



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Office of the City Auditor

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 5, 2019
SUBJECT/REPORT NO:	Office of the City Auditor Charter (AUD19005) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

RECOMMENDATION

- (a) That Appendix “A” attached to Report AUD19005 respecting the Office of the City Auditor Charter be approved.
- (b) That legal staff be directed to prepare an amending by-law that would replace Schedule F1 of the Procedural By-law 18-270, with the revised Audit Charter, attached as Appendix “A” to Report AUD19005, respecting the Office of the City Auditor Charter.

EXECUTIVE SUMMARY

The purpose, authority and responsibility of the Office of the City Auditor is defined in a charter. The Audit, Finance and Administration Committee should review and approve the charter periodically. The beginning of a new term of the Committee presents an opportune time for such a process to occur.

Alternatives for Consideration – See Page 3

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

An audit charter was last reviewed and approved by the Audit, Finance and Administration Committee in 2015. An operational review of Internal Audit (now known as the Office of the City Auditor) conducted in 2005 recommended that the mandate be reviewed and taken for approval to Council at the commencement of each new term of Council. This has been completed in the first year of each Council term since that advice was received.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, 2001 sections 222.19 to 223.23

Office of the City Auditor 2019-2022 Work Plan (AUD19007)

City of Hamilton By-law 19-180 (City Auditor By-law)

City of Hamilton Fraud Policy and Protocol

City of Hamilton By-law 19-181 (Whistleblower By-law)

RELEVANT CONSULTATION

The International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors (IIA) states that an internal audit function must be formally defined in a charter.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Providing a formal, written document containing the charter of the audit activity is very important in managing the auditing function within the organization.

The purpose, authority and responsibility of the audit activity is defined in the charter. The charter establishes the Office of the City Auditor's position within the City structure, authorizes access to records, personnel and physical properties relevant to the performance of audit/reviews, investigations and other projects and defines the scope of audit work. The charter can be used by Council in evaluating the operations of the function. If a question should arise, the charter also provides a written record with Council approval about the role and responsibilities of the audit activity within the City.

The Audit, Finance and Administration Committee should periodically assess whether the purpose, authority and responsibility as defined in the charter continues to be adequate to enable the audit activity to accomplish its objectives. Each new term of Committee and Council provides an opportunity to approve the charter.

An audit mandate was last reviewed and approved by the Audit, Finance and Administration Committee in 2015. The following amendments have been incorporated into the charter as presented in Appendix “A” to Report AUD19005 to provide additional information and better reflect the Office of the City Auditor’s current operating environment:

- Clarifying the powers and protections regarding an Auditor General with references to the Municipal Act;
- Adding risk assessments to the list of consulting activities;
- Changing references from preparing an annual work plan to preparing a multi-year work plan; and
- Adding input from members of the public to the list of sources used to develop the multi-year audit work plan (due to the recent launch of the Fraud and Waste Hotline).
- Adding relevant professional standards that will be used as appropriate, for example standards from the Association of Certified Fraud Examiners for use in special investigations.

ALTERNATIVES FOR CONSIDERATION

Having no approved audit charter is an alternative. However, it is not recommended as there is a need for defined Office of the City Auditor where roles and responsibilities are authorized in a public document, such as a charter.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD19005