

## **Bill Reid Foundation Policies**

**Policy Name: Finance Committee Terms of Reference 2020.2**

**Area: Process**

**Date Adopted: October 6, 2016**

**Reviewed: August 27, 2020**

### **Purpose**

The Finance Committee (the “Committee”) is responsible to the Board of Directors to provide strategic oversight to the management of the Foundation’s operational budget and finances. The Committee is responsible for ensuring that appropriate financial management and accountabilities exist within the Foundation, Foundation’s internal controls are sound, that risk management functions are performed competently, and that Foundation complies with all legal statutory and regulatory requirements.

### **Membership**

Committee membership will include at least three (3) members of the Board of Directors including the Treasurer. The Committee Chair is nominated by the Committee Members.

The members of the Committee shall be financially literate. Financial literacy is defined as having the ability to read and understand financial statements of a breadth and complexity comparable to those of the Foundation.

The Chair may invite other Board members to attend Committee meetings, as appropriate.

### **Operating Procedures**

The Committee will meet sufficiently during the year to support its responsibilities. The Committee will report its deliberations to the Board through financial reports. An operational summary prepared by staff will be reviewed by the Committee Chair monthly and the Committee meets at the will of the Chair. The Board may, from time to time, make an evaluation of the work of the Committee and make changes to these terms of Reference, or the membership of the Committee. A quorum is 50% of committee members present.

### **Responsibilities**

#### **Business Planning and Performance Measurement**

- Consistent with the Foundation’s strategic direction, review and recommend to the Board the annual operating budget based on organization’s strategic plan.
- Review the Foundation’s performance to plan and forecast, at a minimum monthly, through the review of the variance between the actual monthly financial reports against the monthly budget/forecast, ensuring that emerging issues, and opportunities are being appropriately addressed by management.

### **Risk Management**

- Maintain oversight for effective implementation of risk management functions on an enterprise-wide basis. Through review of written reports and discussion with management, ensure that major risk exposures, both financial and non-financial, are within the Board’s

acceptable risk tolerance and that steps have been taken to monitor and control identified risks.

**External Audit**

- Review the external audit plan and its scope of the examination.
- Review with the external auditor the annual audited financial statements, as well as any related letters, reports or recommendations submitted by the external auditor. Recommend the annual audited financial statements to the Board for its approval.
- In consultation with management and the external auditor, review the integrity and adequacy of the Foundation’s internal control environment, to ensure that appropriate financial controls and accountabilities exist and are operating effectively.
- Discuss annually with the external auditor all significant relationships that could impair the auditor’s independence.
- Review annually the external auditor’s performance and recommend appointment of the external auditor together with remuneration and other terms of engagement to the Board.
- The Committee will meet at any time with the auditor at their request to consider any matters that the auditor believes should be brought to the attention of the Board.
- May request, as necessary, for proposals to provide external audit services from external auditors, including the incumbent auditor, every year to ensure that Foundation gets quality service at reasonable cost.

**Board - Financial, Legal, and Regulatory Reporting**

- Monitor the accounting principles and critical accounting policies adopted by management, including alternative treatments available for consideration.
- Monitor accounting provisions and estimates included in the financial statements to ensure the integrity of the financial statements.
- Ensure that the Foundation is compliant with current accounting and financial reporting practices, and with legal and regulatory requirements as they apply.
- Review, and where appropriate approve, relevant reports or financial information submitted to any government body or the public, prior to their release.

**Independent professional Services:**

- The Committee may recommend to the Board that external advice through independent professional services be obtained from time to time.

**Authority**

The Committee may obtain outside legal or independent professional advice as deemed necessary to fulfill its responsibilities within the approved terms of reference.