



## Audit & Finance Committee

Adopted: Jan 2007

Modified: Nov 2011

The Board establishes the Audit & Finance Committee as a Standing Committee to assist the Board in its work. The Committee will:

1. Provide the Board members with the information, training and assistance to enable them to understand financial reports and budgets, and propose adjustments to information formats that may improve understanding.
2. Assist Board members in understanding and fulfilling their legal responsibilities in relation to the School's finances.
3. Fulfill statutory requirements related to annual audits and relations with auditors, as per the BC Business Corporations Act (Part 7 – Audit) and BC Society Act (Part 5 - Audit), including meeting with the auditors prior to the annual audit and upon receipt of the annual audit report. (Documents 5.11 and 5.12)
4. Organize and administer its work with adherence to the Board's perpetual calendar, including reviews of financial statements and reports and the annual budget prior to Board meetings.
5. Oversee the implementation of the Investment Policy (4.19) and make recommendations to the Board.
6. Recommend to the Board an investment manager to invest the funds in accordance with the investment policy.
7. Nominate external investment advisors for approval by the Board to be advisory with respect to VST's Investment Policy (4.19)
8. Review VST's investment portfolio with the manager on a quarterly basis and make adjustments as necessary.
9. Review the Investment Policy (4.19) and portfolio annually, with the assistance of the external investment advisors as needed.
10. Review and evaluate the annual audit report and audited financial statements and make recommendations to the Board regarding their adoption.

11. Review the performance of the external auditors and recommend the appointment of auditors to the Board.
12. Conduct itself in accordance with the attached Terms of Reference, which may be amended by the Board from time to time.

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**Vancouver School of Theology  
Audit and Finance Committee  
Terms of Reference**

**1. Purpose**

The Finance and Audit Committee (the Committee) is responsible to the Board of Governors (the Board) to provide strategic oversight to the management of the Vancouver School of Theology's (VST) financial resources.

The Committee is responsible for ensuring that appropriate financial management and accountabilities exist within VST, that VST's internal controls are sound, that risk management functions are performed competently, and that VST complies with legal, statutory and regulatory requirements.

**2. Membership**

Committee membership will include at least three members of the Board nominated by the Nominations and Governance Committee and appointed by the Board. The Chair is chosen by the Committee as per Policy 4.10 – 4d.

The majority of members 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 VST. At least one member of the committee shall have accounting or related financial management expertise.

The Chair may invite other individuals to attend a committee meeting as appropriate.

**3. Operating Procedures**

The Committee will meet sufficiently within a year to support its responsibilities.

The Committee will report its deliberations to the Board through minutes of its meetings and oral reports given by the Chair.

The Committee will conduct an annual self-assessment of its effectiveness vis-à-vis its mandate, and report the results of this evaluation to the Board. 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.

Quorum is 50% of members present.

#### **4. Responsibilities**

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

- Consistent with the VST strategic direction, review and recommend to the Board the annual operating budget based on VST's strategic plan.
- Review the VST performance to plan and forecast on a quarterly basis, ensuring that emerging issues and opportunities are being appropriately addressed by management.
- Review the performance of VST's investments on a quarterly basis. The Committee may seek guidance from external investment advisors – to be named by the Committee and approved by the Board.

##### *Risk Management*

- Maintain oversight for effective implementation of risk management functions on an enterprise-wide basis. Through review of written reports (e.g. Principal's, Compliance etc) 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 scope of 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 approval.
- In consultation with management and the external auditor, review the integrity and adequacy of VST'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.

- Request for proposals to provide external audit services from external auditors, including the incumbent auditor, every 5 years to ensure that VST gets quality service at reasonable cost.

#### *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 VST is compliant with current accounting and financial reporting practices, and with legal and regulatory requirements as they apply to VST.
- Review, and where appropriate approve, relevant reports or financial information submitted to any government body or the public, prior to their release.

#### **5. Independent professional Services**

- The Committee will seek, at least annually, the advice from the external investment advisors (Policy 4.19).
- The Committee may recommend to the Board that external advice through independent professional services be obtained from time to time.

#### **6. Authority**

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