

28. ¹Audit Committee Terms of Reference**29. Purpose**

²The Audit Committee assists Council in the discharge of its oversight responsibilities by overseeing the organizations operations through the monitoring of financial reporting, internal control, enterprise risk management processes and any other matter referred by Council.

30. Committee Outcomes**(I) External Auditor**

- (a) The Committee in relation to the appointment of The City's external auditor will:
 - (i) Approve the selection process and criteria;
 - (ii) Review all materials submitted by applicants;
 - (iii) Approve the short list of candidates;
 - (iv) Participate in interviews of the short listed candidates; and
 - (v) Make recommendations to Council about the appointment and fees payable to the external auditor including the extension or termination of existing contracts.
- (b) The Committee has the power to approve the external auditor's work plan and the external auditor's requests for changes to the annual work plan. The work plan will include the following items:
 - (i) The objective and scope of external audit work;
 - (ii) Materiality limits;
 - (iii) Areas of audit risk;
 - (iv) Audit reports required;
 - (v) Timelines for the work plan; and
 - (vi) The identity and credentials of senior staff performing external audit work.
- (c) The Committee will review the external auditor's audit and other reports, post-audit and management letter and will, in particular, address any significant issues or findings on:
 - (i) Financial reporting matters including judgments on estimates, assumptions and

¹ 3576/A-2021

² 3576/A-2021

clarity of disclosures;

- (ii) Difficulties or impediments encountered during audits;
 - (iii) Identification and assessment of deficiencies in internal controls;
 - (iv) Selection and application of accounting principles or standards and application of elective principles or methods;
 - (v) Audit limitations;
 - (vi) Response to and status of implementation of audit recommendations and follow up; and
 - (vii) Contingencies that could have a material effect on The City's financial statements.
- (d) The Committee will receive for information the external auditor's annual confirmation regarding the external auditor's independence.
- (e) The Committee may request additional information from the external auditor's about any part of the external auditor's work plan or reports.
- (f) Administration will present an annual report to the Audit Committee regarding:
- (i) ¹Categories of non-audit services the external auditor has provided to The City; and
 - (ii) The cost and nature of non-audit services the external auditor provides to The City.
- (g) The Committee is responsible for providing an annual assessment of the work of the External Auditor.

(2)² Value for Money Audits

- (a) The Committee will:
- (i) Recommend to Council the subject for Value for Money Audits based on recommendations from administration;
 - (ii) Approve the purpose and scope of the Value for Money Audit being proposed;
 - (iii) Receive the auditor's report from administration and forward to Council;
 - (iv) Review and approve administration's Value for Money implementation plan and refer any recommendations requiring Council approval, such as budget, through the normal budget and Council processes;

¹ 3576/A-2021

² 3576/A-2016

- (v) Receive progress reports from administration at a schedule determined by the Audit Committee.

(3) Financial Statements

- (a.01) ¹Administration will present reports on the Financial Statements to the Committee annually; the External Auditor is responsible to the Committee to provide professional assurance in this area.
- (a) ²The Committee will annually review the findings of the External Auditor on the following matters:
 - (i) The completeness and clarity of financial statement reporting;
 - (ii) Estimates and assumptions underlying financial statement reporting;
 - (iii) Financial statement reporting practices;
 - (iv) Compliance with generally accepted accounting standards for the public sector or changes to those standards;
 - (v) Impact of any change in The City's reporting practices on The City's financial statements; and
 - (vi) Issues affecting approval of The City's audited financial statements.
- (b) The Committee will recommend to Council:
 - (i) That the annual audited financial statements be approved; and/or
 - (ii) That further actions or information that Council may desire in relation to The City's financial reporting.

(4) ³Enterprise Risk Management

- (a) In accordance with The City's Integrated Risk Management Framework, the Committee will review reports regarding:
 - (i) The City's Integrated Risk Management policies;
 - (ii) Processes for identifying and assessing risk;
 - (iii) Evaluation of risks including, but not limited to insurance risk; and
 - (iv) Actions taken by Administration to mitigate risks.

¹ 3576/A-2021

² 3576/A-2021

³ 3576/A-2021

(5) ¹Internal Controls

- (a) The Committee will review reports from Administration regarding development, monitoring and assessment of Internal Controls. At any time, the Committee may engage the External Auditor to assist them with their understanding in this area.
- (b) “Internal Controls” means systems developed by Administration to provide reasonable assurance that the organizations’ objectives are accomplished. These systems are designed to:
 - (i) Safeguard assets;
 - (ii) Ensure the accuracy of the financial data;
 - (iii) Promote operational efficiency and effectiveness; and
 - (iv) Promote adherence to applicable laws and regulations and policies.

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(8) Whistleblowing

- (a) ⁴The Audit Committee is responsible for oversight of the Whistleblowing Program.

(9) Planning, Training and Self Evaluation

- (b) An annual work plan is to be completed by the Audit Committee and endorsed by the February of the calendar year to which the annual work plan applies.
- (c) Members of the Audit Committee shall have the opportunity to obtain education, either from within The City or from outside educational programs, to ensure their knowledge is sufficient to fulfill their responsibilities as Audit Committee members.
- (d) ⁵On an annual basis, the Audit Committee will conduct a self-evaluation. The self-evaluation criteria are to be established by the Audit Committee.

31. Membership

- (1) ⁶The Audit Committee will consist of six members as follows:

- (a) ⁷The Mayor;

¹ 3576/A-2021

² 3576/A-2021

³ 3576/A-2021

⁴ 3576/A-2021

⁵ 3576/A-2025

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- (b) ¹Three Councillors (two-year terms, staggered); and
 - (c) ²DELETED
 - (d) ³DELETED
 - (e) ⁴DELETED
 - (f) Two Citizen Representatives.
- (1.1) ⁵Citizen Representatives must be financial experts possessing a set of skills, experience and knowledge of financial matters, risk management or tangible capital assets, that support informed and effective decisions.
- (2) ⁶The Committee will appoint a Councillor as Chair. The Mayor cannot Chair the Audit Committee.
- (3) ⁷The quorum of the Audit Committee is four members.

⁸31.1 Administrative Support

- (1) The City Manager, as the sole employee of Council at the Audit Committee, shall attend and participate in Audit Committee Meetings.
- (2) ⁹The Administrative Liaison(s), as appointed by the City Manager, in addition to the responsibilities laid out in this bylaw, are responsible for:
 - (a) Attending all meetings at which the following are discussed:
 - (i) Items involving a high degree of financial, legal or reputational risk;
 - (ii) Audit reports and findings; or
 - (iii) Other items as identified by the Administrative Liaison(s).
 - (b) Ensuring the Committee is supported in understanding the matters before it, providing administrative feedback and recommendations to inform the Committees decision making.

¹ 3576/A-2021

² 3576/A-2021

³ 3576/A-2021

⁴ 3576/A-2021

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⁷ 3576/A-2025

⁸ 3576/A-2021

⁹ 3576/A-2025

32. Meetings

- (1) The Audit Committee meets monthly as required.

¹ 3576/A-2021