

AUDIT COMMITTEE
Terms of Reference

Composition:

- Minimum of five members of Council
- The Mayor, who is an *ex-officio* member
- Minimum of one to a maximum of three citizen members

Term of Office: Concurrent with the term of Council, ending November 30, 2026, or until successors are appointed

Established by: Council Resolution

Meetings: Quarterly, or as required by the Chair

Reports to: City Council

Supported by: City Clerk's Office

Qualifications:

Elected Officials:

- Where feasible, a background in finance, audit, or accounting would provide the Committee with additional expertise

Citizen Member(s):

- Lives and/or operates a business in Brampton
- Has a professional Accounting designation with a minimum 10 years of experience
- Demonstrates skill in strategy and innovation
- Proficient in accounting and auditing
- Displays exceptional verbal, written, listening, teamwork and collaboration skills

Objectives of the Audit Committee:

The objective of the Audit Committee is to enhance Council's understanding of financial and control reporting both internally (as provided by the City's Internal Audit Division) and statutorily (as provided by the City's Auditors). The Committee enables Council to fulfill its oversight and stewardship responsibilities. The Committee also provides a focal point for improved communication between Council, the Internal and Statutory Auditors, and Management. The Committee strengthens the impartial, objective and independent review of management practices through the internal and statutory audit functions. In particular, the Committee's objectives are to:

- Demonstrate a higher level of public accountability;

- Provide additional assurance to the public that City services are administered in an effective, efficient and economical manner;
- Ensure compliance with legislation for public reporting;
- Ensure compliance with Corporate policies and procedures;
- Ensure the safeguarding of City assets; and
- Ensure impartial, objective and independent review of processes for City operations.

Responsibilities of the Audit Committee

The Audit Committee is responsible for:

Statutory Audit Function

Making recommendations to City Council regarding the following:

- The selection and dismissal of the City’s statutory Auditor(s) in accordance with the requirements of Section 296 of the Municipal Act, 2001;
- The terms of engagement, fees and scope of the audit services provided;
- The review and approval of the annual Audited Financial Statements; and
- The review and receipt of reports.

Financial and Other Reporting

- Reviewing the annual Management Letter prepared by the City’s statutorily appointed auditors and the related management responses.

Internal Audit Function

Internal Audit Charter and Function

- Discuss with the Director, Internal Audit and CLT the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Discuss with the Director, Internal Audit and CLT other topics that should be included in the internal audit charter.
- Reviewing and approving the Internal Audit Charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter periodically with the Director, Internal Audit, to consider changes affecting the organization, such as the employment of a new Director, Internal Audit, or changes in the type, severity, and interdependences

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of risks to the organization; and approve the internal audit charter periodically (typically annually).

- Participate in discussions with the chief audit executive 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.
- Ensure a quality assurance and improvement program has been established and review the results annually.

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Audit Planning and Execution

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- Reviewing and approving the risk-based internal audit work plan as recommended by the Director of Internal Audit;
- Reviewing Internal Audit reports issued during the year;
- Reviewing the adequacy of management responses to audit concerns in relation to the risks and costs involved;
- Ensuring the Internal Audit recommendations are implemented by reviewing Internal Audit’s follow up reports;
- Receive communications from the Director, Internal Audit about the internal audit function including its performance relative to its plan.

The Appointment and Termination of the Director of Internal Audit

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- Actively participate in discussions about and approving decisions regarding the appointment and removal of the Director, Internal Audit, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Review and approve together with the CAO the performance of the Director, Internal Audit.
- Approve decisions relating to the remuneration of the Director, Internal Audit.

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Budget and Resourcing

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- Approve Internal Audit’s budget and resource plan.
- Review the internal audit function’s expenses.

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Internal Audit Function Independence

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- Ensuring all Internal Audit activities are free from interference and related implications.
- Make appropriate inquiries of senior management and the Director, Internal Audit to determine whether scope or resource limitations are inappropriate.

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• ~~Reviewing the Audit Committee mandate periodically;~~

- Communicating and meeting independently with the Director of Internal Audit as appropriate.
- Any other matters that could come within the scope of the auditors.

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