

AUDIT COMMITTEE BYLAW AMENDMENTS

EXECUTIVE SUMMARY

This report provides the Audit Committee with a text for discussion with respect to proposed amendments to the Audit Committee Bylaw 48M2012 (the Bylaw).

RECOMMENDATIONS:

That Audit Committee recommends that Council give three readings to a bylaw to amend the Audit Committee Bylaw 48M2012.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2016 SEPTEMBER 22:

That Council give three Readings to **Proposed Bylaw 39M2016** to amend the Audit Committee Bylaw 48M2012.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw 48M2012 states that Audit Committee:

“must review its terms of reference and mandate as set out in this Bylaw at least every three years and recommend any changes to Council.”

Schedule “A”, Section 1(m)

At the 2016 April 14 Meeting the Audit Committee approved the following motion with respect to Report, Audit Committee Bylaw Review, AC2016-0205:

“Direct the Executive Assistant to the Audit Committee to return to the 2016 September 22 Regular Meeting with proposed amendments to the Audit Committee Bylaw.”

At the 2016 July 21 Meeting the Audit Committee approved the following motion with respect to Report, Audit Committee Bylaw Review Update, AC2016-0401:

“That the Audit Committee refer Report AC2016-0401 to the Executive Assistant to the Audit Committee for further consultation with stakeholders on the potential bylaw amendments to the Audit Committee Bylaw, Bylaw 48M2012, and to return to the 2016 September 22 Meeting of the Audit Committee.”

BACKGROUND

A substantial review of the mandate and terms of reference for the Audit Committee (the Committee) took place in 2012. The in-depth review led to the creation of Audit Committee Bylaw 48M2012. The Bylaw received three readings at the 2012 November 05 Meeting of Council and went into force on the day of the 2013 Organizational Meeting of Council. Bylaw 48M2012 was subsequently amended by Bylaw 48M2013 at the 2013 November 18 Meeting of Council, mainly reflecting amendments to Schedule “D” pertaining to the role of the Executive Assistant.

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The Audit Committee Bylaw is under review at this time to be in compliance with Schedule 'A', Section 1(m) of the Bylaw.

At their 2016 March 17 Meeting Audit Committee directed the Executive Assistant to the Audit Committee to return to the 2016 September 22 meeting with proposed amendments to the Audit Committee Bylaw 48M2012 (Report AC2016-0205).

Engagement with the External Auditor, City Auditor, Administration and all Members of the Audit Committee was completed and comments and suggestions received with respect to proposed amendments. The stakeholder comments were brought to the 2016 July 21 Audit Committee Meeting (Report AC2016-0401). The Committee referred the proposed amendments to the Executive Assistant to the Audit Committee for further consultation, to return to the 2016 September 22 Meeting.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Many of the proposed amendments to Bylaw 48M2012 are housekeeping in nature with relatively little impact on the Committee; however there are two substantial changes proposed as outlined below:

a) Audit Committee Quorum

The City Clerk's Office was directed by Council to undertake a review, through the Legislative Governance Task Force, of the quorum of Audit Committee, as part of their review of Council Committees. The results of their stakeholder feedback on this issue were forwarded to the Executive Assistant to the Audit Committee for consideration during the bylaw review process. Currently a quorum is formed when four of the seven members are in attendance; consisting of three Council Members and one Citizen Member. The proposed amendment, as supported by City Clerk's stakeholder feedback, would require two Council Members and two Citizen Members in attendance to form a quorum of Audit Committee.

b) Number of Meetings

After investigation it was determined that the Committee could reduce the number of meetings held each year. Currently the bylaw indicates that no less than eight meetings must be held and in 2016 there were 10 Audit Committee meetings scheduled. The proposed amendment indicates no less than six meetings be held each year. A reduction in the number of meetings that must be held can be accomplished by increasing the number of items on the Audit Committee Work Plan that are dealt with at each meeting, rather than spreading them over several meeting dates. There are potential cost savings to The City of Calgary and the Audit Committee associated with this proposed amendment. It should be noted that in the event the Committee requires additional meetings, the Chair has the authority to call a special meeting pursuant to Section 33 of the Procedure Bylaw 44M2006, as amended.

Following Audit Committee's approval of the proposed amendments, as contained in the text for discussion (Attachment 1), an amending Bylaw will be prepared and forwarded to Council for three readings. The anticipated date for the amending bylaw to come into force would be on 2016 October 24 (Organizational Meeting of Council). At their Organizational Meeting Council

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adopts the Council Calendar for 2017 which sets the dates for Council and Committee meetings, therefore this effective date is timely.

Stakeholder Engagement, Research and Communication

Engagement with the External Auditor, City Auditor, Administration and all Members of the Audit Committee was undertaken.

Strategic Alignment

The Audit Committee Bylaw review aligns with Council's priority of a well-run city. "Calgary's government is open, responsive, accountable and transparent, delivering excellent services at a fair price. We work with our government partners to ensure we have the tools we need."

Social, Environmental, Economic (External)

No social, environmental or economic impacts were identified.

Financial Capacity

Current and Future Operating Budget:

There may be cost savings associated with the proposed bylaw amendments particularly with respect to the reduction in number of Audit Committee meetings held yearly.

Current and Future Capital Budget:

There are no current and future capital budget implications for this Report.

Risk Assessment

Not applicable.

REASON FOR RECOMMENDATION:

Bylaw 48M2012, the Audit Committee Bylaw, is required to be reviewed at least every three years. This report provides Committee with a text for discussion, containing proposed amendments for their consideration, prior to being forwarded to Council as an amending bylaw.

ATTACHMENTS

- 1. Proposed Bylaw 39M2016 to Amend Bylaw 48M2012**
- 2. Audit Committee Bylaw 48M2012 (Current)**