



City of
Peterborough

To: Members of the Audit Committee

From: Sandra Clancy, Director of Corporate Services

Meeting Date: June 23, 2014

Subject: Report CPFS14-019
Audit Committee Terms of Reference

Purpose

A report to provide the Audit Committee Terms of Reference to the Audit Committee and to recommend some minor changes.

Recommendation

That Council approve the recommendation outlined in report CPFS14-019 dated June 23, 2014, of the Director of Corporate Services as follows:

That the amended Audit Committee Terms of Reference, attached to report CPFS14-019 as Appendix A be approved.

Budget and Financial Implications

There are no budget and financial implications to receiving this report.

Background

At its meeting held August 8, 2006, Council first adopted an Audit Committee Terms of Reference through Report CAO06-002 of the Chief Administrative Officer. The Terms of Reference were subsequently reviewed and updated through report CPFRAS10-013 dated December 13, 2010 and approved by Council January 31, 2011.

At the Audit Committee held on October 15, 2013 and subsequently at the October 21, 2013 Council meeting, the following motion was approved:

“That the Audit Committee Terms of Reference be reviewed at the next Audit Committee meeting and circulated to the City Auditors.”

This report is written in response to that request.

The Terms of Reference must be reviewed periodically to ensure they reflect current processes and legislation. Staff also completed an informal review from other Ontario municipalities and found a lot of similarity with the Committee’s current terms.

Staff however, recommend that the Audit Committee Terms of Reference be updated to reflect current practice, and suggest that the number of meetings per year be changed from a minimum of four, at the end of each quarter, to a minimum of three meetings per year. This minor change is more reflective of current practice, where during the last number of years all Audit Committee business has been completed within three meetings a year. If additional meetings are required, they can be scheduled.

The amended Audit Committee Terms of Reference are set out in Appendix A. They have been provided to Collins Barrow, Chartered Accountants, the current external auditors for the City and they do not have any further recommended adjustments.

Submitted by,

Sandra Clancy
Director of Corporate Services

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Attachments:

Appendix A - Amended Terms of Reference for the Audit Committee

Appendix A

Amended Terms of Reference for the Audit Committee

(Struck text shows deletions, bolded italic text shows additions)

Mandate:

The Audit Committee is responsible for:

1. Recommending to Council the appointment of the external auditor for the Corporation;
2. Reviewing the arrangements for the scope of the annual audit, accounting principles, materiality limits, and the reasonableness of the annual audit fee;
3. Meeting, periodically, with the external auditor to discuss any matters that the Committee or auditors believe should be discussed privately;
4. Reviewing the auditors' report and audited financial statements, and making such recommendations thereon to Council as deemed necessary by the Committee. The Audit Committee must satisfy itself that the financial statements present fairly the financial position and results of operations and that the external auditors have no reservations about them;
5. Reviewing significant accounting and reporting issues and their impact on the financial statements and ensuring that there are no unresolved issues between the Administration and the external auditors;
6. Reviewing the external auditors' management letter together with the implementation plans as advised by the Chief Administrative Officer;
7. Overseeing the Corporation's financial systems and internal control systems including commenting on the adequacy of resources committed to these areas and any financial and information security risks;
8. Understanding accounting policies and practices;
9. Overseeing compliance with statutory and regulatory financial requirements including monitoring the impact of new standards and the reporting on performance measures as established by the Province;
10. Recommending any **specific non-attest** audit services **to be** provided by the external auditor **beyond the annual audit requirements**;

11. Overseeing the development, implementation and maintenance of an independent process that allows information on problem areas or issues to be identified by individuals, including employees, with appropriate protection of all involved. The Audit Committee recognizes that any human resource or human rights type of issue is beyond the mandate of the Audit Committee and shall be managed through the process established and in place for the specific type of human resource or rights issue.

Composition:

Five members of Municipal Council.

Term of Membership:

Concurrent with the term of the Municipal Council making the appointment.

Appointment Policy:

The Mayor will recommend Council members to be appointed to the Audit Committee in the same manner as all other Council appointments to chairmanships, local boards and advisory committees.

Qualifications:

When recommending appointments to the Audit Committee the Mayor will consider Councillors who have background experience in, and/or are interested in receiving training in governance responsibility; audit oversight responsibility; municipal financial statement reporting; internal control assessment; risk management evaluation; and purchasing policy and procedure.

Meetings:

The Audit Committee shall have a minimum of ~~four~~ **three** meetings per year ~~at the end of each quarter~~ and shall have such other meetings as requested by the Chair or Vice-Chair of the Committee or at the request of the Chief Administrative Officer.

The Committee will receive the administrative support of the Clerk's Office for the purpose of preparing agendas, arranging meetings and preparing minutes. The minutes of the meetings will be provided to Council for approval through the usual Council process.

Remuneration:

No remuneration shall be paid to the Audit Committee members but reasonable expenses may be paid if costs are associated with site visits related to an audit issue, or courses necessary for the Members of the Audit Committee to complete their responsibilities as members of the Committee.