

June 3, 2019

SUBJECT: Recommendations for Consideration from:
Audit Committee

MEMO TO: Committee of the Whole

FROM: Colleen Hutt, Deputy Clerk

The Audit Committee, at their meeting of May 21, 2019, recommended and approved the following for consideration by Council:

Item 8.1.2 Terms of Reference

1. that the Terms of Reference provided to the Committee be amended to reflect the changes as outlined in the committee meeting and forwarded to Council for adoption.

The minutes and terms of reference are attached for information.



AUDIT COMMITTEE MEETING MINUTES

Tuesday May 21, 2019

06:00 PM

PRESENT:

Chair: Councillor Stuart McCormack, Members: Councillor Gary Burroughs, Councillor Norm Arsenault, Councillor Allan Bisback, Councillor John Wiens.

REGRETS:

STAFF:

| | |
|-----------------|---|
| Holly Dowd | Chief Administrative Officer |
| Sheldon Randall | Director of Operations |
| Kyle Freeborn | Treasurer/ Director of Corporate Services (A) |
| Nick Alaimo | Deputy Treasurer |
| Peter Todd | Town Clerk |
| Amy Sager | Finance Coordinator |

OTHERS:

1. Call to Order

The Town Clerk called the meeting to order at 10:00 am

At this time the members considered appointments to the Chair and Vice Chair.

Moved by Councillor Stuart McCormack that Stuart McCormack be appointed as Chair and Allan Bisback as Vice Chair.

APPROVED.

Councillor Stuart McCormack presided over the remainder of the meeting at this time.

2. Announcements

No announcements were brought forward at this meeting.

3. Presentations

No presentations were brought forward at this meeting.

4. Adoption of Agenda

Moved by Councillor John Wiens that the meeting agenda be adopted as presented.

APPROVED.

5. Conflict of Interest

No conflicts were declared at this time.

6. Previous Minutes

No meeting minutes were brought forward at this time.

7. Correspondence

No correspondence was brought forward at this time.

8. Business

- 8.1 Draft Terms of Reference
 - 8.1.1 Town's Draft Terms of Reference
 - 8.1.2 Council draft Terms of Reference

The committee reviewed an additional draft terms of reference provided to members at the meeting. Members provided recommendations for the revised Terms of Reference.

Moved by Councillor Allan Bisback that the Terms of Reference provided to the Committee be amended to reflect the changes as outlined in the committee meeting and forwarded to Council for adoption.

APPROVED.

- 8.2 Outstanding Items
 - 8.2.1 PO System

The treasurer provided a brief update regarding the use and implementation of a PO System, and advised that information will be coming forward at a future meeting.

The committee discussed that a review of the Town's Procurement By-law, prior to reviewing the implementation of a PO System should take place.

The Treasurer advised that he would provide this information at a future meeting.

8.2.2 Budget Process

The committee discussed the expanded process for the budget at a future meeting date, beyond just the timeline.

The Treasurer advised that he would present this material at the next committee meeting in order for any changes that the committee may recommend to be included in the report to Council in July.

8.3 Council Remuneration Links & Expense Policies

8.3.1 By-law No 3701-03 - A by-law to fix the Remuneration of the Lord Mayor and Members of Council

8.3.2 Motion from May 13, 2019

The committee agreed that members would review the material provided above and bring suggestions/ recommendations forward at a future meeting.

9. New Business

Moved by Councillor Gary Burroughs that the committee request that the Treasurer report at a future meeting on the Town's Procurement By-law in the context of area municipalities of similar size.

APPROVED.

10. Next Meeting Date

June 13, 2019 at 9:30 am

11. Adjournment

Moved by Councillor Allan Bisback.

APPROVED.

ADJOURNMENT: 11:20 AM

Terms of Reference

Audit Committee

1. COMPOSITION

The audit committee will be an advisory committee of Council and will be comprised of, at least three Councillors selected by Council.

As per Public Company Accounting Oversight Board guidance, members of the Audit Committee are expected to be financially literate (able to understand the Councils' internal and external reporting, accounting policies and process).

Audit Committee deliberations will normally be supported by staff including the CAO, Treasurer and director of Corporate Services and other appropriate staff as required.

The length of term to be served by members on the committee will be determined by the Council, giving consideration to the benefits of periodic rotation of committee membership.

As with other committees of Council, the Audit Committee Chair and Vice Chair shall be elected for a 2-year period of time from the membership of the committee at the first meeting of the year and 2 years subsequent to that date.

2. AUTHORITY

Council may authorize the Audit Committee to investigate any activity of the Town. All employees are to co-operate as requested by the committee. In addition, all Standing Committees may request that any activity be considered for an audit with requests submitted directly to the Chair of Audit Committee.

With the approval of Council, the Audit Committee may assign staff (e.g. Internal Audit) or retain persons or a third party having special expertise to assist the committee in fulfilling its responsibilities.

3. MEETINGS

The audit committee is to meet at least four times per year

The meetings will be scheduled to permit timely review of internal and external financial reporting and special purpose audit reports. Additional meetings may be held as deemed necessary by the Lord Mayor, Chair of Audit Committee or as requested by any member or the external auditors.

4. REPORTING

The minutes of meetings of the regular audit committee will be provided to Council.

Supporting schedules and information reviewed by the committee will be available for examination by any Councillor upon request to the secretary of the committee.

An annual assessment of the effectiveness of the committee against the mandate should be conducted and reported to the Council.

5. MANDATE

The Audit Committee assists Council in the provision of effective municipal government by overseeing the administrative systems regarding financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical, and regulatory requirements and the efficient and effective use of resources.

The responsibilities of the audit committee are to satisfy itself, on behalf of Council, that:

The External Audit Function

- In conjunction with Town's external auditors review the Town's annual consolidated financial statements to determine they are fairly presented in accordance with generally accepted accounting principles and to recommend to Council whether the annual financial statements should be approved,
- Audited financial statements of the Town's boards, agencies, and commissions and other audited financial statements be received for information purposes following approval by the respective Board or Standing Committee, to assist in its overall assessment of the Town's annual consolidated financial statements and internal controls over financial reporting,
- The Town has implemented appropriate systems of internal control over financial reporting and that these are operating effectively.
- The Town has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements;
- The external audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of Audit Committee, and/or Council has been addressed.
- The Audit Committee will recommend the approval the mandate, replacement, reappointment and/or appointment of the external auditors to Council.

The Internal Audit Function

- Audit Committee will review and approve a risk-based annual work plan to ensure that all of the Town's operations are considered for review.,
- The Town has implemented appropriate systems of internal control to ensure compliance with legal, regulatory and ethical requirements,
- The audit function is effectively carried out and that any matter which the independent auditors wish to bring to the attention of Audit Committee and/or Council has been addressed,
- The reporting of the internal audit is relevant, reliable, objective and transparent. In making this assessment the Audit Committee may recommend the use of external subject matter experts. For purposes of efficiency and matters of budgeting expenditures, it is recommended that the use of subject matter experts be determined annually when the Internal Audit team work plan is approved,
- Quality assurance reviews are conducted in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- Internal auditing includes a review of the adequacy of internal control systems for safeguarding assets, the effectiveness of corporate reporting systems regarding

administrative, program performance and the level of compliance with legislation, regulations, corporate objectives, policies and ethics.

- The internal audit plan should be developed having regard to the following sources:
 - Consultation meetings with members of the Senior Management Team
 - A comprehensive risk assessment of processes, programs and functions across the organization
 - A jurisdictional scan of hot topics, emerging risks and auditable areas in other local comparable organizations

Risk Management

- Review and discuss with management their responsibility for assessing and managing the Town's exposure to risk
- Review policies governing risk management
- Review and discuss with management the Town's major emerging risk exposures

Other Duties

- Review and recommend changes to the Town's Annual Budget Process.
- Review quarterly actual financial performance.

6. APPLICABILITY OF PROCEDURAL BY-LAW:

As an advisory committee of Council, the Audit Committee would be governed by the sections of the Town's Procedural By-law relating to advisory committees.