



## BOARD POLICY

APPROVED BY:

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Chair of the Board

CATEGORY: Finance

TOPIC: Finance and Audit Committee: *Terms of Reference*

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### POLICY

#### 1. Introduction and Purpose

The Finance and Audit Committee (the Committee) is responsible to assist the Board of Community Living Thunder Bay (CLTB) in fulfilling its obligations and oversight responsibilities relating to financial planning, the tendering of the audit contract and the annual audit process, the system of corporate controls and risk management, and when required, to make recommendations to the full Board, for approval.

#### 2. Composition and Quorum

The Committee is composed of at least four members; one non-voting staff member: the Treasurer (Executive Director) of CLTB, two Directors (one being the chair of the board) and one community advisor. The Chair shall be elected annually, among the board members.

A majority of the voting members of the Committee shall constitute a quorum.

#### 3. Accountability to the Board

The Committee has no authority to direct management or to commit CLTB unless specifically authorized by the Board through the Committee Terms of Reference or otherwise.

#### 4. Duties and Responsibilities

Subject to the powers and duties of the Committee will perform the following duties:

##### 4.1. Financial Planning - Budget

The Committee will:

a) Review and make recommendations to the Board in respect of:

- i) Annual budget, which will be forwarded to the Board for approval at the end of March each year;

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- ii) The appropriateness and validity of any material assumptions and estimates used in the preparation of the budgets;

**4.2. Financial Reporting - Audit**

The Committee will perform the following duties:

- a) Review the draft CLTB's annual audited financial statements for both the total organization (mainly MCSS funded programs) and the separate DSSAB funded daycare Centre;
- b) Discuss with management and with the External Auditor
  - i) The appropriateness of accounting policies and any proposed changes to those policies;
  - ii) Compliance with accounting standards and guidelines;
  - iii) Adjustments arising out of the audit process and related party transactions; and
  - iv) All estimates or judgments by management that may be material to financial reporting;
- c) Review and recommend to the Board approval of the:
  - i) Annual audited financial statements dated March 31st;
  - ii) Annual DSSAB funded W.J Griffiths Daycare Centre financial statements dated December 31st.

**4.3. External Audit Contract**

The Committee will:

- a) Recommend the appointment of the External Auditor each year
- b) Determine whether the performance of the External Auditor is satisfactory, effective and meets the requirements of CLTB;
- c) Participate in the committee to conduct an RFP for the External Auditor and award the contract and any optional extensions to the contract;
- d) Review the terms of the External Auditor's engagement, and the appropriateness and reasonableness of the proposed audit fees;
- e) Review problems experienced by the External Auditor in performing the audit, including any restriction imposed by management and all significant accounting issues on which there was a disagreement with management;

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- g) The Committee shall meet *in camera* with the External Auditor at least annually or as requested and shall permit the External Auditor to attend Committee meetings on request.

**4.4 Accounting System and Internal Controls**

The Committee will:

- a) Review the auditor's management letter (if any) and ensure management response to auditor's recommendations to strengthen internal controls are appropriate and are implemented.

**5. Risk Management**

The Committee will:

- a) Annually review CLTB's insurance coverage of material business risks and uncertainties;
- b) Annually review CLTB's disaster recovery/business continuity plans to assess CLTB's overall approach and the plans' viability; and provide leadership to the Board in its annual review and approval of the plans (including making reports and recommendations for approval) and
- c) Annually review CLTB's responses to the Ministry's required risk assessment tool and bring recommendations to approve, to the board.

**6. Meetings**

The Committee meets at least four times per year (and will align with CLTB quarterly schedule, when possible). Meetings are held at the call of the Committee Chair or as requested by any two Committee members, or at the request of the External Auditor.

**7. Reporting**

The Committee will report to the Board by distributing the minutes of its meetings to the Board. When a Board meeting closely follows a Committee meeting, the Committee Chair will provide a verbal report to the Board and the minutes will be circulated at the next Board meeting.

**8. Staff Support**

The Executive Director and the Director of Finance & Property will provide administrative support to the committee.