

A by-law to amend By-law 0049-2024, being
a by-law to adopt terms of reference for the
Audit Committee

WHEREAS The Corporation of the City of Mississauga (the "City") has undertaken a review of the terms of reference for its Audit Committee;

AND WHEREAS the City deems it necessary and desirable to amend the Audit Committee terms of reference so that it is current and aligned to the new *Global International Audit Standards* which take effect on January 9, 2025;

AND WHEREAS on _____, the Council for the City passed Resolution _____ approving Audit Committee Recommendation _____ to amend the Audit Committee Terms of Reference By-law 0049-2024 as necessary;

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

1. That the Audit Committee Terms of Reference By-law 0049-2024 is amended by deleting Schedule "A" (Terms of Reference for the Audit Committee) and replacing it with the attached Schedule "A" to this By-law.

ENACTED and PASSED this _____ day of _____, 2024.

Approved by Legal Services City Solicitor City of Mississauga
Tushar Sharma
Date:
File: LA.25-24.310

MAYOR

CLERK

Schedule "A" to By-law _____

Terms of Reference for the Audit Committee

1. Mandate

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 audit functions.

2. Composition

The Audit Committee is comprised of the Mayor, who is an ex-officio member, and four members of Council who are appointed by Council. The term of office for the Audit Committee shall be concurrent with the term of Council, or until successor(s) are appointed. Three members constitutes a quorum.

Council shall conduct a review of the appointments to the Audit Committee at the end of the second year of the term of Council to enable Council to determine if any changes to the appointments are desired. If Council makes any changes to the appointments, the term of office of any new appointee shall be concurrent with the balance of the term of Council, or until a successor is appointed.

3. Meetings

At its first meeting of each term of office, the Audit Committee shall elect a Chair of Audit Committee from among its members. The Chair shall then appoint one of the other four Members of Audit Committee as Vice-Chair.

If the office of Chair of Audit Committee becomes vacant for any reason during a term of office of the Audit Committee, the Audit Committee shall elect a new Chair of Audit Committee from among its members.

The Audit Committee shall meet up to 4 times per year, and during a Municipal election year, the Committee shall meet up to 3 times per year, in order to properly discharge its responsibilities as set out in this by-law. When necessary, additional meetings may be held and/or cancelled at the call of the Chair of Audit Committee or City Clerk.

An Agenda shall be prepared and distributed to all Members of Council for each regular Audit Committee meeting and the business of the Committee shall be taken up in the order in which it appears on the Agenda, under the following headings:

- Call to Order;
- Declarations of (Direct or Indirect) Pecuniary Interest;
- Minutes of Previous Meeting;
- Approval of Agenda;
- Presentations/Deputations;
- Matters to be Considered;
- Committee Member Inquiries;
- Adjournment.

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

- the selection and dismissal of the External Auditor in accordance with the requirements of Section 296 of the *Municipal Act, 2001*,
- the terms of engagement, fees and scope of the audit and any non-audit services provided,
- review with management and the External Auditor the result of the audit performed including any significant accounting estimates and adjustments to the statements required as a result of the audit, and any difficulties encountered in the course of the audit,
- review 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, Enersource Corporation, Mississauga Tourism 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,
- evaluate the performance, qualifications, independence, effectiveness and tenure of the External Auditor.

The Internal Audit Function

Internal Audit Charter and Function

- discuss with the Director, Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function,
- discuss with the Director, Internal Audit and senior management other topics that should be included in the Internal Audit Charter,
- participate in discussions with the Director, Internal Audit and senior management about the “essential conditions” described in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function,
- review and approve the Internal Audit Charter, including the mandate of Internal Audit and scope and types of Internal Audit services,
- review and approve the Internal Audit Charter periodically with the Director, Internal Audit to consider changes affecting the organization, such as changes to the type, severity, and interdependencies of risks to the organization,
- ensure a quality assurance and improvement program has been established and review results annually.

Audit Planning and Execution

- review and approve the risk-based audit work plan,
- review Internal Audit reports issued during the year,
- receive communications from the Director, Internal Audit about the Internal Audit function, including its performance relative to its plan,
- ensure the Internal Audit recommendations are implemented by reviewing the status of outstanding recommendations report from the City Manager and Chief Administrative Officer,

- review the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved,
- make appropriate inquiries of senior management and the Director, Internal Audit to determine whether scope or resource limitations are inappropriate.

Internal Audit Function Independence

- review staffing and budget of Internal Audit,
- review the appointment or removal of the Director of Internal Audit to assist in safeguarding the independence of the Internal Audit function, ensuring adequate competencies and qualifications, and conformance with the Global Internal Audit Standards,
- provide input to senior management on the Director, Internal Audit's performance,
- ensure the Director, Internal Audit has unrestricted access to and communicates and interacts directly with the Audit Committee, including private meetings without senior management present,
- review requests for special studies and investigations made by members of Council,
- ensure all internal audit activities are free from interference and related implications.

Financial and Other Reporting

- review the annual audited financial statements of the City and its local boards, and the Management Letter prepared by the External Auditor, prior to presentation to Council,
- review financial and fiscal policies, practices and procedures (e.g. accrual policy, deferred revenue policy, policies for establishing reserves, reserve funds, etc.),
- review information used for decision making (including management reports, affirmations, etc.), as to integrity, timeliness and comprehensiveness,
- review new accounting standards or initiatives that may impact future financial statements,
- review significant current or pending litigation and outcome, where applicable.

Internal Control

- review the adequacy of the internal control systems for safeguarding assets, including the review of policies and procedures,
- review management and program performance regarding the efficiency, effectiveness and economy in the use of resources,
- review the effectiveness of corporate reporting systems regarding administrative and program performance (for example, budget monitoring systems),
- review results of programs related to monitoring and mitigation of fraud, including summaries of investigations, whistleblower and fraud reports.

Compliance

- review with the City's legal counsel, any matter that could have a significant impact on the City's financial statements or operations,
- review the level of compliance with legislation, regulations, corporate objectives, policies and ethics,

- review the adequacy of the systems established to ensure compliance,
- review by-laws and policies specifically regulating the conduct of members of Council, staff, and suppliers (for example, human resources, fraud and theft policies, conflict of interest policy, procurement by-law, budget control by-law, expense claims policy, etc.),
- review significant cases of employee conflicts of interest, misconduct, or fraud and their resolution.

General

- review and approve the scope, terms of reference and fees of professional services retained for purposes related to the Audit Committee's responsibilities,
- receive report(s) from the City Manager summarizing progress made in resolving issues raised by internal or external audit,
- provide opportunities for private discussion of sensitive matters raised by the External Auditor, the City Manager, or the Director of Internal Audit relating to human resources, legal or other matters which could be prejudicial to the corporate interest if discussed in open committee,
- review the Audit Committee Terms of Reference periodically and recommend modifications to Council, as necessary,
- any other matter which could come within the purview of internal or external audit.