

Committee of the Whole (2) Report

DATE: Tuesday, December 08, 2020

WARD(S): ALL

**TITLE: AUDIT COMMITTEE TERMS OF REFERENCE AND AMENDED
PROCEDURE BY-LAW AND AUDIT COMMITTEE CHARTER**

FROM:

Kevin Shapiro, Director of Internal Audit

ACTION: DECISION

Purpose

To approve the Terms of Reference for the recently approved Audit Committee and to approve amendments to the City's Procedure By-law and Committee Charter for Audit Related Matters.

Report Highlights

- On October 21, 2020, Council approved the establishment of an Audit Committee.
- The proposed Terms of Reference outlines the purpose, scope, authority, term and membership of the Audit Committee.
- The City's Procedure By-law has been updated to reflect the establishment of the Audit Committee and includes sections for the Audit Committee mandate, reporting, chair, meetings, and agenda.
- The Committee Charter for Audit Related Matters has been renamed as the Audit Committee Charter and includes minor revisions and additions.
- Approval of the Audit Committee Terms of Reference and amendments to both the City's Procedure By-law and Audit Committee Charter represent better practice and supports good public sector governance.

Recommendations

1. That the Audit Committee Terms of Reference, substantially in the form in Attachment 1, be approved; and,

2. That the amended Committee of the Whole Charter for Audit Related Matters, substantially in the form in Attachment 2, be approved and be renamed as the Audit Committee Charter.

Background

On October 21, 2020, Council approved the establishment of an Audit Committee, based on Option #2 in the Internal Audit Report entitled, Options for Establishing an Audit Committee.

As a result of this decision, an Audit Committee Terms of Reference has been drafted for approval.

The City's Procedure By-Law and Committee Charter for Audit Related Matters also need to be amended to reflect Council's decision.

Previous Reports/Authority

[Options for Establishing an Audit Committee](#)

Analysis and Options

The Audit Committee Terms of Reference (Attachment 1) includes the purpose, scope, authority, term and membership of the Audit Committee. It has been drafted based on the guidance and best practices published by the Institute of Internal Auditors (IIA). We also benchmarked and compared the Terms of Reference to several other municipalities, including the Region of Peel, the City of Mississauga, the City of Brampton, the City of Burlington and the City of Thunder Bay to ensure completeness and conformity.

The City's Procedure By-Law 7-2011 has been amended to add the Audit Committee mandate, reporting, chair, meetings, and agenda.

In general, an Audit Committee Charter documents information about the Audit Committee's mandate, membership, authority, responsibilities, and processes for developing, reviewing, and updating the charter. Based on best practices and our jurisdictional scan, these Audit Committee charters are similar in nature to the City's Committee Charter for Audit Related Matters. Therefore, the existing Committee Charter for Audit Related Matters is still required and will be renamed the "Audit Committee Charter" (Attachment 2). It includes minor revisions, such as replacing Committee of the Whole with Audit Committee, and adds an additional section outlining the Audit Committee's oversight responsibilities over the City's risk management and control activities.

The Audit Committee Charter supplements the Terms of Reference. It provides further details on the roles and responsibilities of the Audit Committee and is designed to provide guidance to the Audit Committee members on carrying out their governance, accountability and controllership responsibilities. This is done by receiving information

about and advising on whether risks are being appropriately addressed through strong governance and an effective audit function. In carrying out this responsibility, the Audit Committee may rely on the Director of Internal Audit, management and any advisers, provided their reliance is reasonable.

The Audit Committee Charter also identifies the Committee's oversight role over the City's programs and policies to prevent and identify fraud and ensuring that management takes the necessary actions when fraud is detected. The Audit Committee should also be satisfied that the City has implemented an appropriate ethics and compliance program, including measuring the effectiveness of the City's Anonymous Reporting System.

Financial Impact

There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

Approval of the Audit Committee Terms of Reference and the amended Procedure By-Law and Audit Committee Charter represent better practice and supports good public sector governance. These documents reflect the important oversight and roles and responsibilities of the Audit Committee.

For more information, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

Attachments

1. Attachment 1 – Audit Committee Terms of Reference
2. Attachment 2 – Amended Audit Committee Charter

Prepared by

Kevin Shapiro, Director of Internal Audit, ext. 8293

Approved by

A handwritten signature in black ink, appearing to be 'K. Shapiro', with a long horizontal stroke extending to the right.

Kevin Shapiro, Director of Internal Audit