

COMMITTEE AGENDA



TO **Audit Committee**

DATE May 14, 2012

LOCATION Council Chambers

TIME 4:00 p.m.

DISCLOSURE OF PECUNIARY INTEREST

CONFIRMATION OF MINUTES – April 11, 2012

PRESENTATIONS (Items with no accompanying report)

a)

CONSENT AGENDA

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Audit Committee Consent Agenda will be approved in one resolution.

| ITEM | CITY PRESENTATION | DELEGATIONS | TO BE EXTRACTED |
|--|----------------------|-------------|--------------------|
| AUD-5 Audit Committee Mandate and Charter Review | | | |
| AUD-6 2012 Audit Committee Workplan & Schedule | | | |

Resolution to adopt the balance of the Audit Committee Consent Agenda.

ITEMS EXTRACTED FROM CONSENT AGENDA

Once extracted items are identified, they will be dealt with in the following order:

- 1) delegations (may include presentations)
- 2) staff presentations only
- 3) all others.

NEXT MEETING – June 11, 2012

**The Corporation of the City of Guelph
Audit Committee
April 11, 2012, 3:00 p.m.**

A meeting of the Audit Committee was held on April 11, 2012 in the Council Chambers at 3:00 p.m.

Present: Councillors Furfaro, Guthrie, Kovach (arrived at 3:50 p.m.), Wettstein and Mayor Farbridge

Also Present: Councillors Bell, Dennis and VanHellemond

Staff Present: Ms. A. Pappert, Chief Administrative Officer; Ms. S. Aram, Acting City Treasurer; Ms. T. Johnston, Senior Financial Analyst; Mr. C. Baker, Environmental Engineer; Mr. B. Labelle, City Clerk; and Ms. D. Black, Council Committee Co-ordinator

There was no disclosure of pecuniary interest.

1. Moved by Mayor Farbridge
Seconded by Councillor Furfaro

THAT the Audit Committee now hold a meeting that is closed to the public with respect to:

1. **Deloitte Response – 2010 Performance Review**
S. 239 (2) (a) Security of the Property of the Municipality
2. **Deloitte Report 2011**
S. 239 (2) (a) Security of the Property of the Municipality

VOTING IN FAVOUR: Councillors Furfaro, Guthrie, Wettstein and Mayor Farbridge (4)

VOTING AGAINST: (0)

Carried

A Closed Meeting of the Audit Committee.

Present: Councillors Furfaro, Wettstein and Mayor Farbridge

Also Present: Councillors Bell, Dennis and VanHellemond

Staff Present: Ms. A. Pappert, Chief Administrative Officer; Ms. S. Aram, Acting City Treasurer (present only for the Deloitte Report 2011 item), Ms. Tara Johnston, Senior Financial Analyst (present only for the Deloitte Report 2011 item) and Mr. B. Labelle, City Clerk

Deloitte Report 2011

Ms. A. Pappert

1. Moved by Mayor Farbridge
Seconded by Councillor Furfaro
THAT the verbal presentation of the CAO with respect to the Deloitte Report 2011 be received for information.

Carried

Deloitte Response – 2010 Performance Review

Ms. S. Aram

2. Moved by Councillor Wettstein
Seconded by Mayor Farbridge
THAT report FIN-12-14 entitled "Deloitte Response – 2010 Performance Review" be received.

Carried

The Open Meeting of the Audit Committee

3. Moved by Mayor Farbridge
Seconded by Councillor Furfaro
THAT the minutes of the Audit Committee meeting held on November 14, 2011 be confirmed as recorded and without being read.

VOTING IN FAVOUR: Councillors Furfaro, Guthrie, Wettstein and Mayor Farbridge (4)

VOTING AGAINST: (0)

Carried

Consent Agenda

The following items were extracted from the Consent Agenda to be dealt with separately:

- | | |
|--------------|---|
| AUD-2012 A.1 | 2011 Audit Committee Final Work Plan Report |
| AUD-2012 A.2 | 2012 Audit Committee Rolling Calendar |
| AUD-2012 A.3 | Future Accounting Standard Changes |
| AUD-2012 A.4 | Preliminary Overview PSAB 3260 – Liability for Contaminated Sites |

2011 Audit Committee Final Work Plan Report

Staff confirmed that the matters within the work plan regarding compliance and regulatory matters not addressed in 2011 will be included in the 2012 work plan. Staff were requested to provide a legend for future work plan schedules.

- Ms. S. Aram
4. Moved by Councillor Furfaro
Seconded by Mayor Farbridge
THAT Report FIN-12-05 dated April 11, 2012, entitled "2011 Audit Committee Final Work Plan Report" be received.

VOTING IN FAVOUR: Councillors Furfaro, Guthrie, Wettstein and Mayor Farbridge (4)

VOTING AGAINST: (0)

Carried

2012 Audit Committee Rolling Calendar

Staff stated that the 2012 Work Plan and review of the Charter will be brought forward at the next Audit Committee meeting.

- Ms. S. Aram
5. Moved by Mayor Farbridge
Seconded by Councillor Wettstein
THAT the rolling calendar attached to the 2012 Audit Committee Rolling Calendar report dated April 11, 2012, be received for information.

VOTING IN FAVOUR: Councillors Furfaro, Guthrie, Wettstein and Mayor Farbridge (4)

VOTING AGAINST: (0)

Carried

Future Accounting Standard Changes

Ms. Tara Johnston, Senior Financial Analyst, provided an overview of her report and presentation contained in the meeting agenda with respect to future accounting standards, their implementation dates and the impacts they will have on the various financial documents the City prepares. She explained that the City will need to provide disclosure of contaminated sites that are not listed as a liability.

Staff advised they do not anticipate the need to adjust ratio policies that are currently in place as a result of upcoming changes.

It was recommended that the annual update of contaminated sites be included in the Audit Committee rolling calendar.

- Ms. S. Aram
6. Moved by Mayor Farbridge
Seconded by Councillor Wettstein
THAT Report FIN-12-07 dated April 11, 2012, entitled "Future Accounting Standard Changes" be received for information.

VOTING IN FAVOUR: Councillors Furfaro, Guthrie, Wettstein and Mayor Farbridge (4)

VOTING AGAINST: (0)

Carried

Preliminary Overview – PSAB 3260 – Liability for Contaminated Sites

Councillor Kovach arrived at the meeting. (3:50 p.m.)

Mr. Colin Baker, Engineer, provided an overview of the report contained in the meeting agenda with respect to the process to determine liability for contaminated sites. He noted that staff are identifying properties that require clean up and are working on prioritizing the projects. He advised it is too early to know budget impacts and suggested that they would be incorporated into the 2013 and 2014 budgets.

The Committee posed various questions to staff for clarification and follow up. Staff advised that the City is considering using the 20% from the tax increment brownfield grants as a reserve fund for remediation of contaminated sites.

The external auditor will review the methodology regarding the process for determining liability for contaminated sites.

Staff noted that they were consulting other municipalities to help determine best practices in relation to the changes and plan to provide a cross-departmental report in Phase 3 which will include information regarding how the process is affecting audit committees across Ontario.

7. Moved by Mayor Farbridge
Seconded by Councillor Kovach

REPORT

THAT Report FIN-12-04 dated April 11, 2012, entitled "Preliminary Overview – PSAB 3260 – Liability for Contaminated Sites" be received;

AND THAT staff proceed with the phased approach for implementation of PSAB 3260 as presented in FIN-12-04 and that a preliminary listing of contaminated sites be presented to Audit Committee in 2012;

AND THAT staff provide an annual status report to Audit Committee on the implementation of accounting standard PSAB 3260 - Liability for Contaminated Sites.

VOTING IN FAVOUR: Councillors Furfaro, Guthrie, Kovach, and
Wettstein and Mayor Farbridge (5)

VOTING AGAINST: (0)

Carried

Chair Announcement

The Internal audit position is still ongoing but progressing well.

The meeting adjourned at 4:12 p.m.

.....
Chairperson

**AUDIT COMMITTEE
CONSENT AGENDA**

May 14, 2012

Members of the Audit Committee.

SUMMARY OF REPORTS:

The following resolutions have been prepared to facilitate the Committee’s consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Audit Committee Consent Agenda will be approved in one resolution.

A Reports from Administrative Staff

| REPORT | DIRECTION |
|--|------------------|
| AUD-2012 A.5) AUDIT COMMITTEE MANDATE AND CHARTER REVIEW THAT report FIN 12-19 “Audit Committee Mandate and Charter Review” be approved. | Approve |
| AUD-2012 A.6) 2012 AUDIT COMMITTEE WORK PLAN & SCHEDULE THAT report FIN 12-06 “2012 Audit Committee Work Plan and Schedule” be approved. | Approve |

attach.

COMMITTEE REPORT



TO **Audit Committee**

SERVICE AREA Finance
DATE May 14, 2012

SUBJECT Audit Committee Mandate and Charter Review

REPORT NUMBER FIN-12-19

SUMMARY

Purpose of Report:

To provide Committee members with suggested amendments to the Audit Committee Mandate and Charter

Committee Action:

That report FIN-12-19 "Audit Committee Mandate and Charter Review" be approved.

RECOMMENDATION

That report FIN-12-19 "Audit Committee Mandate and Charter Review" be approved.

BACKGROUND

In 2009, with the establishment of an Audit Committee separate and distinct from the CAFE Committee, an Audit Committee Mandate and Charter was approved by Council. The format of the Audit Committee Charter is consistent with the format of the Governance Committee Mandate and Charter. Development of such a document to guide Committee efforts is a well recognized governance practice leading to strengthened organizational effectiveness.

REPORT

In the original development of the Mandate and Charter for the Audit Committee, Finance staff consulted a series of sample charters including the Governance Committee Charter, the City's prior Terms of Reference for the Audit Committee, and several municipal Audit Committee charters.

The Charter is to be reviewed periodically by the Committee to identify opportunities to clarify the mandate or enhance the committee's effectiveness, and recommend to Council corresponding changes to the Committee's charter that reflect those improvements. The previous Mandate and Charter review was completed on January 25, 2011 and incorporated recommendations resulting from a Council orientation session.

It was determined that amendments to the Committee charter were again warranted in 2012 due to the newly created Internal Audit function.

The recommendations related to Audit Committee's role and responsibilities relating to Internal Audit have been incorporated into the Mandate and Charter and can be viewed in bold italic text in the attached Appendix A. Additionally, suggested deletions from the Mandate and Charter are shown with a cross out through the clause.

CORPORATE STRATEGIC PLAN

5.3 Open, accountable and transparent conduct of municipal business

FINANCIAL IMPLICATIONS

None noted.

DEPARTMENTAL CONSULTATION/CONCURRENCE

None noted.

COMMUNICATIONS

None noted.

ATTACHMENTS

Appendix A: 2012 Revisions to Audit Committee Audit Committee Mandate and Charter

Original Signed by:

Prepared By:

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Original Signed by:

Prepared By:

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AUDIT COMMITTEE MANDATE AND CHARTER

MANDATE:

1. **Mandate**

The Committee's mandate defines its core areas of management and responsibility. Established by Procedural Bylaw (1996) 15200 for Standing Committees, it is the mandate of the Audit Committee to ensure that appropriate policies, principles, procedures and roles are established to ensure:

- The recommendation of the appointment of the external auditor and the appropriate fees;
- Management and both the internal auditing function and external auditors provide adequate reporting regarding the effectiveness and efficiency of internal control.
- Management's financial reporting practices are assessed objectively, financial statements are properly audited and any problems identified in the audit are satisfactorily resolved;
- The annual financial statements, including the selection of appropriate accounting policies and practices, are approved by Council;
- The audit results are reviewed and recommendations to management are followed-up; and
- Management has established and is maintaining a comprehensive risk and control framework.

2. **Composition of the Committee**

- The Committee will be comprised of four members of Guelph City Council and the Mayor.
- The Chair is appointed by City Council. The Chair and members shall be appointed by Council for a one year term.
- The Chief Financial Officer/Treasurer or other specialists may be called upon to conduct research, communications or any other Committee identified requirements.

CHARTER:

1. **Operating Principles**

All Committee work will be carried out in accordance with provisions of the Municipal Act and other governing legislation and the Committee will fulfill its responsibilities within the context of the following principles:

- **Committee Values** - The Council's Code of Conduct, transparency and accountability will guide Committee efforts and promote interaction with the highest ethical standards and professionalism while ensuring that the best interests of the community are met. The Council endorsed corporate values of wellness, integrity and excellence will also be observed.
- **Communications** - The Committee Chair will act as the primary spokesperson for any related inquiries.
- **Meeting Agenda** - Committee meeting agendas shall be the responsibility of the Chair of the Committee in consultation with Committee members and staff.
- **Notice of Meetings** - Public notice of all committee meetings will be provided on the City's electronic general calendar at least 72 hours prior to a meeting; by posting a notice in City Hall at least 72 hours prior to the meeting; and by publication in a local paper at least 72 hours prior to the meeting. It is recognized that some items consistent with Section 239 in the Municipal Act may permit a meeting to be closed to the public. The holding of any closed meetings and the general nature of the matter to be considered will be made public to ensure full transparency.
- **Committee Expectations and Information Needs** - Meeting minutes will be recorded and distributed to Committee members with each meeting agenda. All decisions that lead to the formulation of recommendations for Council consideration will take place at the Committee meetings only and not through electronic or other outside exchanges. All pertinent information will be shared with all Committee members in advance of meetings. This can include but not be limited to meeting minutes, any supplemental information, public input, media requests etc.
- **Reporting to Council** - The Committee will report to Council with recommendations for approval.

2. Responsibilities and Duties

Specific roles and responsibilities for the Committee as a whole include:

- External Audit:
 - Review the external auditors' proposed audit scope and approach, including coordination of audit effort with City staff.
 - Review with management and the external auditors the result of the audit, including any difficulties encountered and all other matters required to be communicated to the Committee under Generally Accepted Auditing Standards.
 - Resolve any disagreements between management and the external auditors regarding financial reporting.
 - At the conclusion of the audit, consult with the external auditors, without the presence of management, regarding internal financial controls, compliance and the fullness and accuracy of the City's financial statements.
 - Ensure the timely presentation of the external auditors' annual audit report to Council.
- Financial Statements:
 - Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
 - Review the representation letter provided by management to the external auditors.
 - Prior to the presentation of the annual financial statements to Council, review the financial statements and consider whether they are complete, consistent with information known to Committee members and reflect appropriate accounting principles.
 - Recommend to Council the approval and distribution of the annual financial statements.
- Auditor Performance and Review:
 - Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the city, including non-audit services, and discussing the relationships with the auditors.
 - Direct and review the performance evaluation process for the external auditor.
 - Recommend changes to the external auditor's compensation for Council approval.
 - Periodically determine whether a Request for Proposal should be issued to select an external auditing firm. As per the Ontario Municipal Act 2001 section 296 (3), the external auditor shall not be appointed for a term exceeding five years.
 - Participate in the selection of an external auditing firm by reviewing the Request for Proposals and bids received, interviewing potential auditing firms and recommending the external auditor for final approval to the Council.
- Compliance:
 - Obtain regular updates from management and other's (legal counsel, external auditors) regarding compliance with laws and regulations having a material impact on the financial statements including:
 - Tax and financial reporting laws and regulations.
 - Legal withholding requirements.
 - Environmental protection laws and regulations.
 - Review by-laws and policies specifically regulating the conduct of members of council, staff and suppliers.
 - Review the findings of any examinations by regulatory agencies, and any auditor observations.

- Discuss with the City Solicitor, any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the business of the City, or on the compliance policies of the City.
- Review the results of management's investigation and follow-up for any instances of non-compliance.
- Review the effectiveness of the systems established to ensure compliance.
- Risk Management and Internal Control:
 - Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings.
 - Through the use of a risk management framework, assess the financial risks to be managed by the City and any change in significant financial risks.
 - Consider the effectiveness of the City's internal control system for the safeguarding assets, including information technology security and control and the adequacy of policies and procedures.
 - Review management and program performance regarding efficiency, effectiveness and economy in the use of resources.
 - Reviewing the effectiveness of management reporting systems regarding administrative and program performance.
- **Internal Audit**
 - **Establish and review regularly the Internal Auditor Charter**
 - **Review and approve the internal auditor annual work plan**
 - **Review annually the final progress results of the internal auditor work plan**
- Reporting Responsibilities:
 - Ensure the creation of quarterly information reports to Council on progress achieved by the Committee and any concerns or issues that have been identified.
 - The report shall be prepared by the Committee Chair with input from staff.
 - Provide an open avenue of communication between the external auditors and City Council.
- Adequacy of the City's Resources:
 - Review the nature of evolving or developing businesses managed by the City, including those changes occasioned by business or process redesign.
 - As new businesses and ventures are embarked on by the City, gain comfort that all appropriate processes have been put in place to evaluate feasibility of the new business and to ensure proper resources, both human and financial, have been provided.
- Other Responsibilities:
 - In conjunction with management and the external auditors, develop an annual work plan for the Committee that identifies priorities, objectives and timelines for key deliverables.
 - Recommend to Council special investigations and funding as required. Institute and oversee special investigations as authorized by Council.
 - With Council approval, retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of a review.
 - After consultation with the Director of Finance and the external auditors, gain a reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting and financial personnel and other resources.
 - ~~Review annually the adequacy and/or need for an internal audit function.~~
 - It is recognized that from time to time, other issues will be referred to the Committee for review and input. These items will be addressed on an as needed basis.

Specific roles and responsibilities for the Committee Chair include:

- Calling the meetings.
- Maintaining order and decorum during meetings, deciding questions of procedure, and generally ensuring that the Committee work proceeds smoothly according to the Committee's work plan.
- Ensuring adequate and appropriate opportunities are provided for input by the public and other key stakeholders at meetings.
- Framing the issues and setting the tone for the committee's discussions.
- Engaging all members in the decision making process.
- Fostering a constructive culture/tone of meetings.
- Guarding responsibilities and boundaries.
- Defining discussion parameters.
- Building consensus.
- Focusing discussion.
- Ensuring the will of the council prevails.
- Quickly handling new business.
- Speaking on behalf of the committee at the Council level.
- Working closely with senior management.
- Modeling the behavior expected of members.

Specific roles and responsibilities for the Committee Members include:

- Reading all agenda material, and seek clarification on any matters prior to meetings in order to make the most effective use of the Committee's time.
- Attending meetings and participate fully in all Committee work.
- Debating the issues in an open, honest and informed manner to assist the decision-making process;
- Actively contributing to reaching Committee recommendations and directions.
- Representing and advocating on behalf of constituents, keeping in mind the entire municipality when considering and addressing issues.
- Being financially literate, with sufficient understanding of accounting, auditing, financial reporting and internal control in order to deliberate meaningfully on the types of issues likely to come before the Audit Committee.
- Having a general understanding of the City's major economic, operating and financial risks;
- Having a broad awareness of the interrelationship of the City's strategic initiatives and operations with its financial reporting.
- Understanding the difference between the oversight function of the Audit Committee and the decision making function of management.
- Having a willingness to challenge management when necessary.

3. **Operating Procedures**

Specific operating procedures for the Audit Committee shall include:

- The Committee shall meet at least four times per year, with the authority to convene additional meetings as may be necessary to exercise its responsibilities.
- A quorum shall be a majority of the whole committee (3).
- Meeting minutes will be provided to each member of the committee as part of the agenda for the meetings.
- In the event, consensus cannot be achieved on recommendations to be made to Council, the normal voting process will occur consistent with approved by-laws.
- The Chair shall vote on any motion.

Audit Committee Mandate and Charter (May 2012)

- Any rule not stated herein is deemed to be provided in By-law 1996-15200 Consolidate Procedural By-law.

COMMITTEE REPORT



TO **Audit Committee**

SERVICE AREA Finance
DATE May 14, 2012

SUBJECT **2012 Audit Committee Work Plan & Schedule**

REPORT NUMBER FIN-12-06

SUMMARY

Purpose of Report:

To provide Committee members with a 2012 work plan and schedule to guide the Audit Committee agenda for the up-coming year.

Committee Action:

That report FIN-12-06 "2012 Audit Committee Work Plan and Schedule" be approved.

RECOMMENDATION

That report FIN-12-06 "2012 Audit Committee Work Plan and Schedule" be approved.

BACKGROUND

The Audit Committee has certain mandated responsibilities and duties that are required to be performed either annually or periodically. This work plan ensures that Committee performs all the required duties for the year but also facilitates a discussion for Committee members to identify other key priorities they would like to focus on in the upcoming year.

REPORT

Attached to this report is the 2012 annual work plan for the Audit Committee to help committee members track work in progress and results. There may need to be amendments to this work plan in the future related to the internal auditor function. This will be determined at a later date if necessary.

The following meeting dates are being suggested for 2012:
April, May, June (joint with CAFE), October, December

Other meetings and training workshops can be scheduled on an as-needed basis.

CORPORATE STRATEGIC PLAN

5.3 Open, accountable and transparent conduct of municipal business

FINANCIAL IMPLICATIONS

None noted.

DEPARTMENTAL CONSULTATION/CONCURRENCE

None noted.

COMMUNICATIONS

None noted.

ATTACHMENTS

Appendix A: 2012 Audit Committee Work Plan



Prepared By:

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Prepared By:

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REPORT FIN 12-06 DATED May 14, 2012

APPENDIX A

Audit Committee - 2012 Work Plan

| External Audit | Frequency | | | Comments |
|--|-----------|------|------|---|
| | Annual | Term | Need | |
| Review the external auditors' proposed audit scope and approach, including coordination of audit effort with City staff | • | | | |
| Review with management and the external auditors the result of the audit including any difficulties encountered and all other matters required to be communicated to the Committee under Generally Accepted Auditing standards | • | | | |
| Resolve any disagreements between management and the external auditors regarding financial reporting | | | • | |
| At the conclusion of the audit, consult with the external auditors, without the presence of management, regarding internal financial controls, compliance and the fullness and accuracy of the City's financial statements | • | | | |
| Ensure the timely presentation of the external auditor's annual audit report to Council | • | | | Statements will be reviewed by AC at June 11, 2012 meeting and Council will review at June 25, 2012 meeting |

| Financial Statements | Annual | Term | Need | Comments |
|---|--------|------|------|--|
| Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas and recent professional and regulatory pronouncements and understand their impact on the financial statements | • | | | |
| Review the representation letter provided by management to the external auditors | • | | | |
| Prior to the presentation of the annual financial statements to Council, review the financial statements and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles | • | | | Finance is proposing to have a joint CAFE and Audit Committee meeting to review the 2011 unconsolidated and consolidated financial statements on June 11, 2012 |
| Recommend to Council the approval and distribution of the annual financial statements | • | | | |

| External Auditor Performance and Review | Annual | Term | Need | Comments |
|---|--------|------|------|---|
| Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the city, including non-audit services, and discussing the relationships with the auditors | • | | | |
| Direct and review the performance evaluation process for the external auditor | • | | | |
| Recommend changes to the external auditor's compensation for Council approval | | | • | Likely not required in 2012 - Previous RFP has established Deloitte for term from 2010 - 2014 |
| Periodically determine whether a RFP should be issued to select an external auditing firm. As per the Ontario Municipal Act 2001 section 296(3), the external auditor shall not be appointed for a term exceeding five years | | | • | Likely not required in 2012 - Previous RFP has established Deloitte for term from 2010 - 2014 |
| Participate in the selection of an external auditing firm by reviewing the RFPs and bids received, interviewing potential auditing firms and recommending the external auditor for final approval to the Council | | | • | Likely not required in 2012 - Previous RFP has established Deloitte for term from 2010 - 2014 |

| Compliance | Annual | Term | Need | Comments |
|---|---------------|-------------|-------------|--------------------------------|
| Obtain regular updates from management and others (legal counsel, external auditors) regarding compliance with laws and regulations having a material impact on the financial statements including: tax and financial reporting, legal withholding requirements & environmental protection laws and regulations | • | | | |
| Review by-laws and policies specifically regulating the conduct of members of council, staff and suppliers | | | • | |
| Review the findings of any examinations by regulatory agencies and any auditor observations | | | • | |
| Discuss with the City Solicitor, any significant legal, compliance, or regulatory matters that may have a material effect on the financial statements or the business of the City, or on the compliance policies of the City. | | | • | |
| Review the results of management's investigation and follow-up for any instances of non-compliance | | | • | |
| Review the effectiveness of the system established to ensure compliance | | | • | |
| Risk Management & Internal Control | Annual | Term | Need | Comments |
| Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings. | • | | | |
| Through the use of a risk management framework, assess the financial risks to be managed by the City and any change in significant financial risks. | • | | | |
| Consider the effectiveness of the City's internal control system for the safeguarding of assets, including information technology security and control and the adequacy of policies and procedures | | | • | |
| Review management and program performance regarding efficiency, effectiveness and economy in the use of resources | | | • | |
| Review the effectiveness of management reporting systems regarding administrative and program performance. | | | • | |
| Direct other risk management and internal control projects as identified and referred by Council | | | • | |
| Internal Audit | Annual | Term | Need | Comments |
| Establish and review regularly the Internal Auditor Charter | | • | | Likely to be completed in 2012 |
| Review and approve the internal auditor annual work plan | • | | | |
| Review annually the final progress results of the internal auditor work plan | • | | | |
| Reporting | Annual | Term | Need | Comments |
| Ensure the creation of semi-annual information reports to Council on progress achieved by the Committee and any concerns or issues that have been identified. The report shall be prepared by the Committee Chair with input from staff. | • | | | |
| Provide an open avenue of communication between the external auditors and City Council | • | | | |

| Adequacy of the City's Resources | Annual | Term | Need | Comments |
|--|---------------|-------------|-------------|---|
| Review the nature of evolving or developing businesses managed by the City, including those changes occasioned by business or process redesign | • | | | |
| As new businesses and ventures are embarked on by the City, gain comfort that all appropriate processes have been put in place to evaluate feasibility of the new business and to ensure proper resources, both human and financial, have been provided. | | | • | |
| | | | | |
| Other | Annual | Term | Need | Comments |
| In conjunction with management and the external auditors, develop an annual work plan for the Committee that identifies priorities, objectives and timelines for key deliverables. | • | | | |
| With Council approval, retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of a review. | | | • | |
| After consultation with the Chief Financial Officer/Treasurer and the external auditors, gain a reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting and financial personnel and other resources. | • | | | |
| It is recognized that from time to time, other issues will be referred to the Committee for review and input. These items will be addressed on an as needed basis. | | | • | |
| Review mandate and make recommendations for change if any | | • | | Review mandate during 2012 to incorporate Audit Committee's role with respect to the new Internal Audit function. |
| Financial literacy and training | • | | | |
| <p>Legend:</p> <p>Annual - Audit Committee to review each fiscal year</p> <p>Term - Audit Committee to review each term of Council</p> <p>Need - Audit Committee to review when the need arises</p> | | | | |