

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 21, 2020**

Item 1, Report No. 47, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on October 21, 2020.

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#### **1. INTERNAL AUDIT REPORT – OPTIONS FOR ESTABLISHING AN AUDIT COMMITTEE**

The Committee of the Whole recommends:

- 1) That Council adopt Option 2 and subsequently transition to Option 1, following the successful recruitment of qualified independent members of the public, and that such recruitment be overseen by the Director of Internal Audit; and
- 2) That the report of the Director of Internal Audit dated October 14, 2020, be received.

#### **Recommendations**

1. That Council provide direction with respect to implementation of either option 1 or option 2, as contained in this report.

## Committee of the Whole (2) Report

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**DATE:** Wednesday, October 14, 2020

**WARD(S):** ALL

**TITLE: INTERNAL AUDIT REPORT – OPTIONS FOR ESTABLISHING  
AN AUDIT COMMITTEE**

**FROM:**

Kevin Shapiro, Director of Internal Audit

**ACTION:** DECISION

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**Purpose**

To provide the results of Internal Audit's jurisdictional scan of the frameworks used by comparable municipalities in Ontario for dealing with audit related matters, and to recommend options for establishing an Audit Committee at the City.

**Report Highlights**

- At the Council Meeting on June 29th, 2020, Council requested that the Director of Internal Auditor prepare a report for CW2 comparing and contrasting the different approaches for dealing with audit related matters, namely a separate Audit Committee versus a Committee of the Whole structure.
- The results of the jurisdictional scan confirm that Audit Committees are prevalent in Ontario municipalities with Internal Audit departments.
- Audit Committees consisting of both elected officials and qualified independent members is becoming more prominent within Ontario municipalities and the broader public sector.
- It is recommended that the City establish an Audit Committee based on one of the two options contained in this report.
- Establishing an Audit Committee would support public accountability, transparency and integrity while supporting the Term of Council Priority of Good Governance.

## **Recommendation**

1. That Council provide direction with respect to implementation of either Option 1 or Option 2, as contained in this report.

## **Background**

At the Council Meeting held on June 12, 2019, Council approved the recommendations from a staff report entitled, "Committee Structure Review", which was included as part of the June 5, 2019 CW Working Session agenda. This report included the recommendation to adopt a Dual Committee of the Whole (CW) meeting structure. With the approval of this recommendation, the Finance, Administration and Audit Committee (FA&A) would no longer exist. The final FA&A meeting took place on June 5, 2019.

Since the inception of the dual CW meeting structure in September 2019, the CW1 agenda has predominantly consisted of Planning and Growth Management items, while the CW2 agenda has consisted of items that used to be considered by FA&A, CW Working Session and the Priorities and Key Initiatives Committee. Planning and Growth Management items also appear on the CW2 agenda to help ensure compliance with the Planning Act regarding timing of decisions on development applications.

Another new feature for CW2 was the adoption of a consent agenda. This means that Committee members, staff and public identify the items called for discussion. Items not called for discussion are approved through a single motion. Under the previous FA&A model, every agenda item was called for discussion.

The City's Procedure By-Law 7-2011 establishes the principles and rules to be used for Council meetings, for the Committees that report to it directly or indirectly, and for its local boards which have not adopted separate rules of procedure. While the Procedure By-Law provides guidance with respect to the administrative aspects of Committee governance, it did not formally define the roles and responsibilities of either FA&A or CW with respect to oversight over audit related matters.

In the 2018 Internal Audit Annual Report, presented by the Director of Internal Audit to FA&A on May 6, 2019, it was identified that the City should adopt a formal Charter that sets out the authority of the Committee of the Whole with respect to audit related matters. The FA&A Committee had also operated without a charter.

At the Council Meeting on June 29th, 2020, Council approved the Committee of the Whole Charter for Audit Related Matters as presented by the Director of Internal Audit to CW2 on June 16, 2020. The approved Committee Charter for Audit Related Matters provides guidance to the members of the Committee of the Whole on carrying out their governance, accountability and controllership responsibilities, while providing the mandate of the Committee of the Whole with respect to audit related matters and:

- Outlines roles and responsibilities of the Committee and its members.
- Establishes authority to obtain information and required resources.

- Outlines respective roles and responsibilities of internal and external stakeholders who have an obligation to interact with the Committee of the Whole with respect to audit related matters.
- Outlines the process for developing, reviewing, and updating the Charter and the frequency of review.

At the Council Meeting on June 29th, 2020, Council also requested that the Director of Internal Audit prepare for review to the Committee of the Whole, a report comparing and contrasting different approaches to the municipal audit function, namely, a separate Audit Committee composed of some or all Members of Council versus a Committee of the Whole with an audit charter being a framework for the dealing of audit issues within the context of the Committee of the Whole.

## **Previous Reports/Authority**

[Committee Structure Review](#)

[Internal Audit Policy & Committee Charter for Audit Related Matters](#)

## **Analysis and Options**

In 2014, the Institute of Internal Auditors (IIA) released a publication entitled, “Global Public Sector Insight: Independent Audit Committees in Public Sector Organizations”<sup>1</sup>. This publication presents leading practices that have proven to be important in strengthening public sector audit committees and offers several benefits that public sector audit committees can provide, including:

- Improving and providing transparency around governance, risk management, and internal control practices, by providing an independent oversight and advisory role.
- Being a key component of an organization’s governance structure, including facilitating decision making, implementing a system of risk oversight and management, and ensuring high-quality internal and external reporting.
- Strengthening the independence of the audit activity through the functional reporting of the Chief Audit Executive to the audit committee.
- A committee’s composition that includes a majority of external members. The chair and members should demonstrate inquisitiveness, outspokenness, and courageousness.
- Adapting to the organization’s unique circumstances while respecting the principles of accountability and transparency.

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<sup>1</sup> The IIA publication can be found at the following link: [IIA Global Public Sector Insight: Independent Audit Committees in Public Sector Organizations](#)

Public sector audit committee responsibilities typically include oversight of risks associated with financial statements, internal control, audit activity services, external assurance providers, and compliance. In general, the roles and responsibilities of the City's previous FA&A and the current CW2, as it relates to audit related matters, aligns with this IIA guidance. However, opportunities exist to further strengthen the City's governance structure by establishing an Audit Committee.

### ***Audit Committees are prevalent in Ontario municipalities with Internal Audit Departments***

Internal Audit conducted a jurisdictional scan to determine whether municipalities with internal audit functions use a Committee of the Whole approach versus a standalone Audit Committee for addressing audit related matters. Of the eight municipalities we examined, seven of them (the Regions of York and Peel and the Cities of Mississauga, Brampton, Hamilton, Burlington and Thunder Bay) have adopted an Audit Committee structure. The only exception was the City of Barrie, where audit related matters are submitted to their Finance & Corporate Services Committee then approved by their General Committee and finally by their Council.

The Cities of Toronto, Ottawa and Sudbury are the only three municipalities in Ontario with an in-house Auditor General model. All three have adopted an Audit Committee structure.

Attachment 1 provides a summary of our jurisdictional scan, including the mandate of other municipal audit committees, their committee structures, meeting frequency and qualifications of independent public members.

### ***Audit Committees consisting of both elected officials and qualified independent members is becoming more prominent within Ontario municipalities and the broader public sector***

The key to an audit committee's effectiveness is having members with an appropriate mix of skills and experience relevant to the organization's responsibilities. According to the IIA Audit Executive Center's Knowledge Report from 2009, "Audit Committee Trends and Activities", audit committee members should collectively be knowledgeable, or have expertise in, finance and accounting, industry specific and overall business knowledge, internal and external auditing, risk management, regulatory compliance, legal, and IT and information security.

In the past, municipal audit committees have been comprised solely of elected officials. However, audit committees made up exclusively of elected officials may not always possess the collective skills described above. To address the potential skills gap, audit committees consisting of both elected officials and qualified independent members is becoming more prominent within the public sector.

Of the eight municipalities we examined with internal audit departments, four (the Region of Peel and the Cities of Brampton, Burlington and Thunder Bay) have transitioned away from an audit committee comprised solely of elected officials by adding qualified members of the public to their audit committees.

In addition to these municipalities, the Ontario Ministry of Education requires that each individual school board's audit committee include volunteer community members. These audit committees are typically comprised of three elected trustees plus two volunteer committee representatives. The audit committees of the Toronto Transit Commission and the Office of the Privacy Commissioner also includes members of the public on their audit committees.

***Based on the results of the jurisdictional scan, Internal Audit proposes the following two options for consideration:***

Option #1: Establishing an Audit Committee with members consisting of elected officials and qualified independent members of the public. Under this scenario, it is recommended that the City's Audit Committee be composed of a maximum of 4 Members of Council, with the option of one of these positions being filled by the Mayor as an ex-officio voting member, plus a maximum of 2 qualified independent members of the public. All audit committee members would have full voting privileges. The recommended eligibility for qualified independent members of the public and the recruitment process for the appointment to the Audit Committee is based on our jurisdictional scan and is included in Attachment 2.

Option #2: Establishing an Audit Committee with members consisting of elected officials only. Under this scenario, it is recommended that the City's Audit Committee be composed of a maximum of 4 Members of Council, with the option of one of these positions being filled by the Mayor as an ex-officio voting member. All audit committee members would have full voting privileges.

***Research and conversations conducted through our jurisdictional scan identified opportunities and potential risks if the City were to adopt an Audit Committee structure that included elected officials and qualified public members***

Some of the opportunities include:

- Specific skills, knowledge and expertise that may be absent can be identified and added to the collective knowledge of the audit committee.
- It may provide an opportunity to enhance the quality of discussions at audit committee meetings as qualified public members may have different viewpoints or questions based on their specialized expertise.
- It would enhance public accountability, transparency and integrity while supporting the Term of Council Priority of Good Governance.

- This initiative would be in line with the current trend of enhanced audit committee governance. The City would be viewed as a leader in this practice among Ontario municipalities and the broader public sector.

Some of the risks include:

- The pool of qualified independent candidates residing in or owning a business within the City may be limited.
- There may be minimal interest shown by qualified independent candidates due to the commitment required for this volunteer position.
- Reputational risk to the City if the selected public members were subsequently determined to be not independent or otherwise not impartial.
- Defining the authority of the role of an independent member may be difficult to agree on.
- There may be a learning curve for new members to get accustomed to the City's Procedural By-Law and the mandate, scope and roles and responsibilities of the audit committee and its members.

Based on the conversations Internal Audit had with the internal audit departments in Peel, Burlington and Brampton, these risks can be easily mitigated by establishing clear recruitment selection criteria, ensuring compliance by all members to the defined mandate and scope of the audit committee as per the City's Committee Charter for Audit Related Matters and the development of an onboarding and training program for the new qualified public members.

It should also be noted that the benchmarked organizations had well established audit committees in place prior to appointing qualified members of the public to serve on their audit committees. Although appointing qualified members of the public would be a positive step for the City, option 2 would allow the City to establish an Audit Committee first. The requirements for adding additional expertise, if warranted, could be evaluated at the beginning of each new Term of Council.

***Generally, audit committees have between three and eight members with the typical audit committee having four or five***

According to the IIA, the ideal composition of the audit committee and attributes of its members depends on a variety of factors such as the organization's size, complexity, and responsibilities. Generally, audit committees have between three and eight members with the typical audit committee having four or five. The minimum number of members for an effective audit committee is three. This ensures that a sufficient range of skills and experience is available. Based on our jurisdictional scan, the number of members on municipal audit committees ranges between five and ten. This represents between 23% to 58% of the entire composition of these municipalities' Councils.

The IIA guidance also stress the importance of audit committees maintaining institutional memory while providing new perspectives and fresh insights. Audit committee members should, therefore, be appointed to terms long enough to maintain continuity but not so long that an individual becomes vested in the organization's current policies and direction. Generally, terms less than two years are too short. Terms of greater than eight years may be too long. If length is restricted, terms should be staggered to achieve the greatest continuity.

Based on our jurisdictional scan, the term for audit committee members is generally the Term of Council.

***The Audit Committee should meet as often as its role and responsibilities require***

Based on our jurisdictional scan, the number of annual meetings held by municipal audit committees ranges between two and ten. For the City of Vaughan, Internal Audit would recommend no fewer than five meetings in a year in order to continue to provide Council with timely information. The proposed months when the Audit Committee would meet would be January, April, June, September and November. The effective date of the Audit Committee would depend on which option Council selects.

Additional Audit Committee meetings could be added at the recommendation of the Director of Internal Audit, the External Auditor, by call of the Audit Committee Chairperson or the City Clerk.

As with other Committees of Council, in the event that there are no agenda items for a given audit committee meeting, the City Clerk would cancel the meeting as per current committee meeting cancellation protocols.

The Audit Committee would also have the ability to meet in closed session, regarding matters deemed allowable under the Municipal Act.

***Should Council endorse the establishment of an Audit Committee, the City's Procedural By-Law 7-2011 and the Committee Charter for Audit Related Matters would need to be amended***

At minimum, section 1.3(2) of the City's Procedural By-Law 7-2011 would need to be amended to reflect the section above, including adding sections for 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. If the City were to adopt an audit committee structure, the existing Committee Charter for Audit Related Matters would still be required and would be renamed the "Audit Committee Charter".



The recruitment process and criteria for the appointment of qualified public members would also need to be included in the Audit Committee Charter, if option 1 were to be approved.

Based on Council's decision, the corresponding updates will be incorporated into the City's Procedural By-Law and the Audit Committee Charter. Both documents will be brought back to a future Committee meeting for approval, prior to the effective date of the Audit Committee.

### **Financial Impact**

There are no direct economic impacts associated with this report.

### **Broader Regional Impacts/Considerations**

Not applicable.

### **Conclusion**

Based on the jurisdictional scan conducted by Internal Audit, Audit Committees are the most prevalent structure for dealing with audit related matters in Ontario municipalities. Audit committees consisting of both elected officials and qualified independent members is also becoming more prominent within Ontario municipalities and the broader public sector.

Based on the jurisdictional scan and the best practices published by the Institute of Internal Auditors, it is recommended that the City of Vaughan establish an Audit Committee based on one of the two options contained in this report.

Adopting this approach would support public accountability, transparency and integrity while supporting the Term of Council Priority of Good Governance.

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

### **Attachments**

1. Jurisdictional Scan – Audit Committee vs Committee of the Whole
2. Eligibility & Recruitment Process

### **Prepared by**

Kevin Shapiro, Director of Internal Audit, ext. 8293

**Approved by**

A handwritten signature in black ink, consisting of a large, stylized 'K' followed by a cursive 'S' and a long horizontal flourish extending to the right.

Kevin Shapiro, Director of Internal Audit

## Jurisdictional Scan - Audit Committee vs Committee of the Whole

## Attachment 1

City	Committee Title & Meeting Frequency	Description	Composition and Term Length	Qualification of Members
City of Brampton (Internal Audit)	Audit Committee, meets quarterly, or as required by the Chair	The Audit Committee enhances Council's oversight and stewardship responsibilities. It provides a focal point for improved communication between Council, the Internal and Statutory Auditors, and Management. It further strengthens the impartial, objective and independent review of management practices through the internal and statutory audit functions.	<ul style="list-style-type: none"> <li>Total size of Council is 10 Councillors and the Mayor</li> <li>There are currently 10 members on the Audit Committee</li> <li>Minimum of 5 Members of Council</li> <li>The Mayor is an ex-officio member</li> <li>Minimum of 1 to a maximum of 3 citizen members</li> <li>Concurrent with the term of Council, or until successors are appointed.</li> </ul>	<p><b>Elected Officials:</b></p> <ul style="list-style-type: none"> <li>Where feasible, a background in finance, audit, or accounting would provide the Committee with additional expertise.</li> </ul> <p><b>Citizen Member(s):</b></p> <ul style="list-style-type: none"> <li>Lives and/or operates a business in Brampton</li> <li>Has a professional Accounting designation with a minimum of 10 years experience</li> <li>Demonstrates skill in strategy and innovation</li> <li>Proficient in accounting and auditing</li> <li>Displays exceptional verbal, written, listening, teamwork and collaboration skills</li> </ul>
City of Mississauga (Internal Audit)	Audit Committee, meets at least 4 times a year, 3 during an election year. Additional meetings may be held at the call of the Chairperson or City Clerk.	The Audit Committee is a Standing Committee of Council which oversees the administrative systems regarding financial accounting, reporting, internal control, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the efficient and effective use of resources.	<ul style="list-style-type: none"> <li>Total size of Council is 11 Councillors and the Mayor</li> <li>The Audit Committee includes the Mayor and four members of Council who are appointed by Council.</li> <li>The term of office for the Audit Committee shall be concurrent with the term of Council, or until successor(s) are appointed.</li> <li>Council shall conduct a review of the appointments to the Audit Committee at the end of the second year of the term of Council to enable Council to determine if any changes to the appointments are desired.</li> </ul>	N/A
Peel Region (Internal Audit)	Audit and Risk Committee, meets at least three times each year, and at other times as needed, or at the call of the Audit and Risk Committee Chair.	Assist Regional Council and associated Boards and Agencies in the discharge of their governance, accountability and controllership responsibilities by advising that risks are being appropriately addressed through strong governance, a risk/control and compliance framework, appropriate stewardship and an effective internal audit activity.	<ul style="list-style-type: none"> <li>Total size of Council is 28 + Regional Chair</li> <li>The Audit Committee includes the Regional Chair (ex-officio member) and up to eight additional members including the Chair and Vice-Chair of the Enterprise Programs and Services Section of Regional Council, at least one Regional Councillor from each area municipality</li> <li>Up to two members of the public with expertise in the areas of technology and finance.</li> <li>The term of appointment for Regional Councillors is for a period of 24 months.</li> <li>The term of appointment for non-elected members is 48 months</li> </ul>	<p>Non-elected Members</p> <p>Eligibility:</p> <ul style="list-style-type: none"> <li>Be a resident or the owner or tenant of land in the Region of Peel.</li> <li>Have a professional accounting and/or information technology designation(s) with a minimum of 10 years' experience.</li> <li>Be independent of the internal or external auditors of the Region of Peel or of a municipality within the Region of Peel.</li> </ul> <p>The Prospective Candidate Cannot Be:</p> <ul style="list-style-type: none"> <li>An elected official of Regional Council or of the Council of a municipality in the Region of Peel.</li> <li>An employee of the Region of Peel or of a municipality in the Region of Peel.</li> <li>A current vendor or have any other business interest with the Region of Peel or of a municipality within the Region of Peel.</li> </ul> <p>Desired Competencies will include individuals with the following skill set:</p> <ul style="list-style-type: none"> <li>Financial expertise including accountants or auditors with an understanding of financial statements.</li> <li>An understanding of risk and financial controls.</li> <li>Information technology expertise or background including information management and information security.</li> <li>Professionals who in the course of their duties are required to adhere to codes or standards of their profession.</li> <li>A minimum of 10 years of professional experience in a complex organization.</li> <li>Excellent verbal, written, listening, teamwork, and collaboration skills.</li> <li>Experience working on a committee, task force or similar setting.</li> </ul>
York Region (Internal Audit)	Audit Committee, meets at least twice a year, with authority to convene additional meetings, as circumstances require.	To assist Regional Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Region's process for monitoring compliance with laws and regulations and the Code of Conduct	<ul style="list-style-type: none"> <li>Total size of Council is 21, which includes the Regional Chair</li> <li>The Audit Committee includes the Regional Chair (ex-officio) and at least three and no more than ten members of Regional Council.</li> <li>Current size is 9 + the Regional Chair</li> </ul>	N/A
City of Burlington (Internal Audit)	Audit Committee, meets at least 4 times a year and as required.	Matters relating to financial reporting, accounting policies and practices, risk management and internal control processes and systems; The annual financial statements; All external and internal audit matters, including selection of the external auditor, the annual audit of the city's financial statements and matters recommended by the external auditor and the internal auditor.	<ul style="list-style-type: none"> <li>Total size of Council is 6 Councillors and the Mayor</li> <li>Audit Committee includes up to 8 members:</li> <li>3 members of Council</li> <li>Mayor (ex-officio)</li> <li>Minimum of 2 and up to 4 Citizen Reps</li> <li>Council stipulates the appointment of Council members for a two to four year term, or until their successors are appointed</li> <li>Citizen Representatives shall be appointed at the discretion of Council, based on the term of office for council (four years), or until their successors are appointed.</li> </ul>	<p>Audit Committee members are independent, financially literate and have the skill to serve as effective audit committee members:</p> <ul style="list-style-type: none"> <li>General understanding of the City's major economic, operating and financial risks</li> <li>Broad awareness of the interrelationship of the City's operations and financial reporting</li> <li>Understand the difference between the oversight function of the Committee and decision-making function of management</li> <li>A willingness to challenge management when necessary</li> </ul>
City of Thunder Bay (Internal Audit)	Audit Committee, meets at least three times per year, with additional meetings at the call of the Chair.	The role of the Audit Committee is to provide oversight responsibilities for City Council and the ratepayers of the City of Thunder Bay relating to: <ul style="list-style-type: none"> <li>The financial reporting process;</li> <li>The system of internal control;</li> <li>The external audit process;</li> <li>The internal audit process;</li> <li>The City's process for monitoring compliance with laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Total size of Council is 12 Councillors and the Mayor</li> <li>The Audit Committee consists of 3 Members of Council and 2 Citizen Appointees</li> <li>Based on the term of office for council (four years), or until their successors are appointed.</li> </ul>	<p>To qualify for Appointment to the Audit Committee, the nominee should have the following qualifications:</p> <ul style="list-style-type: none"> <li>Appropriate academic qualifications in accounting and/or business management; and/or an equivalent combination of business experience and knowledge.</li> <li>At least one member shall have a professional accounting and/or an internal audit designation.</li> <li>Independence of judgment from, and no financial self-interest in, the Municipality.</li> <li>Must be a resident and/or property owner in the City of Thunder Bay or directly operate a business based in Thunder Bay.</li> </ul>

City	Committee Title & Meeting Frequency	Description	Composition and Term Length	Qualification of Members
City of Hamilton (Internal Audit)	Audit, Finance and Administration Committee, meets monthly	Reports and make recommendations to Council on matters relating to: Internal/external audits Oversight of internal control, financial reporting Human Resources - programs and services Programs related to Financial Planning and Policy, Treasury Services, Customer Service, Information Technology, Legislative Services, Records Management, Legal Services, Procurement and Risk Management Access & Equity	<ul style="list-style-type: none"> <li>Total size of Council is 15 Councillors and the Mayor</li> <li>The Audit Committee consists of 8 Councillors</li> </ul>	N/A
City of Barrie (Internal Audit)	Finance & Corporate Services Committee, scheduled to meet monthly but will cancel if there are not sufficient agenda items.	To study and report to the General Committee on matters referred to: Corporate sustaining matters including financial (capital and operating budgets, revenue and taxation, financial policies, procurement and audit functions), Legal, Real estate, Risk management, Information technology, Legislative, Court, Human resources, Accessibility, Health and wellness, Communications, History and archives, Corporate facility management, Licensing services, Intergovernmental, Service and community partner relations, Fire prevention, operations and training, Community emergency management, Recreation, Seniors, Youth, By-law enforcement services, Customer service.	<ul style="list-style-type: none"> <li>Total size of Council is 10 Councillors and the Mayor</li> <li>The Finance &amp; Corporate Services Committee consists of 5 Members of Council plus the Mayor who is an ex-officio member</li> </ul>	N/A
City of Toronto (Auditor General)	Audit Committee. The Audit Committee met 3 X in 2016 3 X in 2017 3 X in 2018 4 X in 2019	The Audit Committee is responsible for: <ul style="list-style-type: none"> <li>recommending the appointment of the City's external auditor</li> <li>recommending the appointment of an external auditor to conduct the annual audit of the Auditor General's office</li> <li>reviewing the annual external audit of the financial statements of the City and its agencies and corporations</li> <li>reviewing the annual external audit of the Auditor General's office</li> <li>reviewing the Auditor General's reports and audit plan</li> <li>conducting an annual review of the Auditor General's accomplishments</li> <li>making recommendations to Council on reports the Audit Committee considers</li> <li>reviewing performance audits and other reports of the Auditor General concerning City agencies and City corporations</li> </ul>	<ul style="list-style-type: none"> <li>Total size of Council is 26 Councillors and the Mayor</li> <li>The Audit Committee is comprised of 6 members appointed from the elected members of City Council</li> </ul>	N/A
City of Ottawa (Auditor General)	Audit Committee. Audit Committee met: 4 X in 2017 3 X in 2018 6 X in 2019	The Audit Committee is responsible for overseeing all audit matters and receiving the annual and ad hoc reports from the City's Auditor General. The Committee is responsible for both the external audit process as well as matters relating to the Office of the Auditor General.	<ul style="list-style-type: none"> <li>Total size of Council is 23 Councillors and the Mayor.</li> <li>Membership of the Audit Committee shall consist of Members of City Council and approved by City Council. The Mayor shall be an ex officio member of the Committee, which has 7 members.</li> </ul>	N/A
City of Greater Sudbury (Auditor General)	Audit Committee, met 6 times in 2018 and 6 times in 2019.	The Audit Committee hears presentations and receives correspondence and reports from the Auditor General and the City of Greater Sudbury's External Auditors.  The Audit Committee shall be responsible for the following objectives:  To review and approve the external auditors' annual work plan. To review the annual Audited Financial Statements and the annual Audit Findings Report and approve the external auditors' annual Audit Plan. To review the Auditor General's reports and annual work plan. To conduct an annual review of the Auditor General's office. To review matters included in the Auditor General's mandate. To study topics or issues referred to the Committee by Council resolution.	<ul style="list-style-type: none"> <li>Total size of Council is 12 Councillors and the Mayor</li> <li>The Audit Committee consists of 7 Councillors including Chair and Vice Chair</li> </ul>	N/A

The following outlines the eligibility and recruitment process for appointing independent qualified members of the public to serve on the City of Vaughan's Audit Committee, should option 1 as contained in the report be approved:

## **ELIGIBILITY**

- A resident, owner or tenant of land in the City of Vaughan or a non-resident Vaughan based organizational or business representative.
- Completion of the Certified Internal Auditor (CIA) designation or an Accounting Designation (CPA). Other designations, such as the Certification in Risk Management Assurance (CRMA), Certified Information System Auditor (CISA) or a Certified Fraud Examiner (CFE) will also be considered.
- Completion of a University Degree. A degree specializing in Business Administration (MBA, BBA, etc.) or Public Administration would be considered an asset.
- A minimum of 10 years of professional experience.
- Be independent of the internal or external auditors of the City of Vaughan.
- Be independent of the Mayor and Members of Council and the City's Administration.
- Satisfactory criminal record check.

The Prospective Candidate Cannot Be:

- An elected official of the Region of York Council or of the Council of a municipality in the Region of York.
- A current employee of the City of Vaughan or an employee of any municipality within and including the Region of York.
- A current vendor or have any other business interest with the City of Vaughan.

## **DESIRED COMPETENCIES**

- A strong understanding of the City's risks, including, strategic, operational, financial, compliance and reputational risks.
- Have a broad awareness of the interrelationship of the City's operations and its financial reporting.
- Financial expertise including an understanding of financial statements and financial controls.
- Have an aptitude for complex organizational effectiveness and governance.
- Information technology expertise or background including IT Governance, IT Security and Information Management.
- Professionals who in the course of their duties are required to adhere to codes or standards of their profession.
- A strong passion for the City of Vaughan, working collaboratively to advance the City's strategic mission, vision and goals.
- Demonstrated ability to innovate and develop strategic vision.

- Understand the difference between the oversight function of the Audit Committee and the decision-making function of management.
- Excellent verbal, written, listening, teamwork, and collaboration skills.
- Prior Audit Committee experience or working on a committee, task force or similar setting would be considered an asset.
- Expected to gain familiarity with the City's Audit Committee Charter, Internal Audit Policy and the City's Procedure By-law 7-2011.
- Members will be expected to contribute their expertise actively during meetings of the Audit Committee.

### **NON-ELECTED MEMBER SELECTION PROCESS**

The Audit Committee Charter and a posting outlining the eligibility criteria and desired competencies for the position will be posted on the City of Vaughan's website. Advertisements may also be placed in local newspapers.

Applicants will be required to communicate their qualifications and experience in a cover letter and resume.

The Director of Internal Audit will review all the applications and develop a short-list of prospective candidates based on those applicants whose qualifications best meets the eligibility and desired competencies for the position. The short-listed candidates will be contacted by the Office of the City Clerk to attend an in person or virtual interview. The interview panel will include the City Clerk, the Director of Internal Audit and the Deputy City Manager, Corporate Services, City Treasurer and CFO.

After the interview is complete, the Interview Panel shall forward a report to Committee of the Whole – Closed Session with a recommendation regarding the suitability of the prospective candidates. Council shall appoint non-elected members to the Audit Committee.

The term of membership for new members appointed through this process will coincide with the term of Council.

If an appointed member ceases to be a member before the expiration of their term, Council may appoint another eligible person for the remainder of the term of Council.