



# CITY OF VAUGHAN

## CORPORATE POLICY

**POLICY TITLE:** COMMITTEE OF THE WHOLE CHARTER FOR DEALING WITH  
AUDIT RELATED MATTERS

**POLICY NO.:** 02.C.08

<b>Section:</b>	Accountability & Transparency		
<b>Effective Date:</b>	Click or tap to enter a date.	<b>Date of Last Review:</b>	Click or tap to enter a date.
<b>Approval Authority:</b>	<b>Policy Owner:</b>		
Council	Director, Internal Audit		

### POLICY STATEMENT

The Committee of the Whole is a decision-making committee who performs oversight of the City's governance, risk management and internal control practices.

### PURPOSE

The purpose of this policy is to assist the Committee of the Whole in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and the City's process of monitoring compliance with laws, regulations and the City's code of conduct.

### SCOPE

One of the objectives of the Committee of the Whole is the discharge of governance, accountability and controllership responsibilities by ensuring risks are being appropriately addressed through strong governance, a risk/control and compliance framework, appropriate stewardship and an effective internal audit activity.

This includes reviewing and advising on:

1. The integrity, quality and transparency of the City's financial, management and operational information.
2. The effectiveness of the financial and management reporting processes.
3. The effectiveness of risk management and control processes and practices.

4. The performance of the Internal Audit activity and assessing the effectiveness of the External Audit function.
5. Ethical business conduct and compliance with the City of Vaughan's Employee Code of Conduct.

#### **LEGISLATIVE REQUIREMENTS**

1. Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990.

#### **DEFINITIONS**

1. **Assurance:** An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization and that the results can be relied upon for supporting informed decision making.
2. **Compliance:** Conformity and adherence to policies, plans, procedures, laws, regulations, contracts or other requirements.
3. **Control Environment:** The attitude and actions of the Board/Council and Management regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:
  - 3.1. Integrity and ethical values.
  - 3.2. Management's philosophy and operating style.
  - 3.3. Organizational structure.
  - 3.4. Assignment of authority and responsibility.
  - 3.5. Human resource policies and practices.
  - 3.6. Competence of personnel.
4. **Engagement:** A specific Internal Audit assignment, task or review activity, such as an internal audit, control self-assessment review, fraud examination or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.
5. **Ethics:** Conception of what is right and fair conduct or behaviour. Ethics can also be equated with the concept of morals; one's ability to choose between right and wrong, good and bad, acceptable and unacceptable.
6. **Fraud:** Any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services, to avoid payment or loss of services, or to secure personal or business advantage.

- 7. Governance:** The combination of processes and structures implemented by the governing body in order to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.
- 8. Independence:** The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organizational levels.
- 9. Objectivity:** An unbiased mental attitude that allows Internal Auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires Internal Auditors not to subordinate their judgment on audit matters to that of others.
- 10. Risk:** The possibility that events will occur and affect the achievement of strategy and business objectives.
- 11. Stewardship:** To hold something in trust for another. The activity or job of protecting and being responsible for something.

## **POLICY**

### **1. Authority**

The Committee of the Whole acts as a forum for communication among Council, Management, Internal Audit and the External Auditors. The Committee of the Whole, within the scope of its roles and responsibilities, is authorized to:

- 1.1. Authorize investigations into any matters it deems necessary.
- 1.2. Obtain any information it needs from Internal Audit, the External Auditor and Management.
- 1.3. Request the attendance of any employee or external party at Committee of the Whole meetings.
- 1.4. Discuss any matters with the Director, Internal Audit.
- 1.5. Approve decisions regarding the appointment and removal of the Director, Internal Audit.

### **2. Composition**

Refer to Procedure By-Law 7-2011.

### **3. Meetings**

Refer to Procedure By-Law 7-2011.

#### **4. Roles and Responsibilities**

The responsibilities of the Committee of the Whole may be revised by Council resolution. In each of its specific areas of responsibility, the Committee of the Whole, through Internal Audit or other means, has a responsibility to receive and evaluate information related to areas of risk or vulnerability within the City of Vaughan and the agreed upon management actions to effect change.

##### **4.1. The Committee of the Whole will carry out the following Internal Audit Activities:**

- 4.1.1. Review and approve the Internal Audit policy (02.C.07) and discuss if the appropriate authority access and reporting arrangements are in place.
- 4.1.2. Approve the risk based Internal Audit Work Plan recommended by the Director of Internal Audit.
- 4.1.3. Receive audit reports identifying key issues and the actions taken to address the issues.
- 4.1.4. Review the status of management action plans.
- 4.1.5. Review audit plan status.
- 4.1.6. Review the results of the annual client satisfaction survey report.
- 4.1.7. Review the results from the Anonymous Reporting System annual report.
- 4.1.8. Review the results of significant fraud allegations and investigations.
- 4.1.9. In conjunction with the Director, Internal Audit, review Internal Audit's compliance with the Standards for the Professional Practice of Internal Auditing, including adequate quality assurance practices, appropriate staffing and effective operational management.
- 4.1.10. Review the adequacy of resources to allow Internal Audit to carry out its responsibilities, including completion of the annual and longer-term audit plans.
- 4.1.11. Ensure clear and independent communication reporting lines exist between the Director, Internal Audit and the Committee of the Whole. This includes the ability to meet in closed session, in the

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absence of management, regarding matters deemed allowable under the Municipal Act.

4.2. The Committee of the Whole will carry out the following External Audit Activities:

- 4.2.1. Provide approval for the appointment of the External Auditor for Financial Reporting.
- 4.2.2. Provide approval of the terms of engagement and the fees of the External Auditor.
- 4.2.3. Review the External Auditor's proposed audit scope and approach, including coordination of efforts with Internal Audit.
- 4.2.4. Review the independence of the External Auditor and confirm there are no conflict of interest issues for auditing and non-auditing services.
- 4.2.5. Consider the External Auditor's judgements about the quality and appropriateness of the City's accounting principles.
- 4.2.6. Respond to any inquiries the External Auditor may have as it relates to the Committee's view of fraud, fraud allegations and the Committee's role in the City's fraud program.
- 4.2.7. Confirm that the vendor performance evaluation of the external auditor, performed on a contractual basis, does not contain any nonconformance or other related issues

4.3. The Committee of the Whole Charter for Dealing with Audit Related Matters will be reviewed each year. Suggested changes will be reported to the Committee of the Whole for consideration and approval.

**ADMINISTRATION**

*Administered by the Office of the City Clerk.*

<b>Review Schedule:</b>	SELECT If other, specify here	<b>Next Review Date:</b>	Click or tap to enter a date.
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<b>Related Policy(ies):</b>	
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<b>Related By-Law(s):</b>	
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<b>Procedural Document:</b>	
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**Revision History**

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