

## FINANCE & AUDIT COMMITTEE

### Terms of Reference

#### **A. Objective**

The Finance & Audit Committee:

1. Assists the Board in fulfilling its oversight responsibilities of the Corporation by reviewing:
  - the systems of internal controls, that management and the Board have established;
  - all audit processes; and,
  - the organization's compliance with laws, regulations, and policies that apply.
2. Assumes primary responsibility for risk management and internal controls of the Corporation and ensures that it is vested in management and overseen by the Committee.
3. Oversees financial management matters of the Corporation and ensures that all necessary reporting is carried out in a timely manner.

#### **B. Responsibilities**

The Committee recommends the following to the Board of Directors for approval:

- annual audited financial statements of the Corporation
- quarterly financial reports
- external auditor
- major contracts that have been forwarded to the Committee for review
- any major upgrade in capital assets
- any change in executive financial positions within the Corporation

If there is no regularly scheduled Board of Directors meeting after the applicable Committee meeting and before the filing deadline, the Committee approves the quarterly financial statements of the Corporation prior to filing with the Government. At the next Board of Directors meeting following a meeting where the Committee has approved quarterly financial statements, the Committee will recommend that the Board of Directors confirm and ratify such quarterly financial statements.

#### Finance Related

1. Monitors the financial and performance reporting provided by the Corporation to the Shareholder.
2. Oversees the preparation of the annual and long-term operating and capital budgets for the Corporation within the guidelines set by the Shareholder.
3. As requested by the Board, oversees preparation of major contracts with suppliers or partners.
4. Reviews any significant changes in financial reporting guidelines that apply to the Corporation.
5. Oversees the preparation of annual reporting required under the *Financial Information Act*.
6. Reviews and reports to the Board on the Corporation's internal control systems.
7. Oversees reporting required under the *Freedom of Information Act*.
8. Reviews annually the Corporation's insurable risks and insurance coverage.
9. Monitors the condition of the Corporation's capital assets.

10. Approves the Corporation's operating policies, signing authorities and expenditure limits.
11. Reviews any changes to senior financial positions within the Corporation.
12. Oversees the Corporation's investment policies and performance.
13. Reviews and approves the systems of risk management established by management and the Board to:
  - ensure the Corporation's sound financial performance.
  - ensure that the Corporation's internal controls have integrity and will lead to the production of accurate financial statements and performance reports.
  - ensure that management has appropriate systems in place to identify and manage risk.
  - prevent financial mismanagement.
14. Reviews the Achievement of Performance Measures Report and supporting schedules (prepared within the requirements of the Shareholder) with management and the external auditor.
15. Ensures the Achievement of Performance Measures Report and supporting schedules (prepared within the requirements of the Shareholder) is audited by the external auditor.

### Audit & Control Related

1. Works with the external auditor to:
  - define the purpose of the audit.
  - formulate and approve the annual audit plan.
  - review audit results.
  - obtain regular updates with the auditor without management present.
2. Reviews the Corporation's financial statements with management and the external auditor and recommends approval of the statements to the Board.
3. Ensures the independence of the external auditor, including the review and approval of any non-audit related services to be provided by the external auditors.
4. Recommends the appointment and compensation of the external auditor as required.
5. Administers the Corporation's Whistleblower Policy, as set out in Appendix 1 of the Corporation's Standards of Conduct (applicable to employees).
6. Oversees IT performance of the Corporation.
7. Reviews annually all Director and operating costs of the Board, and expenses of the Corporation's Executive.
8. Ensures that the Board receives timely, meaningful reports on the Corporation's financial situation including up-to-date forecasts of progress and capital expenditures.

### **C. Membership**

1. All Committee members shall be independent of the Corporation and financially literate; and at least one shall have accounting or related financial experience. The members shall be able to read and understand financial statements of the complexity normally presented by the Corporation.
2. The members shall have no material direct or indirect association with the Corporation that could, in the Board of Directors' opinion, interfere with the member's independent judgement.

3. The Corporation's auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend Committee meetings, and to be heard at those meetings on matters relating to the auditor's duties.
4. The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors raise.
5. The Committee will be comprised of no less than 3 and no more than 7 directors.
6. The Committee annually reviews its Terms of Reference to ensure that it continues to meet best practice and needs of the Board. Suggested revisions are forwarded to the Governance Committee which is responsible for proposing changes to the Board for approval on an annual basis as required.