial Services.

A minimum of two AC members or 50% of AC membership comprise a quorum. A motion is passed by a majority vote of members in attendance. A tie vote shall be referred to the Commission Board for a decision.

Term

A minimum of one AC member will complete their term on June 30th of each year. Term completion date is determined by seniority. If two members have the same start date then the term completion date is determined alphabetically by last name.

Accountability

The AC Chair is accountable to the Commission Board.

Board Standing Committee Terms of Reference will be reviewed every two years by the Commission Board and will coincide with the appointment of the AC Chair.

Meetings

The AC Chair will convene meetings as required. At a minimum, the AC will meet quarterly.

Minutes of AC meetings shall be maintained and made available to the Commission Board.

AC business will be reported regularly at scheduled Commission Board meetings. Decisions regarding AC recommendations to the Commission Board will be recorded within Commission Board meeting minutes.

Resources

The AC will execute its key roles and responsibilities through staff resources made available as required through the CEO of AADAC.

Adopted:	December 7, 2000
Amended:	June 15, 2001
Amended:	December 7, 2001
Amended:	June 7, 2002
Amended:	February 11, 2004
Amended:	November 18, 2004
Amended:	February 25, 2005
Amended:	April 21, 2005
Amended:	February 23, 2006
Amended:	November 22, 2006
Amended:	September 21, 2007
Review:	2008

Appendix A

Treasury Board Minute No. 38/79

“Authority to Establish A Trust or Special Purpose Fund”