



## **Audit and Risk Committee**

### **Terms of Reference**

#### **1. Primary Mandate**

The Audit and Risk Committee promotes an appropriate environment for the management of public funds and a high level of accountability. The committee will assist Council in fulfilling its due diligence, fiduciary, financial reporting, and audit responsibilities and to approve, monitor, evaluate, and provide advice on matters affecting the external audit, internal audit, risk management, and the financial reporting and accounting control policies and practices of the Town of Cobourg.

In addition to its core function of making recommendations to Council, the Committee is empowered to make decisions regarding the following matters:

- a. Add items to its agenda pursuant to the procedure by-law.
- b. Defer matters for the purpose of receiving additional information from staff, or for additional public input.
- c. Refer a matter to another standing committee in the rare circumstance additional recommendations are required from that standing committee as matter proceeds to Council.
- d. Hear and receive depositions regarding agenda items.
- e. Consider correspondence and make recommendations to Council.
- f. Conduct statutory hearings when that authority is delegated by Council.

#### **2. Goals/Purpose**

The goals and purpose of the Audit and Risk Committee are to:

1. Provide advice on the appointment of the external auditor.
2. Review the annual audit planning report.
3. Review the annual audited financial statement from the external auditor and make recommendations.
4. Receive an update from the external auditor on the annual audit findings report, annual financial statement, and report as needed to Council.



5. Monitor recommendations or findings brought to the attention of the audit committee by the external auditor through the audit findings report or otherwise.
6. Review proposed changes to financial control and related policies, accounting control policies and practices.
7. Review projects and provide advice to council on special projects assigned by council.
8. Obtain reasonable assurance on an annual basis, regarding the reliability and security of information technology (IT) systems and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management.
9. Risk management:
  - a. Review and discuss with management their responsibility for assessing and managing the Town's exposure risk.
  - b. Review policies governing risk management, when appropriate.
  - c. Review and discuss with management the Town's major emerging risk exposures.
10. Oversight of the effective and efficient use of resources.
  - a. Appraise the economy, efficiency, and effectiveness of financial programs and resource utilization to determine whether value for money is provided by such municipal programs and projects.

### **3. Roles**

1. Members will actively participate and provide support and expertise.
2. The Chair will facilitate meetings, ensure participation by members, maintain decorum, and be the primary contact of the Committee.
3. Council appointees will act as a liaison between the committee and council. They will serve as voting members and count towards meeting quorum.
4. The Clerk's office will manage administrative functions and provide procedural and legislative guidance to the committee.



5. It is the responsibility of all appointed members to comply and work with Town procedures, by-laws, and Provincial legislation, with guidance from staff:
  - a. Council's Code of Conduct
  - b. Town Procedural By-law
  - c. Other applicable Town by-laws and policies
  - d. *Municipal Act*
  - e. *Municipal Freedom of Information and Protection of Privacy Act*
  - f. *Municipal Conflict of Interest Act*

#### **4. Term**

The term of office for the Audit and Risk Committee will be the term of Council.

#### **5. Membership**

1. Mayor
2. Two (2) members of council.
3. Two (2) public representatives who are financially literate and/or possess IT expertise and exhibit the skills to serve as an effective Committee member.
4. A Chair and Vice-Chair will be elected by members for the term of Council, unless necessary to do so.
5. Council may terminate the appointment of any member without notice.

If the Mayor provides advance notice of their absence from a Committee meeting, the Deputy Mayor shall attend in their place.

Appointments to the Committee will be made by Town of Cobourg Council at its first meeting following the inaugural Council meeting, following a municipal election, and as required thereafter.

Committee members shall hold office for the term of Council or until their successors are appointed. Council may rescind a member's appointment to the Committee by majority vote.

In the event that the Committee Chair position is declared vacant by Council, Council may appoint a replacement Chair to hold office for the remainder of the term.



A quorum in any Committee is a majority of the voting members of the Committee. A quorum is required for a meeting to proceed.

## **6. Staff Support**

The Director of Corporate Services and the Chief Administrative Officer (or their respective delegates) will attend all meetings. Department Directors will attend as required. The Director of Legislative Services will provide procedural guidance, administrative resources, and support. Legislative Services will prepare committee minutes for Council's consideration; these minutes will be included in Council meeting agendas.

## **7. Meeting Notification, Time, Location, and Format**

Committee meeting notification shall be provided as per the procedural by-law. Committee meetings will be held on a set day and time as per the schedule adopted by Council.

The audit committee shall meet a minimum of two (2) times per year, and more frequently at the discretion of the Chair. The meetings and schedule may vary each year, however at minimum the meetings will be:

1. April/May: Approval of the annual audited financial statement and an update on IT framework in comparison to the National Institute of Standards and Technology (NIST) standard.
2. November: Review of audit plan for subsequent year's audit. IT update on capital and operational plans for the upcoming year.

The Town's procedural by-law may be amended from time to time.

The meeting, agenda, and minutes will be available to the public, on the municipal website.

As per the *Municipal Act*, electronic participation is permitted and shall count towards quorum. Under the *Municipal Act*, the committee may also participate in electronic meetings during a declared municipal or provincial state of emergency, as per the Municipal Emergency Act.

Members of the public may participate electronically as requested, in accordance with the Procedural By-law.



## **8. Meeting Agendas and Minutes**

Agendas for each committee meeting will be prepared in accordance with procedural by-law and will be provided to committee members four (4) days prior to the Committee meeting date. The agenda will be published on the Town's website three (3) business days prior to the Committee meeting date.

Committee minutes will be published on the Town's website and included on the next Regular Council meeting agenda.

## **9. Remuneration**

No member shall receive remuneration for services. A member is entitled to reimbursement for any reasonable out-of-pocket expenses that have been pre-approved by the CAO or Council.