



SUBJECT: Audit Committee subcommittee to review Terms of Reference

TO: Audit Committee

FROM: Office of the City Clerk

Report Number: CL-19-21

Wards Affected: all

File Numbers: 130-02

Date to Committee: June 9, 2021

Date to Council: June 22, 2021

Recommendation:

Approve the creation of an Audit Committee subcommittee to review its terms of reference as outlined in the terms of reference document "Audit Committee Terms of Reference Subcommittee" as attached as appendix B to Office of the City Clerk report CL-19-21; and

Appoint the following Audit Committee members to the Audit Committee Terms of Reference Subcommittee:

- One Member of Council from Audit Committee
- Two Community members from Audit Committee

Appoint a Subcommittee Chair from the selected Audit Committee members.

PURPOSE:

Vision to Focus Alignment:

- Building more citizen engagement, community health and culture
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Background and Discussion:

On December 14, 2020 Council passed staff direction SD-30-20 seeking potential amendments to the Procedure By-law (By-law). A portion of that staff direction focused on the Audit Committee Terms of Reference:

Provide clarity on items that are provided to Audit Committee versus Corporate Services, Strategy, Risk and Accountability Committee. (CSSRA)

Throughout Q1 2021 staff reviewed the request and recommended a slate of changes to Council's Procedure By-law, approved by Council on April 20, 2021, resulting in By-law 31-21. The Audit Committee Terms of Reference (TOR) clarification was deferred to a subsequent amendments package. This extra time would allow staff to prepare a report to the Audit Committee to review their TOR document regarding corporate control framework and risk management.

Based on the initial review, coupled with the comments made by Members of Council at the CSSRA meeting on April 7, 2021 staff are recommending that a subcommittee be struck to review the Audit Committee TOR. In accordance with the current TOR, a review was to be completed in 2019. Therefore, along with a review of the corporate control framework and risk management, the subcommittee will also review its entire TOR as part its regularly scheduled review. A copy of the current version of the Audit Committee Terms of Reference is attached as appendix A to this report.

Corporate Services Strategy Risk and Accountability

The CSSRA reference in the Procedure By-law was established though report CL-01-19 and subsequently By-law 04-20 in January 27, 2020. The current Procedure by-law has the following listing:

Duties of the Corporate Services, Strategy, Risk & Accountability Committee

The Corporate Services, Strategy, Risk & Accountability Committee will meet and report to Council on:

- a) matters under the jurisdiction of the City Manager's Office, Office of the City Clerk, Corporate Communications & Engagement, Corporate Strategy, Customer Experience, Finance, Human Resources, Information Technology Services, and Legal Services departments;
- b) the operating and capital budgets;
- c) all public meetings under the Development Charges Act, 1997, S.O. 1997, c. 27;
- d) Burlington Strategic Plan and Vision to Focus work plan;
- e) matters arising from the following board and advisory committee:
 - Burlington Enterprises Corporation
 - Burlington Inclusivity Advisory Committee (BIAC)

With the creation of the CSSRA there is an overlap of corporate control framework and risk management roles and responsibilities between CSSRA and Audit as they are both standing committees. The Audit committee TOR must be reviewed to provide role clarity within the standing committee structure.

Corporate Control Framework and Risk Management

In terms of the review the following audit functions should remain with Audit Committee:

- i. Financial Statements
- ii. External Audit Function
- iii. Internal Audit Function (City Auditor)

The subcommittee is directed to review the areas related to the Corporate Control Framework and Risk Management specifically regarding matters/reporting:

- Risk Governance Framework and Enterprise Risk Management Strategy
- Corporate Project reporting/risk management
- IT security reporting
- Health & Safety
- Risk Management

Reviewing these portions of the current TOR will be one of the main focal points for the subcommittee. To support the discussion the Executive Director, Strategy, Risk & Accountability and the new City Auditor will provide support to the working group as a resource. The additional review and the subcommittee resources are included in a Terms of Reference document for approval, attached as Appendix B to this report.

The Procedure By-law and the Audit Committee

The Office of the City Clerk recommends adding portions of the Procedure By-law which pertain to specific Audit Committee procedural rules (e.g. quorum, membership, election of Chair) as part of the Audit TOR document. The TOR document would then be added to the Procedural By-law as a schedule. The listing of Audit Committee with the standing committees would remain in the By-law (section 15), and so shall its classification as a standing committee.

Strategy/ Process

A committee that regularly reviews its terms of reference is an essential exercise and is part of the proper upkeep of a functioning committee. In addition, providing clarity amongst the City of Burlington's standing committees, allows for a higher functioning governance system, with no overlap of subjects, which may lead to a duplication of reports with the same item sent to separate committees. In addition, having a clear understanding of what goes to which committee also allows the public to anticipate where items will be brought forward and enhances the overall accountability and transparency of the committee system.

Once the subcommittee has made its recommendations on the TOR, their marked-up version and any rationale for changes to be provided to the City Clerk. The Office of the City Clerk will then work to consolidate these changes and report back to the Audit

Committee in December 2021 with a recommendation to approve the new terms of reference.

Options Considered

The review of the Audit Committee TOR is a function of the Audit Committee and should be completed. There are no other options that can be presented at this time.

Financial Matters:

Not Applicable.

Climate Implications

Meetings of the subcommittee will be completed virtually and therefore members will not have to travel to a physical location. Where possible meeting materials will be emailed to the subcommittee. Making these changes will help to reduce the Office of the City Clerk's carbon footprint for its programming.

Engagement Matters:

Subcommittee meetings are not public. During the review process, members of the public may send correspondence by way of the Audit Committee. The correspondence will be circulated to all members, including those on the subcommittee. In addition, the public will be able to comment on the recommendation and amended Audit TOR when it is brought forward to Audit Committee. Any previously circulated correspondence would be brought forward to be received and filed when the Audit TOR is presented at Committee.

Conclusion:

The review of the Audit Committee is overdue. Along with the review the subcommittee is requested to review the corporate control framework and risk management as there is currently an overlap between CSSRA and Audit. Resolving the risk overlap will assist staff when preparing related items to a standing committee and will help to provide greater accountability and transparency to the public.

Respectfully submitted,

Kevin Arjoon

City Clerk

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Appendices:

- A. Audit Committee current Terms of Reference
- B. Audit Committee Terms of Reference subcommittee

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.