

## FINANCE/AUDIT/RISK COMMITTEE TERMS OF REFERENCE

APPROVAL DATE	REVIEWED BY COMMITTEE	REVISED BY BOARD AT AGM
November 27, 2018	May 28, 2024	June 18, 2024

### PURPOSE

The purpose of the Finance/Audit/Risk Committee is to review, report, and make recommendations to the Board on matters of its legal, ethical, functional, and fiscal responsibilities through adequate finance policy development for Board approval, participation in the development of financial, budget, and investment strategies, security over the organization's funds and accounting records, monitoring of finance activities, and liaison with the external auditor and oversight of the colleges risk management strategy.

This Standing Committee will also serve as the Board's Audit Committee.

### COMPOSITION

The Committee shall be composed of a minimum of six (6) persons:

- Three (3) to five (5) Board members
- The Chairperson of the Board (Ex-officio and non-voting)
- The President & CEO, or alternate (Ex-officio and non-voting)
- The VP Finance (Ex-officio and non-voting)

The Chair of the Committee shall consist of a Board appointed member. At least one (1) Board member on the Committee will have demonstrated financial expertise as noted in the following, either through education or experience:

- An understanding of Generally Accepted Accounting Principles (GAAP) and financial statements.
- Experience in:
  - o internal accounting controls
  - o preparation or auditing of financial statements
  - o explaining or developing estimates, accruals, and reserves, and
  - o assessment of financial and operational risk.

The composition of the Committee shall be reviewed at every Annual General Meeting. If the Committee members wish to continue and the Board approves their appointment, there shall be no limit to their terms.

### APPOINTMENT OF CHAIR

The Chairperson shall be determined by the Committee at it's first meeting of the fiscal year.

### DECISION-MAKING PROCESS

Decisions shall be made by majority vote.

### AUTHORITY DELEGATED

The Committee shall make recommendations to the Board on financial and investment policy development and audit function and risk management.

Any committee member shall have the ability to move agenda items to the full Board table enabling all Board members to be present for the full discussion to better inform decision making.

The President & CEO will serve in an advisory capacity to the Committee.

## **TIMEFRAME/REPORTING/DEADLINE**

The Committee will meet as needed, based on the workload assigned to it by the Board.

The Committee will report to the Board of Directors by forwarding minutes of its meetings to the Board. The Board will receive the minutes at the next regular meeting after the Committee's meeting. As a Standing Committee of the Board, there is no limit to its existence.

## **MEETINGS**

The Finance/Audit/Risk Committee will meet as needed, but at a minimum four (4) times per year, or at the request of the Committee Chair.

## **STAFF SUPPORT**

The Finance/Audit/Risk Committee will receive the necessary resources from the College to fulfil their mandate. It will also receive administrative support from the College.

## **COMMUNICATION WITH THE BOARD**

The Committee Chair will report to the Board as needed, depending on the nature of the work being undertaken by the Finance/Audit/Risk Committee.

## **COMMUNICATION WITH THE President & CEO**

The Committee Chair will communicate with the President & CEO.

## **SPECIFIC AREAS OF RESPONSIBILITY/SCOPE**

The Finance/Audit/Risk Committee will perform the following work:

- Ensure that the Board's responsibility with respect to stewardship, regulatory adherence, monitoring and accountability of College operations is satisfied in an appropriate and timely manner.
- Develop and recommend appropriate policies and procedures to ensure sound financial and investment policies and practices are in place and recommend revisions as required including the Committee Terms of Reference.
- Initiate, review, and recommend policies relating to facilities.
- Review multi-year leases and insurances held by the College.
- Monitor College operations by reviewing and reporting to the Board on:
  - o draft budgets and the Multi-Year Business Plan financials,
  - o quarterly the financial results of the organization that the Board of Directors has ultimate responsibility for and obtaining explanations for variances to the Board approved budget,
  - o other ad hoc reporting as required, and
  - o Banking services, cash flows, and investments specifications of capital projects prior to tendering.
- Oversee the auditor tendering process and recommend the appointment of an auditing firm to the Board.
- Oversees contract deliverables and compensation of external auditor.
- Bi-annual meetings with external auditor:
  - o Pre-audit meeting prior to the audit to discuss any issues, or concerns that the committee wishes to raise relating to the organization's staff, accounting records, accounting practices and system of internal control. This meeting will also include a discussion regarding the audit plan.

- o Post-audit meeting prior to presentation to the Board of Directors regarding the results of the audit and any issues, findings or concerns that they wish to raise relating to the organization's staff, accounting records, accounting practices and system of internal control.
- Monitor and assess management initiatives with respect to Enterprise Risk Management including reviewing:
  - o the likelihood of occurrence and magnitude of impact of potential risks, and
  - o that the appropriate mitigation strategies have been identified and are in place.
- Make recommendations for Board approval and/or deliver reports to the Board in the following areas:
  - o Annual operating and capital budgets
  - o Annual audited financial statements
  - o Tendering and appointment of external auditors
  - o Tendering and appointment of banking institution
  - o Policies related to financial management
  - o Other matters relating to financial management as directed by the Board

## **REPORTING**

- Reviews draft Multi-Year Business Plan financials, financial statements, the Annual Report, and Enterprise Risk Management plan.
- Reviews the quarterly variance analysis, quarterly financial reports as submitted to AE, payments with cheque detail and public loss reports.
- Submits written or verbal reports on Committee activities at each regular Board meeting.

## **SUCCESSION PLANNING**

Makes recommendations regarding financial skills gap on the Board.