



By-law Number 241-2004

A By-law to adopt Terms of Reference for the  
Audit Committee and to repeal By-law 627-93

WHEREAS the Council of The Corporation of the City of Mississauga wishes to continue to demonstrate a high level of public accountability and to continue to provide assurance to the public that municipal services are administered in an efficient, effective and economical manner,

AND WHEREAS Council has responsibilities regarding financial and other reporting, internal control and compliance with laws, regulations and ethics;

AND WHEREAS Council wishes to continue to ensure an impartial, objective and independent assessment of the management of the City;

AND WHEREAS Sections 64 and 65 of the Council Procedure By-law, By-law Number 0421-2003, established the Audit Committee and provided for Council to adopt Terms of Reference for the Committee;

AND WHEREAS Council wishes to adopt the Terms of Reference for the Audit Committee as set out in the attached Schedule 'A', in place of the terms forming part of By-law Number 627-93;

NOW THEREFORE the Council of The Corporation of the City of Mississauga ENACTS as follows:

1. THAT the Terms of Reference for the Audit Committee as set out in the attached Schedule 'A' are adopted and shall form part of this by-law;
2. THAT By-law Number 627-93 is repealed.

ENACTED and PASSED this 9th day of June, 2004

Signed by: Frank Dale, Acting Mayor and Crystal Greer, City Clerk

SCHEDULE 'A' TO BY-LAW NUMBER 241-2004

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

1. **Objective**

The Audit Committee assists Council in the provision of effective municipal government by overseeing the administrative systems regarding financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the efficient and effective use of resources. The Audit Committee provides a focal point for communication between Council, the External Auditor, the Internal Auditor and management, and facilitates an impartial, objective and independent review of management practices through the internal and external functions.

2. **Composition**

The Audit Committee is comprised of three members of Council who are appointed annually by Council, with the Mayor also being a member ex-officio. The term of office for the Audit Committee runs from January 1 to December 31 in a given year. Two members constitute a quorum. The Mayor, as ex-officio, shall not be counted for the purpose of establishing or fulfilling a quorum.

3. **Meetings**

At its first meeting of each year the Audit Committee shall elect a Chairperson from among its members.

The Audit Committee shall meet at least four times per year, with additional meetings at the call of the Chairperson in order to properly discharge its responsibilities as set out in this by-law.

Minutes shall be prepared and distributed to all Members of Council for each Audit Committee meeting and shall be presented to the next succeeding meeting of Audit Committee for confirmation.

4. **Responsibilities**

The Audit Committee is responsible for making recommendations to Council regarding the following:

## The External Audit Function

- selecting and dismissing the external auditor,
- reviewing the terms of engagement, fees and scope of the audit and any non-audit services provided,
- reviewing any reports and correspondence from the External Auditor relating to The Corporation of the City of Mississauga, the Mississauga Public Library Board, the Business Improvement Area Boards and any other local boards or agencies which may be created, including communication from the External Auditor on relationships between the External Auditor and The City and its local boards and agencies, and on any matters that may have a bearing on the independence of the External Auditor,
- evaluating the external auditor's performance,
- reviewing with management and the External Auditor the result of the audit performed including any difficulties encountered.

## The Internal Audit Function

- reviewing and approving the mandate of Internal Audit and ensuring that all of the City's operations are subject to review by Internal Audit,
- concurring with the appointment or removal of the Director of Internal Audit to assist in safeguarding the independence of the Internal Audit function,
- reviewing the workplan, staffing, and budget of Internal Audit,
- reviewing requests for special studies and investigations made by members of Council,
- reviewing reports from the City Manager and the Director of Internal Audit identifying audit issues and the steps taken to resolve them,
- reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved,
- reviewing any qualify assurance reviews which may have been conducted in accordance with the Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing.

## Financial and Other Reporting

- reviewing the annual financial statements of the City and its local boards prior to presentation to Council,
- reviewing financial and fiscal policies, practices and procedures (eg. accrual policy, deferred revenue policy, policies for establishing reserves, reserve funds, etcetera),
- reviewing information used for decision making (including management reports, affirmations, etcetera), as to integrity, timeliness and comprehensiveness,
- reviewing significant current or pending litigation and outcome, where applicable.

## Internal Control

- reviewing the adequacy of the internal control systems for safeguarding assets, including the review of policies and procedures,
- reviewing management and program performance regarding the efficiency, effectiveness and economy in the use of resources,
- reviewing the effectiveness of corporate reporting systems regarding administrative and program performance (for example, budget monitoring systems).

## Compliance

- reviewing the level of compliance with legislation, regulations, corporate objectives, policies and ethics,
- reviewing the adequacy of the systems established to ensure compliance,
- reviewing by-laws and policies specifically regulating the conduct of members of council, staff, and suppliers (for example, personnel, fraud and theft policies, conflict of interest policy, purchasing by-law, budget control by-law, expense claims policy, etcetera),
- reviewing significant cases of employee conflicts of interest, misconduct, or fraud and their resolution.

## General

- reviewing and approving the scope, terms of reference and fees of professional services retained for purposes related to the Audit Committee's responsibilities,
- receiving an annual report from the City Manager summarizing progress made in resolving issues raised by both internal and external audit,
- providing opportunities for private discussion of sensitive matters raised by the External Auditor, the City Manager, or the Director of Internal Audit relating to personnel, legal, or other matters which could be prejudicial to the corporate interest if discussed in open committee,
- reviewing the Audit Committee Mandate periodically and recommending modifications to Council, as necessary,
- any other matter which could come within the purview of internal or external audit.