

## FINANCE COMMITTEE TERMS OF REFERENCE

### **OBJECTIVES**

Primary responsibility for the College of Nurses of Ontario's financial reporting and control systems is vested in Management and is overseen by the Council. The Finance Committee ("the Committee") is a standing committee of the Council established to:

1. Advise Council on the financial affairs of the College (General By-Law, Article 26.05)
2. Assist the Council in fulfilling its fiduciary responsibilities in regard to financial reporting, internal control systems, relationships with auditors, legal and ethical conduct, and ensuring accountability for the use of assets.
3. Communicate effectively with the Council, external auditor and senior management.
4. Ensure the independence of the external auditors.
5. Report at least four times a year to the Council on how the terms of reference are being met, providing Council with the information it requires to fulfill its fiduciary responsibilities.

### **AUTHORITY**

The Council grants the Committee the authority to fulfill the Specific Terms as outlined below, in order to achieve its stated objectives. The Committee shall have access to personnel, documents, records and resources necessary to carry out its responsibilities. The Committee shall have the authority to initiate investigations into any matter within the Committee's scope of responsibilities and is empowered to retain special legal, accounting or other consultants to advise the Committee. The Committee is authorized to require Management to promptly inform the Committee and external auditor of any material misstatement or error in the financial statements following discovery of such situation.

### **SPECIFIC TERMS**

#### **Annual Financial Information**

1. Ensure operating and capital budgets:
  - Support annual operations that contribute to achievement of the mission, vision and strategic objectives; and
  - Provide for the ongoing fiscal well-being of the College.

2. Review the following for recommendation to Council:
  - (i) the unaudited financial statements prepared by management, a minimum of three times a year;
  - (ii) the annual operating budget; and
  - (iii) the annual capital budget.
3. Review the annual financial statements of the College and of the Pension Plan for Employees of the College and recommend their approval to the Council, after discussing with management and the auditors, matters pertaining to:
  - the selection, application and consistency of significant accounting policies;
  - significant accounting judgements, accruals and estimates; and
  - significant disclosure or presentation issues addressed by management and the external auditor during the course of the audit and preparation of the financial statements.
4. Review the planning and results of the external audit, including:
  - the engagement letter and projected audit fee;
  - the scope of the audit, including areas of audit risk, timetable, deadlines, materiality limits, extent of internal control testing and co-ordination with internal audit;
  - the auditors' report;
  - any errors detected by the audit, how they were resolved with management, and whether they indicate a weakness in the reporting and control system; and
  - consider any other matters, including the external auditors' management letter and management's response thereto.

The Committee should report on its findings to the Council before the Council approves such annual financial statements, as reported upon by the external auditor.

### **Risk Management, Accounting and Internal Controls**

1. Review and evaluate the critical areas of financial risk and exposure as determined by management for the College, including but not limited to insurance protection, environmental risk, political factors, treasury/credit and other areas as determined from time-to-time.
2. Periodically review any emerging accounting issues and their potential impact on the College's financial statements.
3. Obtain reasonable assurance from discussions with and/or reports from management and the external auditor that the College's accounting systems and internal control systems are efficient, effective and operating continuously.

4. Direct the external auditor's examinations to specific areas as deemed necessary by the Committee.

### **External Auditor Independence**

1. The Committee shall ensure that the External Auditor understands their ultimate accountability to the Council and the Committee, on behalf of the College's members.
2. The Committee shall strengthen and preserve external auditor independence by:
  - holding periodic in-camera sessions with the external auditor;
  - annually reviewing non-audit engagements undertaken by the audit firm for the College and assessing their impact on the external auditors' objectivity and independence;
  - assessing the performance of the external auditor and developing resolutions related to the reappointment or any proposed change in external auditors to the June meeting of Council
  - reviewing the co-operation received by the external auditor from management; and
  - ensuring the external auditors issue a letter to the Committee on an annual basis declaring their independence from management and the College.

### **Ethical and Legal Conduct**

1. Ensure there are adequate systems and practices in place to provide reasonable assurance of compliance with laws, regulations and standards of ethical conduct, with respect to the financial affairs of the College.
2. Receive and review updates from management and general counsel on compliance matters and litigation claims or other contingencies that could have a significant impact on the financial affairs of the College.
3. Require reporting of all fraudulent and illegal acts to the Committee along with management's response to them.

### **Self Governance**

1. Annually review the Committee Terms of Reference and recommend appropriate changes to the Executive Committee.
2. Review the Terms of Reference of the Sub-Committee on Compensation biennially and recommend changes, if any, to the Executive Committee.

3. Annually self-assess whether the Committee has met the specific terms and report these results to Council.
4. Ensure disclosure of or appropriate access to the Committee Terms of Reference for all members of the College.
5. Perform any other activities consistent with these Terms of Reference, the College's bylaws and governing law, as the Committee or Council deems necessary or appropriate.

### **Other**

1. Review annually the appropriateness of the application and membership fee structure and other revenue charges and recommend changes to Council, as required.
2. Review biennially all stipends, honoraria and amounts paid under expense accounts and recommend changes to Council
4. Review College policies on financial matters and make recommendations for change to Council.
5. Review, at least annually, By-Laws regarding the financial affairs of the College and recommend changes to Council.
6. Recommend the members of the Compensation Sub-Committee to Council.

### **Membership**

1. The Committee will consist of eight members:
  - President of Council
  - 2 RN councillors, one of whom is the Vice-President;
  - 2 RPN councilors, one of whom is the Vice-President;
  - 2 public member councilors; and
  - The Chair of the Sub-Committee on Compensation.

Each member shall be free of any relationship that, in the opinion of the Council, would interfere with his or her individual exercise of independent judgement.

2. The Vice-Presidents will act as co-chairs.

3. The term of office for members will be one year with the option of reappointment by Council and re-election of the President and Vice-President.

In the event of mid-term vacancies, the Council will appoint replacement members to complete the term.

The Executive Director and the Director of Corporate Services shall be staff resource to the Committee except for the portions of the meetings dealing with audit.

### **Meetings**

1. Meetings may be convened at the request of any member of the Committee or at the request of the College's auditor, but in no circumstances less than four times each year.
2. The College's auditor shall receive notice of all meetings of the Committee and is entitled to appear and be heard thereat.
3. Any member of the Committee may require the attendance of the auditor at any meeting of the Committee.
4. Meetings may be held in person, by conference telephone call, or by any individual member participating by conference telephone.

### **Agenda**

The Co-Chairs shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members in sufficient time for study prior to the meeting. Committee members may recommend agenda items subject to approval of the agenda by the Committee.

The Committee will maintain minutes of its meetings.

### **Decision Making**

A quorum consists of a majority of the voting members of the Committee. Each Committee member is entitled to one vote and decision shall be by majority vote of those present.

Approved by Council, March 2005

Amended:

- March 2007
- June 2009
- June 2011