

<p>1. <b>AUDIT COMMITTEE TERMS OF REFERENCE</b> <b>MANDAT DU COMITÉ DE LA VÉRIFICATION</b></p>
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**COMMITTEE RECOMMENDATION**

That Council approve its Terms of Reference, as outlined in this report and attached at Document 1.

**RECOMMANDATION DU COMITÉ**

Que le Conseil approuve le mandat du Comité de la vérification tel qu'il est décrit dans le Document 1.

**DOCUMENTATION/DOCUMENTATION**

1. Committee Coordinator's Report, Office of City Clerk and Solicitor, dated February 12, 2019 (ACS2019-CCS-GEN-0033)

Rapport de la coordonnatrice du comité, Bureau du greffier municipal et l'avocat général, daté le 12 février 2019 (ACS2019-CCS-GEN-0033)

**Report to  
Rapport au:**

**Audit Committee  
Comité de la vérification  
25 February 2019 / 25 février 2019**

**and Council  
et au Conseil  
6 March 2019 / 6 mars 2019**

**Submitted on February 12, 2019  
Soumis le 12 février 2019**

**Submitted by  
Soumis par:  
Carole Legault, Committee Coordinator / Coordonnatrice du comité**

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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2019-CCS-GEN-0033**

**SUBJECT: Audit Committee Terms of Reference**

**OBJET: Mandat du Comité de la vérification**

#### **REPORT RECOMMENDATION**

**That the Audit Committee recommend Council approve its Terms of Reference, as outlined in this report and attached at Document 1.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité de la vérification recommande au Conseil d'approuver le mandat du Comité de la vérification tel qu'il est décrit dans le Document 1.**

## **BACKGROUND**

At its meeting of December 5, 2018, Ottawa City Council considered a report titled 2018-2022 Council Governance Review (ACS2018-CCS-GEN-0028). In approving this report, Council approved "That the revised Terms of Reference for Standing Committees, Sub-Committees and the Transit Commission be submitted in draft form to the respective Committees/Commission at their first meeting in 2019 for consideration and recommendation to Council for approval." Accordingly, this report is presented to the Audit Committee for its consideration and approval.

## **DISCUSSION**

The 2018-2022 Council Governance Review report recommended no changes to the mandate and meeting schedule of the Audit Committee.

The Terms of Reference for the Audit Committee are attached at Document 1.

## **RURAL IMPLICATIONS**

There are no specific rural implications associated with this report.

## **CONSULTATION**

As part of the preparation for the 2018-2022 Council Governance Review report, the City Clerk and Solicitor consulted with elected representatives, citizen members of the Transit Commission, Chairs and Vice-Chairs of Advisory Committees, the Extended Senior Leadership Team, as well as staff in the City Clerk's Branch, Legal Services and the City Manager's Office who work most closely with the legislative process.

The public was notified of this report through the meeting advertisement in community newspapers and on Ottawa.ca, and the publication of the agenda. Public delegations may be received by the Committee.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a city-wide report.

### **ADVISORY COMMITTEE(S) COMMENTS**

There are no associated Advisory Committee comments.

### **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the recommendation in the report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report.

### **TERM OF COUNCIL PRIORITIES**

This report supports the Term of Council Priority related to Governance, Planning and Decision Making.

### **SUPPORTING DOCUMENTATION**

Document 1 – Draft Audit Committee Terms of Reference

### **DISPOSITION**

Upon approval of the report by Council, the Terms of Reference will become the mandate and governing authority for the Audit Committee to be implemented by the City Clerk's office.

**Document 1**

**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 City Council and approved 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:
  - a. the Auditor General's Office;
  - b. the Corporate Services Department (on matters relating to the City's external audit process); and,
  - c. 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. Recommend a selection committee to interview candidates for the position of City Auditor General.

2. 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.
3. Have the authority to hear briefings on litigious matters related to items within the Committee's mandate and to give direction to the City Clerk and Solicitor on such matters where it is consistent with current Council direction or policy.
4. Review and recommend to Council revisions to the Audit Committee Terms of Reference, as required.
5. Recommend to Council proposed by-laws that are under the Committee's jurisdiction.

#### Audit Plan and Annual Report

6. Review and recommend to Council, the annual Audit Plan submitted by the Auditor General and any subsequent adjustments from the Office of the Auditor General.
7. Receive and resolve any audit recommendations where management does not agree as directed by Council.
8. Ensure that any policy recommendations coming out of an audit are referred to the appropriate Standing Committee.
9. Monitor the performance of the Office of the Auditor General in carrying out its approved Audit Plan and report directly to Council, as appropriate.
10. Consider and recommend to Council a process for a Quality Assessment Review of the Office of the Auditor General.
11. Review reports from the Office of the Auditor General on status and implementation of audit recommendations for which management action has been directed.
12. 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.
13. Receive regular status reports on the City's implementation of accepted audit recommendations.

External Audit

14. Recommend the appointment of the external auditor and the audit fees to Council, as required.
15. Recommend the appointment of an external auditor to conduct an annual financial audit of the Officer of the Auditor General.
16. Receive and review the Annual Financial Statements with management and the external auditors and ensure Council receives an information report.
17. Review any other matters brought to the Committee's attention by the external auditor and determine the appropriate disposition.
18. Review any changes in accounting principles and practices followed by the municipality.
19. Discuss with the external auditor the annual evaluation of the internal control systems and recommendations for improvements.

**AUTHORITY, DECISION-MAKING AND REPORTING RELATIONSHIP**

The Audit Committee shall meet at the call of its Chair in accordance with the notice provision as set out in 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.