

Audit Committee Report Schedule

Recommendation:

That the February 5, 2010, City Auditor report 2010OCA001 be received for information.

Report Summary

This report presents a summary of Audit Committee meetings and anticipated reports from the Office of the City Auditor, Administration, and the External Auditor to fulfill Audit Committee's responsibilities as outlined in Bylaw 15310 *Audit Committee Bylaw*.

Report

- At the December 16, 2009, City Council meeting, Bylaw 15310, *Audit Committee Bylaw*, received three readings.
- Bylaw 15310 significantly enhances Audit Committee's roles and responsibilities over the following key governance areas:
 - The External Auditor
 - Financial Reporting
 - Enterprise Risk Management
 - The City Auditor
 - The City's Internal Controls
 - Administration's compliance and ethics.
- To better assist Audit Committee in fulfilling its governance responsibilities, Audit Committee requested the City Auditor to provide a list of anticipated reports in 2010.
- Attachment 1, Audit Committee Report Schedule, provides Audit Committee with a report schedule for the year so that Audit Committee

members can see the routine audit and financial reports that are scheduled to come before the Audit Committee at each meeting.

- The Report Schedule will be updated annually as necessary to reflect changes in meeting dates, regulatory requirements, authoritative guidance, and evolving oversight practices.
- In addition to the reports specifically identified for the four meetings scheduled, Audit Committee may request additional information to be brought forward pursuant to the roles and responsibilities established by the Bylaw.

Policy

Bylaw 15310, *Audit Committee Bylaw*, Section 6 states that "Committee will monitor its progress towards achieving its priorities and assess whether it needs to make adjustments ..."

Focus Area

Effective governance

Attachment

1. Audit Committee Report Schedule

Audit Committee Report Schedule

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
<p>PERIODIC REVIEW Committee will monitor its progress towards achieving its priorities and assess whether it needs to make adjustments by periodically:</p> <p>a. conducting an assessment of the effectiveness of the Committee and reporting these results to Council, and</p> <p>b. reviewing this bylaw and recommending changes to Council.</p>					✓ ✓
<p>EXTERNAL AUDITOR Committee has authority to:</p> <p>a. review the selection process and criteria, as required, for the appointment of an External Auditor;</p> <p>b. review the audit partner rotation plan with the External Auditor, including the timing and process for implementing the plan;</p> <p>c. approve the External Auditor's annual work plan, which will include: (i) staffing, (ii) objectives and scope of the external audit work, (iii) preliminary assessment of Internal Controls and computer systems, (iv) materiality limits, (v) audit reports required, (vi) areas of audit risk, and (vii) a time table for completion;</p> <p>d. receive an annual report from the External Auditor regarding the auditor's independence in accordance with professional requirements;</p>		✓	✓	✓	

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
e. review the performance of the External Auditor on an annual basis, including its capabilities, resources, and personnel assigned to the audit;		✓			
f. at least annually, review the categories of non-audit services that the External Auditor may conduct on behalf of the City;		✓			
g. at least annually, review a summary of the cost and nature of the non-audit services the External Auditor provided to the City;		✓			
h. receive and mediate any disagreements that could result in a qualified opinion, between Administration and the External Auditor regarding all aspects of the City's financial reporting;					✓
i. approve significant modifications to the External Auditor's annual work plan, as requested by the External Auditor;					✓
j. review the results of the annual audit examination with the External Auditor, including: (i) any difficulties encountered, or restrictions imposed by Administration during the annual audit; (ii) any significant accounting or financial reporting issues; (iii) the External Auditor's evaluation of the City's Internal Controls over financial reporting and Administration's evaluation thereon, including Internal Control deficiencies identified by the External Auditor that have not been previously reported to the Committee; (iv) the External Auditor's evaluation of the selection and application of accounting principles and estimates and the presentation of disclosures;		✓			

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
<p>(v) the post-audit or management letter, or other written communications containing any findings or recommendations of the External Auditor including the Administration's response, and the subsequent follow-up to any identified internal accounting control weaknesses; and</p> <p>(vi) any other matters which the External Auditor should bring to the attention of the Committee under generally accepted auditing standards; and</p> <p>k. receive comments from the External Auditor on its assessment of the effectiveness of the Committee's oversight of Internal Control over financial reporting.</p> <p>Committee has the authority and responsibility to report, and recommend to Council:</p> <p>a. the appointment or reappointment and fees of the External Auditor; and;</p> <p>b. approval of the administrative process that will be followed to ensure the impact on the independence of the external audit work is assessed prior to the External Auditor being engaged by the City, or a related party, for any non-audit services.</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>		

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
<p>FINANCIAL REPORTING Committee has authority to:</p> <p>a. review, in conjunction with Administration and the External Auditor, at least annually: (i) the appropriateness of accounting policies and financial reporting practices used by the City to satisfy the Committee that the policies are in accordance with Generally Accepted Accounting Principles for the public sector; (ii) the clarity and completeness of financial disclosures; (iii) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the City; (iv) any new or pending developments in accounting and reporting standards that may affect or impact the City; and (v) Administration’s key estimates and judgments that may be material to the City’s financial reporting;</p> <p>b. request the External Auditor to provide its views on the quality of the City’s financial reporting, encompassing: (i) judgments about the appropriateness, aggressiveness, or conservatism of estimates, (ii) any elective accounting principles or methods, and (iii) judgments about the clarity of disclosures; and</p> <p>c. review with Administration any litigation, claim, or other contingency that could have a material effect upon the financial statements or the City’s compliance requirements, and the manner of the disclosure of these matters in the statements, in accordance with Generally Accepted Accounting Principles.</p>		<p>✓</p> <p>✓</p> <p>✓</p>			

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
<p>Committee has the authority and responsibility to report, and recommend to Council:</p> <p>a. approval of the annual audited financial statements; and</p> <p>b. any further actions or decisions the Committee deems appropriate regarding the City's financial reporting.</p>		✓			✓
<p>ENTERPRISE RISK MANAGEMENT</p> <p>Committee has authority to:</p> <p>a. review the Administration's Enterprise Risk Management reports and discuss the processes for identifying and assessing risk with them;</p> <p>b. evaluate the Administration's enterprise risks and the actions that Administration is taking to achieve business objectives and outcomes; and</p> <p>c. examine the City's Risk Tolerance, and assess the action being taken to address the key identified risks consistent with the City's Risk Appetite.</p> <p>Committee has authority and responsibility to report and recommend to Council, any actions or decisions regarding the City's Enterprise Risk Management Process that the Committee deems appropriate.</p>				✓ ✓ ✓	✓

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
CITY AUDITOR					
Committee will provide oversight of the City Auditor.	✓	✓	✓	✓	
Committee will monitor the role and functions of the City Auditor.	✓	✓	✓	✓	
Committee has authority to:					
a. review all reports issued by the Office of the City Auditor, including completed projects, projects in progress and the status of audit findings;	✓	✓	✓	✓	
b. review whether Administration has taken appropriate corrective action in response to recommendations made in Office of the City Auditor reports;	✓	✓	✓	✓	
c. receive an annual report from the City Auditor demonstrating that the Office of the City Auditor is in full compliance with professional standards, including professionalism and competency;		✓			
d. review with the City Auditor any restrictions on the scope of the City Auditor's work, or access to required information;					✓
e. review and evaluate the results of periodic peer reviews of the Office of the City Auditor; and					✓
f. approve modifications to the Office of the City Auditor's annual work plan as requested by the City Auditor.					✓

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
Committee has the authority and responsibility to report and recommend to Council:					
a. any action, investigation or analysis it wishes the City Auditor to undertake;					✓
b. changes if required, to the internal audit mandate;					✓
c. the annual work plan of the Office of the City Auditor; and				✓	
d. the budget and staffing of the Office of the City Auditor.				✓	

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
<p>INTERNAL CONTROLS Committee oversees the City’s Internal Control Processes.</p> <p>Committee has authority to:</p> <ul style="list-style-type: none"> a. review reports from Administration about the City’s Internal Control systems (including information technology, security and control) over financial reporting and assess whether they are operating effectively; b. review reports from Administration about the City’s disaster recovery procedures and business continuity plans, including the City’s computer systems, and ensure that they appropriately address associated risks; c. review reports from Administration regarding the City’s policies and procedures to safeguard City assets, and assess whether these policies are operating efficiently; and d. review reports from Administration regarding the City’s internal control systems that support the achievement of business objectives and outcomes, and assess their adequacy. <p>Committee has the authority and responsibility to report and recommend to Council, any actions or decisions regarding the City’s system of Internal Controls that the Committee deems appropriate.</p>					<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>

RESPONSIBILITY	2010 AUDIT COMMITTEE MEETINGS				
	Feb 16	April 12	June 21	Nov 8	As needed
<p>ADMINISTRATION’S COMPLIANCE AND ETHICS Committee will monitor the Administration’s compliance with existing policies and legislation.</p> <p>Committee has authority to:</p> <p>a. review reports from Administration and from the City Auditor as to the adequacy and effectiveness of corporate policies related to compliance with laws, regulations, ethical principles, and conflict of interest;</p> <p>b. review reports from the City Auditor on investigations of employee conflict of interest, misconduct, or fraud in accordance with City codes of conduct, fraud and whistle blowing policies and directives; and;</p> <p>c. review reports from Administration respecting the City’s processes and controls that prevent and detect fraud and misconduct.</p> <p>Committee has authority and responsibility to report and recommend to Council, any actions or decisions regarding the Administration’s ethics and compliance with policies and legislation that the Committee deems appropriate.</p>	✓	✓	✓	✓	✓