AUDIT COMMITTEE BYLAW 48M2012
PROPOSED AMENDMENTS AND COMMENTS

Page, Schedule and Section	Current State of Bylaw	Proposed Amendments	Comments
Pg 2 S. 4(1)(i)	Coordinating its governance responsibility with audit committees of The City's major autonomous civic entities;	Revised wording should be "clarifying" not "coordinating.	• As part of its governance responsibility, receiving reports from audit committees of The City's major autonomous civic entities; • Agree in principle, but not sure if the wording should be changed. In my opinion, the Audit Committee needs to ensure that all of these civic entities have the proper governance process in place and where it doesn't exist or is lacking, the City of Calgary steps in – so I think coordinating is the right word.
Pg 3 S. 8	The Audit Committee must meet not less than eight times per year.	Suggest the revised wording should be "not less than five times per year" as that reflects the minimal amount of meetings required for purposes of the External Auditor.	• The Audit Committee meetings should not be driven by the external auditor requirements. The external auditor only needs to be present 4 times per years (once per quarter), and not necessarily for every meeting. The rest of the meetings can be focused on the civic partners or other items (such as risk management, legal etc.). 10 meetings per year may not be appropriate, but 5 is not enough. 8 would be appropriate – twice per quarter.
Pg 3 S. 9	The quorum of the Audit Committee is four members, comprised of one elector member and three members of Council.	The Legislative Governance Task Force has directed the City Clerks to look at Audit Committee quorum through their work on Committee on Committees.	• Agree – getting three councillors in a meeting may be difficult but this should remain as is. If you have signed up for Audit Committee you must commit to it.
Pg 3 S. 11(1)	All members of Council may attend Audit Committee meetings but only members of the Audit Committee are entitled to vote.	Suggest the revised wording may change to allow additional attending Council members to vote	• Would there be a maximum of 4 other Council members? Otherwise may result in overruling the Audit Committee Council members. • This has the potential for meetings and discussions to be taken off track and is not a practice in public organizations. Non Audit Committee members should not get a vote.
Pg 4	The elector members of the Audit Committee may be paid an annual	Delete if the intention is not to provide honorariums (no budget allocation has been	• As much as I would have liked to have been

S. 12	honorarium in accordance with and in the manner specified in a resolution of Council.	made)	paid – it sets a precedent for other City Committees. Agree with the recommendation.
Pg 7 – Sch A S. 7(b)	Receives and approves an annual report on the Whistle Blower Program, and forwards to *Council* for information.	Suggest the revised wording should be "receives for information an annual audit report"	• Remove the word "audit". • Should be Quarterly (at minimum).
Pg 8 – Sch A S. 5(b)	Receives and reviews, at least twice a year, reports from Administration regarding The City's IRM;	Suggest replacing the word "twice" with "once".	• Should not be once, even twice is not allowing the Audit committee to be able to provide oversight of the City's Integrated Risk Management.
Pg 9 – Sch A S. 8	The elector members of Audit Committee must be financially literate. At least one of the elector members must be a financial expert.	May want to remove the words "financially literate" and indicate that elector members be "financial experts".	• Is there a requirement for Council members to be financially literate? • Agree – having all three as financial experts would ensure that a better balance of expertise can be maintained. Literate can mean anyone who can read financial statements.
Pg 9 – Sch A S. 9	An annual professional development plan will be established for the Audit Committee and included in the Audit Committee's budget.	Suggest the revised wording should be "Funding to support appropriate professional development of the Audit Committee should be included in the Audit Committee's budget"	• Agreed
Pg 10 – Sch B S. 1(d)	Prior to the commencement of the annual external financial audit, review the financial audit plan with the External Auditor;	Following the words "review the financial audit plan" adding the words "and estimated fees with the External Auditor" and forward to Council for information"	• Agreed

Pg 10 – Sch B S. 2	Unless otherwise determined by council the external auditor contract is awarded on a five-year basis, subject to satisfactory annual assessments. The contract may be extended annually beyond five years, based on audit committee's recommendation for council's approval.	Audit committee may want to add further consideration to ensure objectivity of the external auditor, by stating a limited max year of appointment of the external auditor, or a change to the partner under the same firm after a max year limit.	• Agreed. Public practice is that the partner is rotated off every 5 years, and if they are specialized in a field, then possibly every 7 years.
Pg 10 – Sch B S. 2	New	If the External Auditor contract specifies that it be renewed every year then following Audit Committee's approval it should go to Council for information.	• Agreed
Pg 11 – Sch C S. 1(e)	Reviews and approves the City Auditor's Office annual work plan and forwards to Council for information; the Audit Committee or Council may not remove items from the City Auditor's work plan but may direct items be added to the plan;	Suggest adding to this an additional statement such as: should additional items be added to the work plan Audit Committee may be requested to support City Auditor's Office budget for additional resourcing. Also the statement that authorizes Council adding to the City Auditor's work plan is somewhat problematic should Council decide at the time of presentation to add items to the plan. Preference would be to exclude "Council" which would then mean Council could share their suggestions with members of Audit Committee or City Auditor in advance and then have these changes represented to Audit Committee for approval.	• Disagree with the recommendation with the additional finding as that gives an opportunity for the City Auditor to not conduct the additional engagement. If additional items are added to the plan it doesn't immediately mean that more resources are required. Perhaps a discussion on what engagements can be deferred, which would mean having insight into the City Auditors' Risking process and how items are selected from the 'audit universe' which up till now, has not been visible to the Audit Committee. • It is problematic that the plan is only presented once a year. Best practice is that the Audit Plan (and related status) is presented quarterly, where changes can be made at any time. An annual status report is not timely for the Audit Committee to provide the required oversight over the function.
Pg 11 – Sch C S. 2(a)	Shall present the annual audit work plan to Council for information;	Suggest that this wording requires adjustment as the annual work plan tends to fall under the Consent section of the agenda. Potential solution may be slight wording change to state "must formally present the annual audit work plan…."	
Pg 11 – Sch C S. 2(b)	will present the annual status report to Council for information after review by the Audit Committee.	Since the annual status report is of lesser criticality to Council than the annual work plan, suggest 2b should read as "will submit the annual status report to Council for information after review by the Audit Committee.	
ADDITIONAL AMENDMENTS AND COMMENTS			
Pg 2 – 4 (1)(a)	Overseeing the integrity of The City's financial statements;	Overseeing the integrity of The City's annual financial statements;	• To be consistent with Sch A.1)f and Sch A.2)a
Pg 2 – 4 (1)(g)	Overseeing The City's compliance with laws, regulations and internal policies such as: disclosure and internal controls including finance and accounting, legal compliance; and codes of conduct;	Overseeing The City's compliance with laws, regulations and internal policies including: disclosure and internal financial controls, legal compliance; and Codes of Conduct;	
Pg 6 – Sch A	Is expected to be involved in a broader governance role than exclusively overseeing financial matters;		• Could we elaborate on this?

S. 1(b)			
Pg 6 – Sch A S. 1(e)	Assesses the performance of the External Auditor and the City Auditor and forwards the performance assessments to Council for information;	Oversees the performance of the External Auditor and the City Auditor and prepares performance assessments and forward to Council for information;	
Pg 6 – Sch A S. 1(f)	Oversees the integrity of the process of The City's annual financial statements	Oversees the integrity of The City's annual financial statements	• consistency
Pg 6 – Sch A S. 1(g)	Oversees the integrity of The City's system of internal controls, legal compliance regarding financial matters, Codes of Conduct, and other policies, as determined by the Audit Committee	Oversees The City's system of internal controls, legal and regulatory compliance regarding financial matters, Codes of Conduct, and other policies, as determined by the Audit Committee	
Pg 6 – Sch A S. 1(h)	Oversees The City's process of risk identification, analysis and management procedures to mitigate risk;	Oversees The City's process of risk identification, analysis and mitigation procedures to manage risk;	
Pg 6 – Sch A S. 1(i)	Coordinates its governance responsibility with audit committees of The City's major autonomous civic entities, as determined by the Audit Committee;		• As part of its governance responsibility, receives reports from audit committees of The City's major autonomous civic entities;
Pg 7 – Sch A S. 2 (a)	Oversees the integrity of, and reviews, the Annual Financial Statements and recommends their approval to Council.		• Should be lower case "annual financial statements"
Pg 7 – Sch A S.2(b)	Reviews and discusses The City's compliance with financial reporting procedures with Administration, the City Auditor and the External Auditor;	Reviews and discusses The City's compliance with financial reporting policies and procedures with Administration, the City Auditor and the External Auditor;	
Pg 8 - Sch A S. 5(c)	Reviews on an annual basis, the following areas of The City; the adequacy of insurance coverage; legal compliance; Information Technology's risk management update or as determined by the Committee;	Reviews on an annual basis, the following areas of The City; the adequacy of insurance coverage; legal compliance; Information Technology's risk management update or as determined by the Audit Committee;	
Pg 8- Sch A S. 6(b)(ii)			• Code of Conduct rather than code of conduct
Pg 12- Sch D S. 4			• Audit Committee rather than Committee – in 2 places on last line
Pg 10 – Sch B S. 1(b)	pre-approves all audit and non-audit services performed by the *External Auditor*. However, the Audit Committee Chair can pre-approve additional audit or non-audit services, performed by the *External Auditor*, up to $25,000 total annually. Any approvals by the Chair will be reported to the Audit Committee as part of the Audit Committee Quarterly Status Report;	Adding wording in order to ensure there is no duplication, as follows: "Where an approval of work by the external auditor has been conducted by the Audit Committee of a City autonomous entity, then it is not required to come to the City Audit Committee as well".	

Source: Corrie Smillie, Executive Assistant to the Audit Committee