SFUCCS FINANCE, AUDIT AND INVESTMENT COMMITTEE

Terms of Reference

Purpose

The Finance & Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities for:

- The integrity of the society’s financial statements, and budgeting and financial reporting processes;
- Systems of internal accounting controls;
- Compliance with legal and regulatory requirements;
- Risk management activities; and
- The qualifications, independence and performance of the external auditors.

Composition

- The committee will consist of not less than three (3) and not more than five (5) members. Non-directors may be appointed to the Committee, as a resource however the majority (50 + 1%) of the member must be Directors of the Society.
- The Treasurer and Chair of the Board will be members of the Committee.
- Each Committee member should be financially literate and at least one (1) member should have a financial background.
- The Executive Director (ED) will attend all meetings as part of their financial oversight responsibility (non-committee member).
- The ED will be responsible for ensuring the Committee thoroughly understands all aspects of financial information being reported providing management insight into business aspects of the Society to the Committee.

Appointment of Members

- At the first meeting of the directors following the Annual General Meeting, the Directors will appoint for one (1) year term a Finance & Audit Committee. The members may be re-appointed and can serve a maximum of three (3) consecutive one year terms on the Committee.
- The Board will appoint a Chair of the Committee. The Chair may be re-appointed and can serve a maximum of three (3) consecutive one year terms as Chair.

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Authority, Duties and Responsibility

- The Committee has authority to conduct or authorize reviews or investigations into any matters within its scope of responsibility.
- The Committee shall have access to personnel, documents, records and resources necessary to carry out its responsibilities.
- The Committee may retain independent counsel, accountants, or others to assist it in fulfilling its responsibilities.
- The Committee will meet with the External Auditor without other management present, at its initiative or at the request of any of these parties.
- The Committee will review and make recommendations to the Board on matters that fall within its area of responsibility, including but not limited to financial reporting, internal accounting controls and risk management.
- Actions taken shall not conflict with laws and regulations, and SFUCCS’s bylaws, policies and the expressed wishes of the Board.

Financial Reporting

- Review the annual audit plan and audit findings, audited financial statements and management’s discussion and analysis with the external auditors, prior to recommending approval by the Board;
- Investigate and report to the Board any financial irregularities or concerns about the soundness of SFUCCS’s finances or the integrity of its financial reporting;
- Review and recommend approval by the Board of Society’s accounting policies and any proposed changes;
- Review with the external auditors general accounting trends and issues of auditing policy, standards and practices which affect or may affect the Society;
- Review the interim financial statements to ensure the Society’s financial positions is consistent with the Board approved budget and financial policies, and report on the interim financial statements to the Board;
- Ensure appropriate action is taken to address any errors or omissions identified in the financial reports and follow up.

Internal Control

The committee has the responsibility to:

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• Oversee management’s design and implementation of systems of internal accounting and financial controls;

• Review and ensure sufficient and appropriate controls are in place and operating effectively to ensure the reliability of financial reporting, safeguarding of organizational assets, and to ensure compliance with all regulatory, legal, and contractual requirements, and internal policies;

• Review the adequacy of security of information, information systems and recovery plans;

• Ensure that any deficiencies in internal accounting controls, identified through audits or any other means, are appropriately addressed and resolve.

Compliance

The Committee has the responsibilities to:

• Review the process established by management to ensure compliance with all laws and regulations governing the Society;

• Monitor compliance with SFUCCS's financial policies and Board resolutions;

• Monitor and seek assurance from management that SFUCCS is in compliance with ethical, legal and regulatory requirements.

Risk Management

The Committee has the responsibility to:

• Review the society’s risk management programs;

• Understand the risks inherent in the businesses operated by SFUCCS and ensure appropriate systems are in place to manage and monitor all significant business risks;

• Identify and monitor the principal risks that could impact the financial reporting of the Society;

• Review insurance coverage of significant risks and uncertainties;

• Review reports from management regarding potential and ongoing litigation involving SFUCCS.

External Audit

The Committee has the responsibility to:

• Strengthen and preserve external auditor independence:

• Review non-audit engagements undertaken by the audit firm and their relative importance in terms of fees earned;

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• Assess the qualifications and performance of the external auditor and recommend re-appointment or any proposed change in auditors;
• Review the co-operation received by the auditor from management;
• Obtain assurances each year regarding the independence of the External Auditor and the audit firm's internal policies and practices for quality control;
• Review and recommend the External Auditor’s annual audit plan and proposed audit fees;
• Review the Post-audit findings or management letter containing the recommendations of the External Auditor, and management’s response and subsequence follow up to any identified weaknesses.

**Other Responsibilities**

The Committee has the responsibility to:

• Review the financial aspects of major proposed transactions, new programs and services, as well as proposals to discontinue programs or services, and making action recommendations to the Board;
• Review and approve capital expenditures and unbudgeted operating expenses that, per the Board approved policies, are above management’s authority but below the threshold required for the Board approval;
• Review annually the performance of the investments and recommend for approval by the Board any changes in investment;
• Recommend for approval by the Board short term investments when a short term surplus of cash is available;
• Review and recommend for approval by the Board SFUCCS’s annual operating budget, capital budget and other financial plans;
• Act as an advisory group to the ED to discuss new initiatives in financing, budgeting or financial reporting;
• Ensure the proper investigation of any fraudulent or illegal acts brought to the attention of the Committee;
• Perform any other activities consistent with the Committee’s mandate, SFUCCS’s by-laws and policies, and applicable law as the Committee or Board deems necessary or appropriate.

**Meetings**

• The Committee will meet at least four (4) times annually and as many additional times as the Committee deems necessary to carry out its duties

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• Meetings may be called by the Committee Chair or any two (2) members of the Committee, by the ED or by the external Auditor.

• Quorum for a meeting is a majority of its members. Members may be present in person or by telecommunication device that permit all persons participating in the meeting to speak and hear each other.

• All determinations of the committee shall be made by a majority of votes) of its members present at a meeting duly called and held, and in the case of an equality of votes, the chair shall have a second or casting vote

• The Committee may invite a Director or any external resource to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

• The Committee may meet in private with the External Auditor, as necessary.

• The Committee will ensure there is an opportunity to meet in a non-management, in-camera session at each regularly scheduled Committee meeting, with only members of the Committee present

• An agenda and relevant material will be circulated to members three (3) business days in advance of the meeting whenever possible

• Minutes recording decisions, recommendations, directions and actions will be kept of all meetings of the Committee by a designated Recording Secretary. A copy of the approved minutes, signed by the Committee Chair and Recording Secretary will be filed in the Administrative Office.

**Reporting**

• The Committee will report the proceedings of each meeting and all recommendations made by the Committee at such meetings to the Board at the Board’s next meeting.

• Reports, supporting schedules and information used by the Finance, Audit & Investment Committee will be available, to other members of the Board electronically

**Evaluation**

The Committee will review its Terms of Reference, taking into consideration any changes in applicable regulation and current best practice for Finance, Audit& Investment Committees

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