

**Audit, Risk, and Finance Committee
Terms of Reference
(Last updated June 2024)**

1. Mandate

The Audit, Risk, and Finance Committee's mandate is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to:

- the organization's standards of integrity and behaviour and reporting of financial information
- risk management oversight and management control practices
- financial planning, funding/revenue strategies, recommending the approval of budgets, financial monitoring, and financial policies.

2. Membership

The Audit, Risk and Finance Committee will consist of no more than 4 members to be divided as 3 full-voting members from the board and the board chair as non-voting, ex officio. The board of directors will select 1 individual from among the 3 voting members as the chair of Audit, Risk, and Finance.

3. Eligibility

Members of the Board of Directors are eligible to sit on the Audit, Risk and Finance Committee.

4. Terms of Service

Committee members are appointed by the Board of Directors for a one-year term.

Each committee member has one vote. Where there is a tied vote, the Chair of the Audit, Risk, and Finance Committee will cast the deciding vote.

5. Roles and Responsibilities

The Audit, Risk and Finance Committee is responsible for:

- a) The oversight of the relationship with external auditors:
 - i) when appropriate, inviting proposals from audit firms in order to assess the auditors who would best serve the BAO and recommending their appointment;
 - ii) reviewing the work of the auditors;
 - iii) reviewing and recommending to the Board of Directors the auditors'

- appointment or reappointment terms of engagement and compensation;
 - iv) reviewing and recommending to the Board of Directors the scope of the annual audit set out in the audit engagement letters and any special areas of concern;
 - v) monitoring the independence and performance of the auditors;
 - vi) reviewing management's representation letter to the auditors;
 - vii) reviewing the audit opinion;
 - viii) reviewing and recommending appropriate corrective action as recommended by the auditors within a timely fashion;
 - ix) reviewing the BAO's draft annual audited financial statements and the auditors' report including discussing significant issues regarding accounting principles and practices, and management estimates and decisions;
 - x) recommending to the Board of Directors the audited financial statements for approval; and
 - xi) reviewing documents related to the audited financial statements and the auditors' report prior to filing with and/or distribution to external parties.
- b) The oversight of implementation of the policies and practices of the BAO related to finance, standards of integrity and behaviour including:
- i) policies and procedures related to procurement and awarding of contracts of material amounts.
 - ii) policies related to annual reserves.
- c) The oversight of the implementation of the BAO's management controls including:
- i) reviewing the quality of the financial reporting process;
 - ii) monitoring the effectiveness of the BAO's systems and practices of internal controls and the sufficiency of internal audit practices; and
 - iii) reviewing the effectiveness of the BAO's organizational risk management.
- d) Oversight and recommendations of financial matters including:
- i. reviewing income and cost projections to determine appropriate financial strategies;
 - ii. reviewing and making recommendation related to the annual budget prepared by staff;
 - iii. assisting in the identification of factors that have significant impact on the budget (e.g., inflation factors, interest rates, sector growth, fee structures, etc.);
 - iv. making recommendations related to revenue strategies and requirements, including the establishment and use of reserves and/or restricted funds to ensure the financial sustainability of the organization;
 - v. making recommendations related to the financial policies of the BAO; and
 - vi. making recommendations related to the fee schedule.

- e) The oversight and governance of the organization's Information Technology:
 - i) Reviewing and advising on the IT Strategic Plan;
 - ii) Reviewing the prioritization of BAO's investments in IT to ensure maximum value, followed by recommendation to the Board of Directors for approval;
 - iii) Reviewing processes for receiving and recommending to the Board of Directors IT project requests on an annual basis;
 - iv) Monitoring information technology project implementation through appropriate project status reports;
 - v) Discussing, endorsing and recommending approval to the Board of Directors for policies, procedures, practices, and guidelines with respect to IT and facilitate compliance;
 - vi) Reviewing organizational and operating risks as it pertains to Information Technology.

- f) The oversight and governance of the organization's Enterprise Risk Management:
 - i) Reviewing the BAO's key policies and processes for identifying, assessing, and minimizing business risks, the management of these risks, and an assessment of their robustness, appropriateness, and effectiveness;
 - ii) Reviewing the annual risk management plan;
 - iii) Reviewing the outcome of the risk programs operating across the BAO and any proposed remedial actions;
 - iv) Reviewing the status of, and significant findings from, any regulatory inspections or regulatory violations that have occurred within the organization;
 - v) Reviewing and recommending to the Board of Directors enhancements to the risk management framework, and annually overseeing the BAO's risk management approach for which the Committee has oversight;
 - vi) Reviewing the adequacy of insurance coverage maintained by the BAO;
 - vii) Reviewing any legal claim or other contingent liability that could have a material effect upon the reputation, financial position, or operating results of the BAO; and
 - viii) Reviewing, at least annually, a summary of the status of any material pending or threatened litigation, claims, and assessments.

6. Meetings

The Audit, Risk, and Finance Committee members will meet as needed and upon the request of the Board of Directors.

Meetings may be held in person, by video or teleconference, or other such communication method that allows all participants equal access to communicate with one another.

A quorum of the majority of Audit, Risk, and Finance Committee members is required for executing the business of the committee.

7. Communications Protocol

Unless approved by the Board of Directors, members of the Audit, Risk, and Finance Committee will not communicate the activities or decisions of the Audit, Risk, and Finance Committee publicly.

The Audit, Risk, and Finance Committee may conduct in-camera sessions during their meetings to discuss confidential matters.

8. Access to Bereavement Authority of Ontario Staff Resources

The Audit, Risk and Finance Committee will be supported by one or more designated BAO staff members.

9. Expenses

Expenses incurred by the Audit, Risk, and Finance Committee will be reimbursed according to the BAO's Expense Policy and Board Remuneration Policy.

Financial expenditures required by the committee require pre-approval by the Board.

10. Amendment, Modification or Variation

These Terms of Reference may be amended, varied, or modified by agreement of the Board of Directors.

Best efforts will be made to review these Terms of Reference on an annual basis, at the first committee meeting of each year.