

Audit Committee Terms of Reference

1. Purpose:

The Audit Committee assists, advises, and makes recommendations to Council regarding the fulfillment of Council's oversight responsibilities relative to City financial reporting, external audit requirements, internal control and audit, quality assurance and risk management, and compliance with financial regulations and policies.

Background:

- On April 16, 2012, Council adopted recommendations to establish an Audit Committee of Council.
- On May 7, 2012, Council adopted the Burnaby Audit Committee Bylaw 2012 (Bylaw No. 13084).
- On May 8, 2021, the Audit Committee held its first meeting.

2. Functions:

- 2.1. To recommend to Council the appointment or termination of the external auditors.
- 2.2. To ensure independence of the external auditor process through the establishment of a direct reporting relationship to the Audit Committee.
- 2.3. To resolve issues of restriction that limit the scope of an audit or prevent access to City records by either internal or external auditors.
- 2.4. To provide oversight to the external audit process on matters relating to the annual financial statements, including the review of the Audit Findings Report, the Management Response Letter to the audit findings, and receipt and review of the Audit Financial Statements on behalf of Council.
- 2.5. To provide recommendations to Council regarding the approval of the City's annual audited financial statements.
- 2.6. To review any significant issues identified during the course of audits and the extent to which remedial recommendations have subsequently been implemented.
- 2.7. To review and approve internal audit plans annually and provide recommendations for areas of focus.
- 2.8. To review internal audit and management reports submitted to the Committee.
- 2.9. To consult with the external auditor concerning internal controls.

- 2.10. To consider significant changes to auditing and accounting principles and practices, including major financial changes as a result of legislated guidelines and/or best practices, including the communication of the necessity for operational changes and policies to meet these requirements.
- 2.11. To consider any other matter referred to the Committee, by Council.

3. Membership:

- 3.1. Pursuant to s. 141 of the *Community Charter*,
 - “(1) The mayor must establish standing committees for matters the mayor considers would be better dealt with by committee and must appoint persons to those committees.*
 - (2) At least half of the members of a standing committee must be council members.*
 - (3) Subject to subsection (2), persons who are not council members may be appointed to a standing committee.”*
- 3.2. Pursuant to s. 170 of the *Community Charter*,
 - “(1) As a limitation on section 154 (delegation of council authority), a council may only delegate its powers, duties and functions under this Division to a committee comprised of council members.”*
- 3.3. The Audit Committee membership is comprised of the same members of the Financial Management Committee, in addition to the Mayor.
- 3.4. A Membership term is one (1) year.
- 3.5. A member who is absent from three (3) consecutive meetings of the Committee without leave of the Committee or without reason satisfactory to the Committee shall forthwith cease to be a member.
- 3.6. Except in the case of illness, leave, or with written permission notice by the Chair, a member may not attend by electronic participation more than 25% of the meetings on the annual schedule adopted pursuant to s.5(1) of Bylaw No. 14610.

4. Chair, Secretary and Staff Support:

- 4.1 The Corporate Officer or designate will prepare the agenda and notice of meetings and will serve as Secretary.
- 4.2 Staff support is provided by the Chief Administrative Officer, Chief Financial Officer, Senior Internal Auditor, and the Legislative Services Department.
- 4.3 City staff serve in a support role and are not members of the Committee.

5. Quorum and Procedures:

- 5.1. The meetings may be called, cancelled or re-scheduled at the call of the Chair or Corporate Officer.
- 5.2. A quorum will be a majority of the appointed members.
- 5.3. Committee meetings will be scheduled in accordance with criteria outlined in the Burnaby Procedure Bylaw 2024, Bylaw No. 14610.
- 5.4. Meeting procedures are regulated according to the Burnaby Procedure Bylaw 2024, Bylaw No. 14610.
- 5.5. Expectations of conduct from Appointed members are set out through the Advisory Bodies Code of Conduct Policy.

6. Governance Model:

City Council has distinct responsibilities to govern, approve or not approve the recommendations of the Committee, as the committee functions as an advisory body to Council, not a decision-making group based on Council's Procedure Bylaw 2024. The authority to approve and adopt the terms of references is through Council pursuant to:

- *Community Charter*, Part 5, Division 4, S.141 (Standing Committees of Council)
- *Community Charter*, Part 5, Division 6, s.154 (Delegation of Council Authority)
- *Community Charter*, Part 6, Division 2 (Audit)
- Burnaby Audit Committee Bylaw 2012 (No. 13084)

7. Reference Information:

- [Burnaby Procedure Bylaw 2024, Bylaw No. 14610](#)
- [Burnaby Audit Committee Report April 16, 2012](#)
- [Advisory Bodies Code of Conduct](#)

**Last date approved by
the Mayor:** April 15, 2024

**Last date revised by the
Corporate Officer:** April 30, 2024
