



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.3.1
Halifax Regional Council
May 8, 2018

TO: Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Mayor Savage, Chair of the Executive Standing Committee

DATE: April 23, 2018

SUBJECT: Potential Changes to the Audit and Finance Standing Committee

ORIGIN

Motion of the Executive Standing Committee meeting held on April 23, 2018.

LEGISLATIVE AUTHORITY

Section 8 of the Terms of Reference of the Executive Standing Committee which indicates that the Committee "shall act as a review committee for matters related to the general self-governance and administration of Council as directed by the Council."

- Section 48 of Halifax Regional Municipality Charter governs the Municipality's Audit Committee
- Section 48(1) states that Council shall annually appoint an audit committee.
 - Section 48(2) sets forth the responsibilities of the audit committee.
 - Section 48(3) states that the audit committee shall meet at least twice in each fiscal year.
 - Section 48(4) states the audit committee must include a minimum of one independent member who is not a member of council or an employee of the Municipality sets out the responsibilities of the audit committee.
 - Section 48(5) provides direction to the Municipality to advertise for the independent member.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Adopt the amendments to Schedule 2 of Administrative Order One- the Audit and Finance Committee Terms of Reference (Attachment B of the January 26, 2018 staff report) to allow for the addition of up to two members of the public as members of the Audit Committee; and
2. Direct the Clerk's Office, in accordance with the Public Appointment Policy, to initiate a process to recruit up to two members of the public, who have an accounting designation and experience working with or in the public sector, to join the Halifax Regional Municipality Audit Committee.

BACKGROUND/DISCUSSION

A report dated January 26, 2018 was before the Executive Standing Committee at the meeting held on April 23, 2018. After a brief discussion, the Committee approved a motion to recommend that Halifax Regional Council direct staff to adopt the amendments to Schedule 2 of Administrative Order One and to initiate a process to recruit up to two members of the public to join the Audit Committee as set out in the report.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The risks considered rate is Low.

COMMUNITY ENGAGEMENT

The Executive Standing Committee is comprised of seven duly elected officials. Meetings are held in public unless otherwise indicated and the agenda and materials are posted to the HRM website. In addition, the Executive Standing Committee meeting is webcasted, and a meeting video is posted to the committee webpage after the meeting.

ENVIRONMENTAL IMPLICATIONS

No environmental implications identified.

ALTERNATIVES

The Committee did not provide alternatives.

ATTACHMENTS

Attachment 1: Staff report dated, January 26, 2018

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Sharon Chase, Legislative Assistant 902-490-6519

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No.
Executive Standing Committee
April 23, 2018

TO: Chair and Members of the Executive Standing Committee

SUBMITTED BY: original signed by
John Traves, Q.C., Director, Legal, Municipal Clerk and External Affairs

DATE: January 26, 2018

SUBJECT: Potential Changes to the Audit and Finance Standing Committee

ORIGIN

At the November 28, 2017 meeting of Halifax Regional Council, Item 14.2.4, the following motion was passed: THAT Halifax Regional Council request a staff report considering potential changes to the member composition of the Audit and Finance Committee to include one or two members of the public.

LEGISLATIVE AUTHORITY

Section 48 of Halifax Regional Municipality Charter governs the Municipality's Audit Committee

- Section 48(1) states that Council shall annually appoint an audit committee.
- Section 48(2) sets forth the responsibilities of the audit committee.
- Section 48(3) states that the audit committee shall meet at least twice in each fiscal year.
- Section 48(4) states the audit committee must include a minimum of one independent member who is not a member of council or an employee of the Municipality sets out the responsibilities of the audit committee.
- Section 48(5) provides direction to the Municipality to advertise for the independent member.

Administrative Order One - Procedures of the Council Administrative Order, Section 2 of Schedule 2 – Audit and Finance Committee Terms of Reference as attached.

Halifax Regional Municipality - Public Appointment Policy governing citizen appointments to Halifax Regional Municipality Agencies, Boards, Committees and Commissions and to External Bodies.

RECOMMENDATION

It is recommended that the Executive Standing Committee recommend that Halifax Regional Council:

1. Adopt the amendments to Schedule 2 of Administrative Order One – the Audit and Finance Committee Terms of Reference (Attachment B to this report) to allow for the addition of up to two members of the public as members of the Audit Committee; and

2. Direct the Clerk's Office, in accordance with the Public Appointment Policy, to initiate a process to recruit up to two members of the public, who have an accounting designation and experience working with or in the public sector, to join the Halifax Regional Municipality Audit Committee.

BACKGROUND

At the November 15, 2017 meeting of the Audit and Finance Standing Committee (Agenda Item 12.7.1), the committee recommended that Regional Council request a staff report considering potential changes to the composition of the Audit and Finance Committee to include one or two members of the public. In addition, the committee requested that staff assess whether HRM is following best practices in terms of Audit and Finance Standing Committee composition.

The rationale for this motion began with a forensic investigation of another municipal unit in Nova Scotia and a related Ombudsman Report in October 2016. Because of these activities, the Department of Municipal Affairs approached the Association of Municipal Administrators (AMANS) and the Union of Nova Scotia Municipalities (UNSM) to help the Province improve accountability around staff and Council expenses and to address recommended legislative changes to improve monitoring controls on municipalities.

A Joint Municipal Accountability and Transparency (JMAT) Committee was established by the Department of Municipal Affairs, AMANS and the UNSM in December 2016 by the Provincial Minister of Municipal Affairs. The committee was tasked with the following mandate:

- Ensure that mechanisms are in place to support the requirement of transparency and accountability to the public;
- Strengthen local government expense policies;
- Increase transparency of local government staff and elected officials' expenses to the public;
- Improve audit function on staff and elected officials' expenses; and
- Recommend amendments to the Municipal Government Act (MGA) where applicable.

A report was submitted to the Deputy Minister of Municipal Affairs from the JMAT Committee on March 30, 2017. There are six main recommendations in the report, one of which is a recommendation '*to strengthen municipal audits and audit committees*'. The report advises this be done by amending the Municipal Government Act to require that a position be created for at least one independent person on municipal audit committees, and require that municipalities advertise any vacant position.

Many of the recommendations from the JMAT report were introduced in [Bill No. 84](#) in the spring 2017 sitting of the Nova Scotia provincial legislature. On October 26, 2017, the legislature passed *An Act to Amend Chapter 18 of the Acts of 1998, the Municipal Government Act, and Chapter 39 of the Acts of 2008, the Halifax Regional Municipality Charter*.

DISCUSSION

Requirement to Change the Committee Composition

As recommended in the JMAT report, the new provincial Act requires the inclusion of a minimum of one citizen on municipal audit committees. Section 16 of the amendment act states that: *Section 48 of Chapter 39 of the Halifax Regional Municipality Charter (regarding the Audit Committee) is further amended by adding the following new subsections immediately after the existing subsection (2):*

- (3) *The audit committee shall meet at least twice in each fiscal year.*

- *(4) Subject to subsection (5), the audit committee must include a minimum of one independent member who is not a member of council or an employee of the Municipality.*
- *(5) Where the audit committee does not include the person referred to in subsection (4), (a) the audit committee shall continue to meet and perform its duties and may exercise its powers; and (b) the Municipality shall advertise to recruit a person who is not a member of Council or an employee of the Municipality at least once every six months until the requirement is met.*

Jurisdictional Scan of Audit Committees

As requested in the original Audit and Finance Standing Committee motion, staff have undertaken a jurisdictional scan to determine if HRM is following best practices in terms of audit committee composition. Desk research and follow-up contact, where required, has been conducted to examine fifteen municipalities across Canada. These municipalities are as follows:

- Victoria, British Columbia;
- Vancouver, British Columbia;
- Calgary, Alberta;
- Edmonton, Alberta;
- Winnipeg, Manitoba;
- Regina, Saskatchewan;
- Saskatoon, Saskatchewan;
- Hamilton, Ontario;
- London, Ontario;
- Ottawa, Ontario;
- Toronto, Ontario;
- Waterloo, Ontario;
- York Region, Ontario;
- Moncton, New Brunswick;
- St. John's, Newfoundland.

A table showing general findings of the jurisdictional scan is attached to this report as Attachment C. Of the fifteen municipalities on the list, all but one report directly to Council as a Standing Committee, Committee of the Whole, or Advisory Committee. The lone exception (Winnipeg) reports through a Standing Committee. Roles and Responsibilities of the committees are generally similar, and all include oversight of internal and external audit functions, including Auditors General in jurisdictions where that function exists. Depending on their mandate, the role of audit committees in other jurisdictions may extend into broad policy or administrative areas.

In relation to the motion in the Origin section of this report, five of the fifteen jurisdictions examined include citizen representation on their audit committees. In all cases, these committees require financial knowledge, experience, and/or professional designations as pre-requisites for application and appointment to the body. In terms of mandate, each of these five committees are solely responsible for oversight and monitoring of the audit function, financial statements, risk management, and like areas. None have a direct role in decision-making on budgeting or allocation of municipal funding (i.e. budget adjustments or grants and contributions). Citizen representation on these committees varies, with four of the five having more than one citizen appointee. In all cases, these committee members are not compensated. The below table provides an overview of citizen representation in these jurisdictions.

City / Committee	Membership	Qualifications for Citizen Members	Length of Term
Calgary / Audit Committee	Mayor (Ex-Officio); 4 Councillors; 3 Elector members (citizens)	Significant management experience as a Chief Financial Officer, Senior Financial Director, Internal or External Auditor or positions that involve the performance of similar functions.	1 year – members of Council 2 years – citizen members
Edmonton / Audit Committee	Mayor (Chair); 4 Councillors; 2 Citizens	Require extensive background in financial accountability in large organizations.	Citizen members can serve up to 6 years.
London / Audit Committee	4 Councillors; 1 Citizens	Requires a Chartered Accountant designation.	Concurrent with the term of the Council
Waterloo / Audit Committee	6 Citizens; 2 Councillors; Following are non-voting: Mayor; Chair of the Finance and Strategic Planning Committee; Chief Administrative Officer; Chief Financial Officer.	There is at least one appointment from each of the following categories and at least two appointees from category (iv): (i) Chartered Accountant, a Certified General Accountant or a Certified Management Accountant; (ii) Lawyer; (iii) Professional Engineer, Planner or Architect; (iv) Member of the business community with considerable experience in the operation and management of a large business; (v) Member of the business community with experience in Risk Management.	Citizen members are for a term of Council to a maximum of 10 consecutive years
St. John's / Audit and Accountability Standing Committee	4 Councillors; 2 Citizens	Accounting and/or auditing designation and experience in the public sector, either directly or indirectly as a consultant or auditor, independent of the City and the City's internal and external auditors.	Not specified (under review)

Current State of the HRM Audit and Finance Standing Committee

The purpose of the HRM Audit and Finance Standing Committee is to provide advice to the Council on matters relating to audit and finance, including the following general areas:

- Providing the role of audit committee as outlined in Section 48 of the *HRM Charter*, including coordination of the external audit function;
- Assisting Council in meeting its responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management and internal controls;
- Acting as the liaison with the Municipal Auditor General;
- Reviewing and making recommendations on proposals coming to Council outside of the annual budget or tender process (i.e. grants, new or revised programs and services, proposed changes to budget items, new or increased capital projects, modification of reserves, etc.).

The current composition of the Audit and Finance Standing Committee is six members of Council, consisting of one member appointed from each Community Council; and three members appointed at large. Each member is appointment by Council for a term of two years, and the Audit and Finance Standing Committee reports directly to Regional Council.

As highlighted in the fourth bullet above, the main distinction of the Audit and Finance Standing Committee from other audit committees in the country that include citizen representation is its role in recommending grants and unbudgeted items to Regional Council.

The full Terms of Reference for the Audit and Finance Standing Committee is available at:

<https://www.halifax.ca/sites/default/files/documents/city-hall/legislation-by-laws/AO01.pdf>

Revised Audit and Finance Standing Committee

The direction provided through Provincial legislation requires that the municipality move forward with adding citizen representation to an audit committee. Based on the additional best practice research outlined in this report, it is recommended that HRM appoint to the Audit Committee, two citizen representatives, each with a professional accounting designation and/or financial experience. Adding two representatives is appropriate for a municipality the size of HRM, and would provide slightly more balance of expertise and opinion on the Committee. In addition, having two representatives on the Committee would increase the likelihood of having at least one citizen in attendance at each Committee meeting.

Individuals with a professional accounting designation would bring a degree of knowledge and experience specific to the subject matter addressed by the Audit Committee. In addition, it should be noted that individuals with this type of designation are subject to a professional code of ethics that governs issues such as conflict of interest. As noted in the above table, some jurisdictions require significant experience in senior management or the public sector, which should be considered an asset for appointments to HRM's Audit Committee. As in other jurisdictions, wording will be included in the recruitment process to ensure citizen appointments are independent from the municipality and its external auditors.

Because of the scope of the Audit and Finance Standing Committee's terms of reference beyond specific audit-related functions, some consideration must be given to the degree of participation and role of citizen representatives. As noted in the Halifax Regional Municipality Charter, the expenditure of municipal funds, such as the grants and in-year budget adjustments or increases discussed by the Audit and Finance committee, is the exclusive role of elected representatives on municipal Council. Therefore, it is recommended that the citizen representatives appointed to the Committee only participate, including participating in any voting that is required, when the Audit and Finance Standing Committee is sitting as the Audit Committee in accordance with Subsection 48(2) of the Halifax Regional Municipality Charter. These members with financial backgrounds can play a valuable role in working with the Municipality's external auditor's, assessing audit reports, asking relevant questions, and providing additional context and advice on issues before the Audit Committee.

If approved by Regional Council, citizen members will be appointed to the Audit Committee for a two-year term to remain consistent with the other member terms on the committee. It is anticipated that the first appointments will be made during the next membership cycle in the Fall of 2018.

The proposed changes are reflected in the revised Administrative Order One, which is attached to this report (Attachment A).

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the material in this report.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The risks considered rate Low.

COMMUNITY ENGAGEMENT

Not applicable. If approved by Regional Council, the recruitment process for appointment of these positions would be conducted in accordance with the municipality's Public Appointment Policy.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The Executive Standing Committee may decide to include citizen representatives as non-voting members of the Audit and Finance Standing Committee. This alternative is not recommended as it may not adhere to the intent and spirit of the newly introduced legislation governing the appointment of these independent members, which is meant to allow independent members to have a say, through voting means, in the auditing function of HRM.

The Executive Standing Committee may decide to include citizen representatives as full, voting members of the Audit and Finance Standing Committee. This alternative is not recommended as, per the discussion above, the expenditure of municipal funds is the exclusive role of elected representatives on municipal Council thus precluding independent members with voting rights.

ATTACHMENTS

Attachment A – Showing proposed changes to Schedule 2 of Administrative Order One – the Audit and Finance Committee Terms of Reference

Attachment B – Amending Schedule 2 of Administrative Order One – the Audit and Finance Committee Terms of Reference

Attachment C - Summary of Audit Committees in Selected Canadian Municipalities.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Paul Johnston, Coordinator of Corporate Affairs, 902.490.6616

**ATTACHMENT A
(Showing Proposed Changes)**

**AUDIT AND FINANCE STANDING COMMITTEE
TERMS OF REFERENCE**

Purpose

1. (1) The purpose of the Audit and Finance Standing Committee is to provide advice to the Council on matters relating to audit and finance.
- (2) The other purposes of the Committee are to:
 - (a) fulfill the requirements as outlined in Section 48 of the *HRM Charter*; and
 - (b) assist the Council in meeting its responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management and internal controls.

Composition

2. (1) The Audit and Finance Standing Committee shall consist of six (6) Members of the Council.
- (2) The Members of the Audit and Finance Standing Committee shall be appointed by the Council as follows:
 - (a) one (1) Member appointed from each Community Council; and
 - (b) three (3) Members appointed at large.

(2A) The Audit Committee shall consist of the Members of the Audit and Finance Committee and one (1) or two (2) persons who are not Members or employees of the Municipality and these one (1) or two (2) persons shall:

- (a) reside within the boundaries of the Municipality;
 - (b) be at least eighteen (18) years of age at the time of appointment;
 - (c) not serve concurrently on any other board or committee of the Municipality;
 - (d) satisfy any recruitment requirements as set forth in any recruitment advertisement issued by the Municipality;
 - (e) be appointed by Council in accordance with the Public Appointment Policy; and
 - (f) be voting members of the Audit Committee only.
- (3) The term of each appointment shall be for two (2) years.
 - (4) The Chair and Vice-Chair shall be elected annually in November, by the Members and from the Members of the Audit and Finance Standing Committee.

COMMUNITY COUNCIL	MEMBERS AT	CHAIR AND VICE CHAIR	EX OFFICIO	RESIDENTS OF HRM FOR AUDIT
Halifax & West Community Council	Three (3) Members at large.	Elected by and from the members of the committee.	Mayor.	One (1) or two (2).
North West Community Council				
Harbour East – Marine Drive Community Council				

Duties and Responsibilities

Audit

3. The Audit and Finance Standing Committee shall meet at least twice in each fiscal year as an Audit Committee to:

(a) review the qualifications, independence, quality of service and performance of the External Auditors annually and recommend to the Council the appointment or discharge of the External Auditors;

(b) carry out the responsibilities of the Audit Committee as outlined in subsection 48(2) of the *HRM Charter*, including:

(i) reviewing, in detail, the financial statements of the Municipality with the External Auditors,

(ii) evaluating internal control systems and management letters with the External Auditors,

(iii) reviewing the conduct and adequacy of any internal audit undertaken,

(iv) reviewing matters arising out of any internal audit that require further Investigation, and

(v) undertaking other actions determined by the Council to be the duties of the Audit Committee; and

(c) review with management and the External Auditor and recommend to the Council for approval, the annual audited financial statements.

Finance and Risk Management

4. The Audit and Finance Standing Committee shall:

- (a) review with Finance management the monthly financial forecast and KPIs (key performance indicators) to be presented to the Council;
- (b) review annually the debt and interest risk management activities proposed for the upcoming year by the CFO;
- (c) review annually with Finance management and report to the Council on the appropriateness of financial accounting policies, disclosures and forecasts;
- (d) ensure the adequacy and effectiveness of the systems of internal control in relation to financial controls and risk management as established by Administration;
- (e) review bi-annually with management, the enterprise risk management and financial implications coming from such risk and implications, including: Environmental, Human Resources, Operational and the insurable risks and insurance coverage strategy of the Municipality; and
- (f) review, as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the CAO and the Committee.

Auditor General

4A. The Chair and Vice Chair of the Committee shall review and approve the expenses of the Auditor General respecting employment and professional development expenses, such as travel, conferences and training, and for the purposes of:

- (a) the *Employment Expense Reimbursement Policy*, the Chair and Vice Chair of the Audit and Finance Standing Committee stand in the place of the business unit;
- (b) the Employee Learning & Development Policy, the Chair and Vice Chair of the Audit and Finance Standing Committee stands in the place of the approval authority; and
- (c) the Request for Education Reimbursement Policy, the Chair and Vice Chair of the Audit and Finance Standing Committee stand in the place of the manager for approval and the HRM Corporate Training office for a review to determine if it meets the conditions under the policy.

Halifax Regional Library

5. The mandate of the Audit and Finance Standing Committee shall include auditing, finance and risk management of the Halifax Regional Library.

Liaison

6. Notwithstanding section 49 of the *HRM Charter* outlining the role, independence and reporting relationship of the Municipal Auditor General, the Audit and Finance Standing Committee shall act as a liaison and communication link between the Auditor General and the Council.

7. The Audit and Finance Standing Committee shall liaison with:

- (a) the Provincial Property Valuation Service through representation on the Union of Nova Scotia Municipalities (UNSM) oversight board;

(b) the Investment Policy Advisory Committee through appointment of the Council representative to the Committee; and

(c) the Grants Committee and Special Events Advisory Committee through nomination of the Council and Citizen representatives and appointment of the Chair of the Committees from a member of the Audit and Finance Standing Committee.

Other Duties and Responsibilities

8. The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

Administration and Procedures

9. The Audit and Finance Standing Committee shall meet no less than four (4) times annually, preferably monthly, or as determined by the Committee.

10. Administrative and meeting procedures shall be in accordance with this *Administrative Order*.

11. Pursuant to clause 20(1) (c) of the *HRM Charter*, the Council delegates the power to direct staff to prepare reports to this Standing Committee provided that:

- (a) the topic of the report is consistent with the mandate of the Standing Committee as expressed in the Committee's terms of reference approved by the Council; and
- (b) the topic of the report is consistent with the Council's approved strategic priorities, budgets and policies.

11A (1) The Audit and Finance Standing Committee may hear and consider a submission or representation from any person who wishes to be heard, and each submission will be limited to five (5) minutes.

(2) If more than one person appears representing a group or association in relation to a particular item, the Audit and Finance Standing Committee may require that the persons designate a spokesperson who shall speak on behalf of the group or association so appearing.

Staff Liaison

12. Management support and liaison shall be through the Office of the Director of Finance/CFO, the Office of the Auditor General and the Office of the Director of Legal Services and Risk Management (as required) supported through the Office of the Clerk.

Subcommittees

13. (1) The Audit and Finance Standing Committee shall appoint a subcommittee to oversee the contract of the Auditor General.

(2) The subcommittee shall be comprised of the Mayor, the Chair and the Vice-Chair of the Audit and Finance Standing Committee.

(3) The subcommittee shall report, as required, to the Audit and Finance Standing Committee who, in turn, shall report to the Council.

Standing Committee Advisory Committees

14. The following Committees shall be advisory committee to the Audit and Finance Standing Committee:

COMMITTEE	TYPE	APPOINTMENT
Investment Policy	Advisory	One (1) Member shall be appointed by and from the Audit and Finance Standing Committee. The other Members shall be appointed at large.
Grants	Advisory	The Chair shall be appointed by and from the Audit and Finance Standing Committee. One (1) Member shall be appointed from each Community Council Citizen Members shall be appointed at large
Special Events	Advisory	The Chair shall be appointed by and from Audit and Finance Standing Committee. One (1) Member shall be appointed from each Community Council The Citizen/Sector Members shall be appointed at large.

**Attachment B
(Amending)**

**SCHEDULE 2 of ADMINISTRATIVE ORDER ONE
AUDIT AND FINANCE STANDING COMMITTEE
TERMS OF REFERENCE**

BE IT RESOLVED by the Council of the Halifax Regional Municipality that Administrative Order One, *the Procedures of the Council Administrative Order*, is further amended as follows:

1. Subsection 2A of section 2 is added after subsection 2 and before subsection 3 as follows

2A The Audit Committee shall consist of the Members of the Audit and Finance Committee and one (1) or two (2) persons who are not Members or employees of the Municipality and these one (1) or two (2) persons shall:

- (a) reside within the boundaries of the Municipality;
 - (b) be at least eighteen (18) years of age at the time of appointment;
 - (c) not serve concurrently on any other board or committee of the Municipality;
 - (d) satisfy any recruitment requirements as set forth in any recruitment advertisement issued by the Municipality;
 - (e) be appointed by Council in accordance with the Public Appointment Policy;
 - (g) be voting members of the Audit Committee only.
2. Subsection 4 of section 2 is amended by inserting a column in the table to the right of the column entitled "Ex Officio" with the inserted column's heading being entitled "Residents of HRM for Audit Committee" and the text below the heading stating "One (1) or Two (2)".
 3. Section 3 is amended by adding the words "meet at least twice in each fiscal year as an Audit Committee to" after the word "shall" and before the colon.

Done and passed in Council this day of A.D. 201 .

Mayor

Municipal Clerk

ATTACHMENT C – Summary of Audit Committees in Selected Canadian Municipalities

City / Committee	Membership	Description of Role / Mandate
Victoria / Finance and Audit	All Councillors – Committee of the Whole	Victoria has two Standing Committees, comprised of all members of Council, one of which (Governance and Priorities) deals with finance and audit issues. Other issues dealt with by this standing committee include strategic priorities and planning, financial and capital plans, infrastructure master plans, human resources and collective bargaining issues, legal matters and risk management issues. Recommendations are considered at a regular Council meeting. Victoria has several citizen advisory committees but none deal with Finance and Audit matters.
Vancouver / City Finance and Services Standing Committee	All Councillors – Committee of the Whole	Vancouver has two standing committees – Policy and Strategic Priorities, and City Finance and Services. City Finance and Services deals with audit and finance issues. These committees are comprised of all members of Council. Public engagement at standing committee meetings is received through written correspondence and members of the public speaking to agenda items at the meeting. Recommendations of the standing committee are considered at a regular Council meeting following the standing committee meeting.
Calgary / Audit Committee	Mayor (Ex-Officio) 4 Councillors 3 Citizens	Calgary's Audit Committee reports directly to Council and is responsible for overseeing the integrity of annual financial statements; recommending the selection and overseeing the External Auditor and City (internal) Auditor; overseeing the process of the city's Integrated Risk Management System; overseeing compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct; overseeing its governance responsibility with audit committees of the city's major autonomous civic entities; and conducting special reviews as recommended by the Audit Committee or Council.
Edmonton / Audit Committee	Mayor (Chair) 4 Councillors 2 Citizens	Edmonton's Audit Committee is responsible for providing oversight and consideration of audit matters brought forward by the City Auditor and the External Auditor. The City Auditor's reports typically focus on compliance, controls, efficiency, effectiveness, and economy of City operations. In 2009, City Council decided to expand membership of Audit Committee to include two citizens with extensive background in financial accountability in large organizations. The committee Reports directly to Council.
Winnipeg / Audit Committee	Mayor 6 Councillors	Winnipeg's Audit Committee deals with all audit matters except the evaluation of the performance of the City Auditor and external Auditor. These matters include review of financial statements, review of audit reports and reviews, oversight of internal audit plans, and review of internal controls. The committee reports through the Executive Policy Committee (Standing Committee of Councillors) to Council. There are no citizen appointments or public engagement on audit matters.
Regina / Finance and Administration Committee	4 Councillors	The Committee considers and makes recommendations relative to financial and administrative matters of the City. These matters include taxation, audits of City accounts, functions or procedures; internal City facilities and infrastructure; and all other Corporate Services matters unless those items fall specifically within the mandate of another Main Committee. The Committee has authority to interpret and modify the Council Support and Elected Official Travel Policies. The Finance and Administration Committee reports directly to City Council.

Saskatoon / Standing Policy Committee on Finance	5 Councillors Mayor (ex officio)	The policy areas for this committee include: finance; revenue collection; assessment; facilities; audits; all land matters including acquisitions, sales and leases of land, and the land development program; vehicles and equipment, not including Transit and Fire vehicles and equipment; controlled and statutory corporations; implementation of business planning and budget; and any other related area. The committee reports directly to Council. There are no citizen appointments or public engagement on audit matters.
Hamilton / Audit, Finance and Administration Committee	Minimum of 5 to 7 Councillors	Reports and make recommendations to Council on matters relating to: internal/external audits; oversight of internal control, financial reporting; human resources programs and services; programs related to financial planning and policy, treasury services, customer service, information technology, legislative services, records management, legal services, procurement and risk management, access & equity. The committee reports directly to Council.
London / Audit Committee	4 Councillors 1 Citizen	The London Audit Committee is responsible for oversight of all audit matters, including evaluation of internal and external services; reviewing the arrangements for the scope of annual audits, accounting principles (including alternatives), materiality limits incorporated in the audit, and to determine the reasonableness and adequacy of the audit fee; reviewing the auditors' report and audited financial statements; recommending the appointment of new auditors; annually reviewing and approving the work plan from the outsourced internal auditor; and receiving reports of the external and internal auditors. The committee reports directly to Council. Through local newspaper advertisements, the City of London website and postings at local library branches, qualified citizens are invited to apply for appointment as the citizen appointee. Applicants must have a CA Designation.
Ottawa / Audit Committee	6 Councillors Mayor (ex officio)	The Ottawa 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. The committee reports directly to Council. Public can attend meetings.
Toronto / Audit Committee	6 Councillors	The Toronto Audit Committee's mandate is to recommend the appointment of the City's external auditor, as well as an external auditor to conduct the annual audit of the Auditor General's office; consider the annual external audit of the financial statements of the City and its agencies, boards, and commissions; consider the external audit of the Auditor General's office; consider the Auditor General's reports and audit plan; conduct an annual review of the Auditor General's accomplishments and make recommendations to Council on reports the Audit Committee considers. Membership is limited to sitting Members of Council and the committee reports directly to Council.
Waterloo / Audit Committee	6 Citizens 2 Councillors Non-Voting Appointments Mayor, Chair of the Finance and Strategic Planning Committee, Chief Administrative Officer and Chief Financial Officer	The Waterloo committee provides review and comments in the following areas: (1) Procurement of goods and services; (2) Financial Reporting, including appointment of the external auditor, review with the external auditor the audit plan and scope of work, review the annual financial statements and recommend their approval to Council, review and advise on annually reported financial information, review reports on Performance Measures and Revenue Opportunities; (3) Provide strategic advice on budget policy and review budgeting process, monitor actual performance against budget throughout the year through review of regular variance reporting; (4) Review the City's critical accounting policies, major changes to accounting policies and major issues regarding accounting principles and financial

		statement presentation; (5) Review and provide risk assessment on major financial agreements, sale or disposition of assets as requested by Council and staff; (6) Highlight to Council emerging trends and practices that may enhance financial sustainability; (7) Review the risk assessment process and regularly monitor the application and effectiveness of the risk management policies. The committee reports directly to Council (memo attached to staff report).
York / Audit Committee	Mayor (Chair) Mayor (Vice-Chair) 4 Councillors	The York committee is a Standing Committee on internal and external auditing matters which provides recommendations directly to Council. There is no public participation on the committee, which meets quarterly or as needed.
St. John's / Audit and Accountability Standing Committee	4 Councillors 2 Citizens	Objectives of the St. John's Audit and Accountability Standing Committee include: overseeing the City's financial reporting process including internal control processes, procedures for financial reporting and the monitoring of the integrity and appropriateness of the City's financial statements; ensuring and monitoring the adequacy of financial, operational and compliance internal controls and risk management processes designed to manage significant business risk exposures; the selection, compensation, independence and performance of the external auditors; and monitoring of compliance against corporate business and strategic plans and budgetary objectives. There are two citizen representatives on the committee, selected from submissions received via a public advertisement through the City's normal communication channels. Skills in accounting and financial management are given preference.
Moncton / Internal Audit Committee	Mayor 3 Councillors	The role of the Internal Audit Committee is to examine matters related to the Internal Audit function and to provide direction to the Internal Auditor. This includes but is not limited to: approving the internal audit charter and annual audit plan; reviewing the internal audit activity's performance relative to its plan; receiving the internal auditor's reports and referring them to Council; reviewing with the Internal Auditor the internal audit budget, resource plan, activities, and organizational structure of the internal audit function; approving decisions regarding the appointment and removal of the Internal Auditor; reviewing the performance of the Internal Auditor and concurring with the annual compensation and salary adjustment at least once per year; reviewing the effectiveness of the internal audit function, including conformance; making other recommendations as appropriate. The committee reports to Council.