

AUDIT COMMITTEE

Terms of Reference

Mandate

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.

Membership

Membership of the Audit Committee shall consist of Members of Council appointed by City Council. The Mayor shall be an *ex officio* member of the Committee.

General Responsibilities

The Audit Committee shall:

1. Be responsible directly to Council for those applicable items emanating from:
 1. the Auditor General's Office;
 2. the Finance and Corporate Services Department (on matters relating to the City's external audit process); and,
 3. all other Departments, Services or Branches in the City of Ottawa having to do with matters pertaining to the responsibilities of the Committee.
2. Act as a liaison between the Office of the Auditor General and City Council to ensure regular and effective communication.

Specific Responsibilities

Administration and General Policy

1. Confirm and assure the independence of the City's Auditor General and the external auditor, including a review, if requested, of all additional audit, management consulting and other fees of the external auditor.
2. Have the authority to hear briefings on litigious matters related to items within the Committee's mandate and to give direction to the City Solicitor on such matters where it is consistent with current Council direction or policy.

3. Review and recommend to Council revisions to the Audit Committee Terms of Reference, as required.
4. Recommend to Council proposed by-laws that are under the Committee's jurisdiction.

Audit Plan and Annual Report

1. Review and recommend to Council, the Audit Plan submitted by the Auditor General and any subsequent adjustments from the Office of the Auditor General.
2. Receive and resolve any audit recommendations where management does not agree as directed by Council, and direct staff on next steps or make recommendations to Council on potential resolutions.
3. Ensure that any policy recommendations coming out of an audit are referred to the appropriate Standing Committee.
4. Monitor the performance of the Office of the Auditor General in carrying out its approved Audit Plan and report directly to Council, as appropriate.
5. Consider and recommend to Council a process for a Quality Assessment Review of the Office of the Auditor General.
6. Review reports from the Office of the Auditor General on status and implementation of audit recommendations in accordance with the Audit Recommendation Implementation Update Process approved by Council.
- ~~7. Receive reports and additional background information on changed or disputed audit recommendations, and direct staff on next steps or make recommendations to Council on potential resolutions.~~

External Audit

1. Recommend the appointment of the external auditor and the audit fees to Council, as required.
2. Receive and review the Annual Financial Statements with management and the external auditors and ensure Council receives an information report.
3. Review any other matters brought to the Committee's attention by the external auditor and determine the appropriate disposition.
4. Review any changes in accounting principles and practices followed by the municipality.

5. Discuss with the external auditor the annual evaluation of the internal control systems and recommendations for improvements.

Budget

1. Consider, for recommendation to Council, the annual budget and budget amendments for the Office of the Auditor General, subject to the budgetary powers and duties assigned to the head of Council under the *Municipal Act, 2001* and associated regulations and any Council-approved budget process.

Authority, Decision-making and Reporting Relationship

The Audit Committee shall meet at the call of its Chair in accordance with the notice provision of the Procedure By-law. All Members of Council will receive meeting notices, agendas and meeting documentation for this Committee. All Members of Council, and/or their office staff, and the public are permitted to attend meetings of the Committee. A decision by the Audit Committee shall be forwarded to Council for consideration.