

Audit Committee

TERMS OF REFERENCE

1. ENABLING LEGISLATION

The Town's procedural by-law provides that Council may at any time as is deemed necessary to establish a Committee for matters within its jurisdiction.

The Audit Committee was established through the adoption of resolution 637-2009.

2. MANDATE

The primary function of the Audit Committee is to assist the Council in maintaining the accountability and financial integrity of the municipality by ensuring:

- the corporate financial reporting and the annual financial statements are credible, objective and meet all legislative requirements; and
- that best management practices and controls are developed and implemented by management and staff; and
- better communication between Council and the external auditors by enhancing the external auditor's independence.

Community Work Plan

This mandate complements the governance initiative identified in the Town's Community Work Plan and the general policies of the Caledon Long Term Strategic Financial Plan.

Deliverables

The Committee will accomplish its mandate by:

1. Providing advice and recommendations to Council with respect to the financial control framework including financial reporting, accounting policies, information systems integrity, approval processes and the safeguard of assets.
2. Providing advice and recommendations to Council with respect to the appointment of the External Auditor, the scope and timing of the audit.
3. Reviewing and providing recommendations to Council regarding the annual report and management letter of the External Auditor.
4. Making recommendations with respect to the work plan of the Corporate Services Department (Finance) and to provide comment and advice with respect to the recommendations of the Corporate Services Department (Finance) respecting the issues of internal financial control.

5. Providing advice and recommendations to Council with respect to any special project or issue as requested by Council.

Timeframe

On-going.

3. TYPE OF COMMITTEE

Advisory Committee

4. MEMBERSHIP AND ROLES AND RESPONSIBILITIES

1. Composition

The Audit Committee is composed of the following Members:

| Role | Member Name |
|------------------------------|--|
| Committee Chair | To be determined |
| Vice Chair | To be determined |
| Councillors | 3 Members of Council – Voting Members |
| Support Staff | Financial Analyst Treasurer Chief Financial Officer Chief Administrative Officer Legislative Support - TBD |
| Departmental Representatives | Directors and Managers as may be required from time to time |
| External Resources | Town’s Auditor |

A Members term on the committee shall be concurrent with the Term of Council or until a successor is appointed.

2. Roles and Responsibilities

A Chair and Vice-Chair shall be appointed at the first meeting of the Committee and shall serve in this capacity for a minimum of 2 years.

The Chair’s main role is to facilitate meetings.

The Committee will review and confirm at the end of the second year of the each term of Council the appointments of the Chair and Vice-chair.

3. Qualifications

Member of Council

5. MEETING SCHEDULE

The Committee is to meet at least three (3) times annually, as set out below, and as many additional times as the Committee deems necessary.

April/May

- To recommend approval of the annual financial statements

June

- To review the external auditors' management letter with senior management

October/November

- To review and approve the scope of the external audit
- To follow up with senior management on the disposition of the previous external auditor's management letter

Established meeting dates and times shall not be changed unless circumstances warrant special consideration.

Agendas for the committee meetings will be made available to the public in accordance with the notice provisions of the Town's procedural by-law. Flexibility will allow meetings to be held in various locations throughout the community. However, meetings will generally be held at the Town of Caledon Town Hall in Caledon East.

Three or more consecutive cancellation of meetings shall result in a report to Council for evaluation as to the Committee's mandate and functionality except in the following situations:

- Some committees may determine that meetings shall not be held during the summer months and possibly December to recognize holiday schedules as they relate to quorum requirements.
- During a Municipal election year, meetings shall be cancelled where possible in the last quarter.

6. REPORTING REQUIREMENTS AND METHOD

Specific Requirements

This Committee is established by Council and reports to Council.

Written reports/minutes from this Committee shall be submitted to Council after each meeting.

General Requirements

The Committee shall make recommendations to Council in response to a request from either Council or staff in the area of the Committee's mandate.

The Committee may make recommendations on issues within their mandate for Council's consideration.

Annual Report

The Committee through the Town Treasurer will prepare an annual report on the previous year's audit.

The achievements of the Committee shall be included in the Committee's Annual Report and Work Plan, and shall be presented to Council at a time established by staff.

7. BUDGET AND RESOURCES

Resource Budget

The following Town of Caledon staff resources will be required per meeting for the successful operation of this Committee:

| Staff Resource | Time Commitment (FTE equivalent) per meeting - estimate |
|-------------------------------------|---|
| Staff: Committee Coordinator | FTE - 4 hours |
| Staff: Financial Analyst | FTE - 4 hours |
| Staff: Town Treasurer | FTE - 4 hours |
| Staff: Chief Financial Officer | FTE - 4 hours |
| Staff: Chief Administrative Officer | FTE - 4 hours |
| Staff: Directors and Managers | FTE - 2 hours |

8. CONFLICT OF INTEREST

Members should be cognizant of perceived conflicts in terms of issues which may serve to benefit them personally. Members shall not use their status on a Committee for personal or political gain.

A Committee member shall have regard for the Corporate Policy addressing the use of corporate resources during an election year.

9. COMPLETION CRITERIA

This will be an on-going Committee until dissolved by resolution of Council.

