



Board of Directors
Audit Committee Mandate and Charter

Mandate

The Mandate of the Board of Director’s Audit Committee (the “Committee”) is to enable the Board to fulfill its oversight responsibilities in relation to each of the following:

- (1) financial reporting and disclosure;
- (2) financial management, risk and controls;
- (3) external auditor activities;
- (4) the Commission’s compliance with the applicable laws;
- (5) internal audit activities;
- (6) other financial matters assigned to it by the Board; and
- (7) Committee Affairs.

1. Oversight re: financial reporting and disclosure

The Committee will gain reasonable assurance that the Commission has implemented and is maintaining appropriate and effective financial reporting and disclosure systems and controls, and in doing so, will gain reasonable assurance that

- (a) the Commission complies with all applicable laws, regulations, rules, policies and other requirements of government relating to financial reporting and disclosure, and
- (b) the Commission’s quarterly and annual financial statements are accurate and present fairly the financial position and performance through adherence to Public Sector Accounting Standards and incorporation of management’s discussion, analysis and associated representations.

2. Oversight re: financial management, risk and controls

The Committee will gain reasonable assurance that the Commission has implemented and is maintaining appropriate and effective systems and controls and in doing so, may, but is not limited to, assess whether or not the Commission is

- (a) identifying and assessing principal financial risks to the Commission and managing those risks within the context of the Integrated Risk Management program approved by the Board,



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- (b) reviewing any legal claim or other contingency that could have a material effect on the OGC's financial position or operating results and the associated disclosure of these matters in the financial statements,
- (c) preparing annual operating and capital budgets,
- (d) preparing quarterly financial forecasts, and
- (e) assessing effectiveness of OGC's system of internal financial controls and control environment and if there is a culture of integrity and an effective control environment throughout the OGC.

3. Oversight re: external auditor activities

The Committee will ensure that the Board meets its duties and responsibilities in respect of an external auditor under section 15 of OGAA, including ensuring the Commission's annual financial statements are reviewed and reported on by an external auditor in a manner consistent with section 15 of the *Oil and Gas Activities Act* (OGAA) and the *Auditor General Act*.

4. Oversight re: controls over compliance with its regulations and other applicable laws

The Committee will gain reasonable assurance that the Commission has implemented and is maintaining appropriate and effective systems and controls aimed at ensuring that the Commission is meeting all of its duties and responsibilities under OGAA and its regulations and other applicable laws.

5. Oversight re: internal audit activities

The Committee approves and periodically reviews the Internal Audit Charter.

The Committee will ensure that the Commission prepares an appropriate annual internal audit plan (covering a 3 year period) and keeps the Committee informed of the progress in implementation of that plan.

The Committee will review the results of each internal audit engagement and will ensure that the Commission periodically reports on the status of all outstanding audit engagement recommendations.

6. Oversight re: other financial matters assigned by the Board

The Committee will review, among other things, each of the following:

- (a) those proposed operating and capital expenditures that are outside of normal activity;
- (b) the proposed transfer of allocation of capital within the approved annual budget that does one or more of the following:



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- (i) for transfers within a project area identified in the budget, exceeds 10% of the overall amount of capital allocated to that project area;
- (ii) for transfers between project areas identified in the budget, exceeds 10% of the total of sum of all of the project areas within the project;
- (iii) results in any one potential capital expenditure that is outside of normal activity;
- (iv) results in the proposed capital expenditure on a project not previously reviewed by the Committee;
- (c) the reasonableness of the expenses of the Commissioner;
- (d) the *Financial Information Act* Report to be forwarded to government and posted on the OGC website (due Sept 30);
- (e) in circumstances where the Executive succession plan has been invoked, constructively engage with the CEO on the selection of the CFO before the appointment is made.

7. Committee Affairs

The Committee will,

- a. report its affairs to the Board after each meeting, including any proposed recommendations,
- b. review on an annual basis its Mandate and Charter,
- c. assess its performance against its Mandate and Charter, and
- d. periodically review the job description of the Committee Chair.

Charter

The Committee will carry out such activities, including those specified in the Committee's Work Plan, as it determines are necessary and appropriate to discharge its Mandate.

The Committee may from time to time amend its Work Plan without prior notice or approval of the Board.

Appendix A of the Board of Director's Mandate and Charter applies to the activities of the Committee.