

---

**Subject:** Update to Audit Committee Terms of Reference

**Report to:** Audit Committee

**Report date:** Monday, May 10, 2021

---

## Recommendations

1. That the updated Audit Committee Terms of Reference, Appendix 1 to Report AC-C 6-2021, **BE APPROVED**.

## Key Facts

- At the Audit Committee meeting of February 8, 2021 members requested that staff review the current Terms of Reference and provide updates as necessary, including considering the merits of having non-Regional councillors participate as members.
- The previous update to the Audit Committee Terms of Reference was approved by Council on June 29, 2017.
- This update is provided following a scan and discussions with several comparable jurisdictions to ensure best practices are considered and Niagara Region's Audit Committee remains accountable and progressive in its oversight capacity and role.

## Financial Considerations

There are no financial impacts related to the recommendations within this report. If Council proceeds with either area of analysis below there could be a financial impact based on potential remuneration and staffing impact.

## Analysis

The only change to the Audit Committee Terms of Reference was removing reference to the former Internal Control and Organizational Performance (ICOP) office. All other changes are minor in nature to ensure the document reflect current operating procedures.

## Audit Committee Composition Considerations:

- The current Terms of Reference calls for, at a minimum, three councillors, in addition to the Regional Chair. The four members, as is stated, should have

financial literacy and familiarity with the Region's accounting, operating and financial reporting structure.

- Several municipalities, including Peel Region, Cities of Burlington, Vaughan, Thunder Bay, Brampton and London allow for non-councillors to be active and full members of their Audit Committee.
- Niagara Region does not provide any remuneration for non-elected committee members which is consistent with all other municipalities scanned.
- External members' participation could provide a specific skill set or certification that may not exist within the current Audit Committee members, such as CPA, CIA or Forensic Auditing designation.
- Majority of reports are available for public review, however non-council members would be required to sign an oath of confidentiality to fully participate in in-camera sessions.
- Non-council membership should be capped such that the majority of voting members at all Audit Committee meetings should still be elected representatives
- All Audit Committee reports and recommendations are still approved and ratified by Regional Council.

## **Alternatives Reviewed**

Due to the potential confidentiality of reports, the time commitment to implement a process of advertising, interviewing, educating potential new audit committee members and in light of the limited remaining term of Council, staff are not recommending the addition of external committee members at this time.

## **Relationship to Council Strategic Priorities**

Effective internal and external audit reporting and processes align with current Council's Strategic Priority – Sustainable and Engaging Government. The goal of this strategic initiative is a commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.

## **Other Pertinent Reports**

AC-C 9-2017 Audit Committee Terms of Reference

AC-C 32-2018 – Audit Committee Terms of Reference

---

**Prepared by:**

Helen Chamberlain, CPA, CA  
Director, Financial Management and Planning, and  
Frank Marcella, MPA, CRMA  
Manager, Internal Audit

---

**Recommended by:**

Todd Harrison, CPA, CMA  
Commissioner, Corporate Services/Treasurer

---

**Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

**Appendices**

Appendix 1 – AC-C 6-2021 - Audit Committee Terms of Reference