

Finance, Audit and Risk Committee

Terms of Reference

BCCOHP's governance structure is focused on transparent decision making in the public interest.

BCCOHP committees are accountable to the Board. Each committee has specific duties and responsibilities that help the Board meet its mandate. Committees support the Board and help the Board to meet its regulatory responsibilities.

Committee members collaborate with professional staff to meet BCCOHP's mandate.

Mandate

The Finance, Audit and Risk Committee's mandate is to assist the Board in fulfilling its obligations and oversight responsibilities relating to financial planning and reporting, the audit process, internal control systems and risk management.

Composition

The committee consists of at least 5 members appointed by the Board, including:

- At least one public representative who is a member of the Chartered Professional Accountants of British Columbia
- At least one Board member who may also be a public representative who is a member of the Chartered Professional Accountants of British Columbia

A public member who is a member of a Canadian regulated accounting profession will be designated by the Board as the committee Chair.

At least 1/3 of the total committee membership must consist of public members. The Board appoints committee members for terms of 1 or 2 years, to a maximum of 6 consecutive years.

Mailing Address

110 - 1765 8th Ave W
Vancouver, BC V6J 5C6

Office Locations

Vancouver
Victoria

Phone: 672.202.0448
Toll free: 1.888.202.0448
info@oralhealthbc.ca
www.oralhealthbc.ca

Composition Matrix

BCCOHP will aim to appoint individuals with the following competencies to join the Finance, Audit and Risk Committee:

Accounting systems and internal controls

Knowledge of accounting practices and systems for financial reporting, information technology, data security and protection of personal information and privacy.

Business Experience

Experience and knowledge of business management practices.

Committee and Panel Leadership

Experience in facilitating committee or panel meetings using strong communication skills to develop a positive culture, resolve conflicts, and foster effective decision-making.

Financial literacy and expertise

Knowledge and understanding of financial administration and management.

Governance Expertise

Understand how governance works, how committees should function; be able to think critically about a committee's structure and practices, which result in recommendations to the Board.

Risk Management Expertise

Experience developing and/or in providing oversight of risk management programs.

Authority

In accordance with section 19(t) of the *Health Professions Act*, the Board has the power to establish committees it determines are necessary or advisable. The Finance, Audit and Risk Committee was established under this provision and therefore gets its authority from the Board. The Finance, Audit and Risk Committee is a Board committee and cannot make decisions independent of the Board.

Duties and Responsibilities

Financial Planning

In accordance with bylaw 4.13, the committee is responsible for:

- a) the analyses of each financial plan and annual budget prepared by the Registrar/CEO, and preparing a report on the analysis to be sent to the Board at the same time as the plan and budget;

- b) reviewing all financial statements and reports prepared for BCCOHP, including the annual audited financial statements, and advising the Board on any issues with any of the following:
 - i. financial plans and annual budget prepared by the Registrar/CEO for recommendation to the Board;
 - ii. the appropriateness and validity of any material assumptions and estimates used in the preparation of such plans or annual budget;
 - iii. the consistency of the financial plans and annual budget with policies, objectives and initiatives approved by the Board;
 - iv. the consistency of the financial plans and annual budget with any other financial data;
 - v. any significant assumptions, forecasts, targets, or performance goals used by Senior Management in the preparation of the financial plans and/or annual budget; and
- c) ensuring that the Registrar/CEO provides the Board on a timely basis, meaningful financial information regarding BCCOHP's current financial status and up-to-date forecasts required to make decisions.

Financial Reporting

The committee:

- a) reviews and recommends to the Board, approval of the:
 - i. financial statements and reports;
 - ii. annual audited financial statements; and
 - iii. management discussion and analysis, if any, that accompanies the audited financial statements;
- b) examines the audited annual financial statements in conjunction with the reports of the External Auditor, which may include determining whether the statements:
 - i. properly reflect the significant accounting policies selected;
 - ii. reflect estimates and other financial statement elements that are reasonable and consistent;

- iii. adequately disclose all major transactions and issues;
 - iv. disclose all post-year-end significant events; and
 - v. are understandable, relevant, reliable, and comparable;
- c) discusses with the Registrar/CEO and with the External Auditor:
- i. all proposed changes in accounting policy;
 - ii. the importance and presentation of all large risks or uncertainties;
 - iii. compliance with accounting standards;
 - iv. adjustments arising out of the audit process; and
 - v. all estimates or judgments material to financial reporting;
- d) discusses with the Registrar/CEO and the External Auditor significant financial reporting, recording or presentation issues that have arisen during the fiscal period and the manner of their resolution.

External Audit

The committee:

- a) recommends to the Board the appointment of the External Auditor;
- b) determines whether the performance of the External Auditor is satisfactory, effective and meets the requirements of BCCOHP;
- c) reviews all issues related to any change in External Auditor and the planned steps for an orderly transition;
- d) confirms the independence of the External Auditor;
- e) reviews the terms of the External Auditor's engagement, and the appropriateness and reasonableness of the proposed fees;
- f) reviews and recommends to the Board the audit plan;
- g) reviews problems, if any, experienced by the External Auditor in performing the audit, including restrictions, if any, imposed by BCCOHP staff and all significant accounting issues on which there was a disagreement with BCCOHP staff;
- h) reviews the post-audit opinion letter containing the recommendations of the External

Auditor and reviews the Registrar/CEO's response and subsequent follow-up to any significant identified weaknesses; and

- i) reviews and approves the provision of non-audit services, if any, to be provided by the External Auditor.

The committee shall meet with the External Auditor at least bi-annually, including meeting in camera with the External Auditor at least annually or as requested. The External Auditor shall be permitted to attend any committee meeting upon request.

Accounting Systems and Internal Controls

The committee:

- a) may commission independent internal audit advice from an accountancy firm with regards to BCCOHP's financial policies and procedures as needed;
- b) through discussion with the Registrar/CEO and the External Auditors, obtains reasonable assurances that BCCOHP has implemented appropriate systems of internal control:
 - i. over financial reporting, information technology, data security and protection of personal information and privacy, and that these systems are operating effectively;
 - ii. to ensure compliance with its policies and procedures and that these systems are operating effectively; and
 - iii. to identify, monitor, mitigate and report significant financial or operational risk exposures and that these systems are operating effectively;
- c) reviews the evaluation of internal controls by the External Auditor, including any recommendations for improvement of BCCOHP's accounting procedures and internal controls, together with the Registrar/CEO's response; and
- d) directs the External Auditor's examinations to particular areas of concern with respect to internal controls.

Risk Management

The committee:

- a) leads the Board's oversight of BCCOHP's risk management program;

- b) oversees BCCOHP's risk register on the management of material risks to BCCOHP. This includes financial, operational, legal, reputational or any other material risks to BCCOHP.
 - i. reviews and advises the Board with respect to the adequacy of provisions and estimates made in financial information including financial statements relating to material litigation issues.
- c) reviews BCCOHP's risk management controls and policies and seeks input and assistance from other Board committees as appropriate;
- d) reviews BCCOHP's insurance coverage of material business risks and uncertainties; and
- e) reviews BCCOHP's business continuity plans.

Alleged Financial Wrong-Doing

The committee:

- a) ensures that the Registrar/CEO has implemented a process to receive and respond to complaints or allegations of financial wrong-doing; and
- b) reviews and advises the Board with respect to such complaints, if any.

Investments and Indebtedness

The committee:

- a) reviews and recommends to the Board, policies with respect to BCCOHP's investments and indebtedness; and monitors BCCOHP's investments and indebtedness.

Property

The committee:

- a) recommends to the Board, rules respecting the management, governance and control of BCCOHP's real property, buildings and structures.

Compliance

The committee:

- a) confirms the appropriate policies and procedures are in place for monitoring

compliance with applicable laws and ascertains their adequacy and the levels of compliance;

- b) advises the Board on any new or pending developments in accounting and/or reporting standards;
- c) reports to the Board all financial matters of which the committee has knowledge that may materially affect the current or future position of BCCOHP; and
- d) reviews such other matters that the committee or the Board deems advisable or timely.

Policy Review

The committee has the responsibility of reviewing at least every two years, and more frequently if necessary (e.g., based on legislative changes, or a development in governance best practices), the following Board and Board-approved organizational policies:

- Committee Terms of Reference
- Bylaws sections 3.04-3.10.
- Investment Policy
- Expense Policy
- Expense Approval Policy for the Board, Committees and Staff

Meetings and expectations

The committee meets **5-6** times per year but may meet more often if necessary.

Committee meetings are usually during the business day for 2 hours and require preparation. Schedule and meeting length are dependent on member availability and committee workload.

Committee members are compensated for attending meetings in accordance with BCCOHP's Remuneration and Expense Policy.

Expectations:

In addition to the expectations for all committee members, members of the Finance, Audit and Risk Committee:

- Have a personal responsibility to be aware of any real or perceived conflicts of interest they may have and to declare any conflicts of interest during meetings. Committee members must recuse themselves from any discussions or decision in which they have a conflict.