



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) ensuring compliance with the applicable laws;
- (5) internal audit activities;
- (6) other financial matters assigned to it by the Board.

1. Oversight re: financial reporting and disclosure

The Committee will gain reasonable assurance that the Commission has and is implementing appropriate and effective financial reporting and disclosure systems and controls, the accounting functions accurately capture and record all of the Commission's financial transactions, and in doing so, will at a minimum ensure 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 generally accepted accounting principles 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 and is implementing 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 principle financial risks to the Commission and managing those risks within the context of the Integrated Risk Management program approved by the Board,

- (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: ensuring compliance with the applicable laws

The Committee will gain reasonable assurance 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 will ensure that the Commission prepares an appropriate annual internal audit plan and keeps the Committee informed of the progress in implementation of that plan.

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

The Committee will review each of the following:

- (a) those proposed operating and capital expenditures that are outside of normal activity;
- (b) the reasonableness of the expenses of the Chair of the Board and the Commissioner;
- (c) the FIA information to be forwarded to government and posted on the OGC website (due Sept 30);
- (d) in circumstances where the succession plan has been invoked, constructively engage with the CEO on the selection of the CFO before the appointment is made.



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Charter

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

The Committee may make recommendations to the Board, for its consideration, in respect of matters arising from one or more aspect of the Committee's Mandate.

The Committee may from time to time amend its Calendar 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.