



Audit Committee

TERMS OF REFERENCE

MANDATE/OBJECTIVES

The objective of the Audit Committee is to assist Vaughan Council in the discharge of governance, accountability and controllership responsibilities by ensuring risks are being appropriately addressed through a strong governance, risk/control and compliance framework, appropriate stewardship and an effective internal audit activity.

This includes reviewing and advising on:

1. the integrity, quality and transparency of the City of Vaughan's financial, management and operational information.
2. the effectiveness of the financial and management reporting processes.
3. the effectiveness of risk management and control processes and practices.
4. the performance of the Internal Audit activity and assessing the effectiveness of the External Audit function.
5. ethical business conduct and compliance with the City's Employee Code of Conduct.

TERM

Audit Committee members shall be appointed by Council, based on the Term of Council, or until successors are appointed. If an Audit Committee member ceases to be a member before the expiration of their term, Council will appoint another eligible person for the remainder of the term.

MEMBERSHIP

The Audit Committee shall be comprised of a maximum of four Members of Council and two appointed citizen members. All Audit Committee members will have full voting privileges. Audit Committee members are expected to gain familiarity with the City's Audit Committee Charter, Internal Audit Policy and the City's Procedure By-law. Members will be expected to contribute their expertise actively during meetings of the Audit Committee.

The Audit Committee will elect from its members a Chair and Vice-Chair. The election will be held at the Audit Committee's first meeting of a new term. In the event that neither the Chair nor Vice-Chair is in attendance at a meeting, the members in attendance shall elect a Chair for that meeting.

MEETING PROCEDURES

The proceedings of the Audit Committee are to be governed by the City's Procedure By-law.

AGENDAS AND REPORTING

Agendas shall be prepared by the Office of the City Clerk in consultation with the Director of Internal Audit and the Committee Chair. Agendas shall be posted on the City's website one week prior to the scheduled date of the meeting or as soon as practicable.

After each Audit Committee meeting, the City Clerk shall submit a report in the City's committee report format to the Committee of the Whole.

MEETINGS

The Audit Committee will be scheduled to meet a minimum of five times each year in order to provide Council with timely information. Additional Audit Committee meetings may be held at the recommendation of the Director of Internal Audit, the External Auditor, or by call of the Audit Committee Chairperson or the City Clerk.

Meetings are to be open to the public in accordance with the *Municipal Act, 2001*.

For the consideration of confidential matters, the Audit Committee has the authority under the City's Procedure By-Law and the *Municipal Act, 2001* to go into closed session.

NOTICE OF MEETINGS

Meetings will be noted on the Schedule of Meetings calendar posted on the City's website.

QUORUM

The majority of members, including the Chair, shall constitute quorum.

STAFF RESOURCES

The role of staff is to act as a resource to the Audit Committee, but not to be members of the committee or to deliberate or draft the findings of the committee. The following staff and/or their delegate will provide advisory and technical support specific to the mandate and objectives of the committee:

- Director of Internal Audit
- External Auditor
- City Manager
- Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer (CFO)
- City Solicitor

The Office of the City Clerk will be responsible for agenda production and distribution, the giving of procedural advice and the recording of the proceedings of the committee.

The attendance of additional staff members at Committee meetings shall be at the discretion of the Audit Committee chair.

AUTHORITY

The Audit Committee acts as a forum for communication among Council, Management, Internal Audit and the External Auditors. The Audit Committee, within the scope of its roles and responsibilities, is authorized to:

- approve investigations into any matters it deems necessary.
- obtain any information it needs from Internal Audit, the External Auditor and Management.
- request the attendance of any employee or external party at Audit Committee meetings.
- discuss any matters with the Director, Internal Audit.

AMENDMENT/EXPANSION OF TERMS OF REFERENCE

Only Council can approve any amendment and/or expansion of the Terms of Reference.

ELIGIBILITY AND RECRUITMENT PROCESS

The following outlines the eligibility and recruitment process for appointing independent qualified members of the public to serve on the City's Audit Committee:

ELIGIBILITY

The prospective candidate must:

- be a resident, owner or tenant of land in the city of Vaughan or a non-resident, Vaughan based organizational or business representative.
- have completed the Certified Internal Auditor (CIA) designation or an Accounting Designation (CPA). Other designations, such as the Certification in Risk Management Assurance (CRMA), Certified Information System Auditor (CISA) or a Certified Fraud Examiner (CFE) will also be considered.
- have completed a University Degree, including a degree specializing in Business Administration (MBA, BBA, etc.) or Public Administration would be considered an asset.
- have a minimum of 10 years of professional experience.
- be independent of the internal or external auditors of the City of Vaughan.
- be independent of the Mayor and Members of Council and the City's Administration.
- have satisfactory criminal record check.

The prospective candidate cannot be:

- an elected official of the Region of York Council or of the Council of a municipality in the Region of York.
- a current employee of the City of Vaughan or an employee of any municipality within and including the Region of York.
- a current vendor or have any other business interest with the City of Vaughan.

DESIRED COMPETENCIES

The prospective candidates must:

- have a strong understanding of the City's risks, including, strategic, operational, financial, compliance and reputational risks.
- have a broad awareness of the interrelationship of the City's operations and its financial reporting.
- possess financial expertise including an understanding of financial statements and financial controls.
- have an aptitude for complex organizational effectiveness and governance.
- possess information technology expertise or background including IT Governance, IT Security and Information Management.
- be a professional who, in the course of their duties, is required to adhere to codes or standards of their profession.
- possess a strong passion for the City of Vaughan, working collaboratively to advance the City's strategic mission, vision and goals.
- have demonstrated ability to innovate and develop strategic vision.
- understand the difference between the oversight function of the Audit Committee and the decision-making function of management.
- have excellent verbal, written, listening, teamwork, and collaboration skills.
- have prior Audit Committee experience or working on a committee, task force or similar setting would be considered an asset.

- be expected to gain familiarity with the City's Audit Committee Charter, Internal Audit Policy and the City's Procedure By-law 7-2011.
- contribute their expertise actively during meetings of the Audit Committee.

NON-ELECTED MEMBER SELECTION PROCESS

The Audit Committee Charter and a posting outlining the eligibility criteria and desired competencies for the position will be posted on the City's website. Advertisements may also be placed in local newspapers.

Applicants will be required to communicate their qualifications and experience in a cover letter and resume.

The Director of Internal Audit will review all the applications and develop a short-list of prospective candidates based on those applicants whose qualifications best meet the eligibility and desired competencies for the position. The short-listed candidates will be contacted by the Office of the City Clerk to attend an in person or virtual interview. The interview panel will include the City Clerk, the Director of Internal Audit and the Deputy City Manager, Corporate Services, City Treasurer and CFO.

After the interview is complete, the Interview Panel shall forward a report to Committee of the Whole – Closed Session with a recommendation regarding the suitability of the prospective candidates. Council shall appoint non-elected members to the Audit Committee.

The term of membership for new members appointed through this process will coincide with the term of Council.

If an appointed member ceases to be a member before the expiration of their term, Council may appoint another eligible person for the remainder of the term of Council.