
By-law No. 8: Finance and Audit Committee Terms of Reference

Effective Date:	May 23, 2024, by resolution of the Board of Directors
Review Schedule:	At least every three years
Previous Versions	<ul style="list-style-type: none">• Approved by Board of Directors' resolution 55.12 on September 22, 2013• Amended by Board of Directors' resolution 61.10 & 61.11 on September 20, 2015• Amended by Board of Directors' resolution 64.3 on October 29, 2016• Amended by Board of Directors' resolution 73.13 on April 19, 2020• Amended by Board of Directors' resolution 75.12 on July 10, 2020

1. Introduction

The Finance and Audit Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") of the Canadian Race Relations Foundation (the "CRRF"; the "Foundation"). As such, it is part of the governance framework within which the Board, assisted by its committees, directs, and oversees the affairs of the Foundation.

As a standing committee, the Committee reports to the Board, which is ultimately responsible for the integrity of the CRRF's financial management, control and reporting; the Committee has no independent decision-making capacity in its own right.

The CRRF is subject to certain sections of Part X of the *Financial Administration Act* (the "FAA")¹, including those governing the role of audit committees and the external and internal audit function within Crown corporations. The Office of the Auditor General (the "OAG") has been appointed by the Governor in Council as the CRRF's external auditor, responsible for auditing the CRRF's year-end financial statements. The OAG is also responsible for periodic special examinations mandated under the FAA.

2. Purpose

The purpose of the Finance and Audit Committee is:

- To perform all duties required of a Crown corporation's Audit Committee under Clause 148 of Part X of the FAA relative to:
 - Financial reporting;
 - Internal audit;
 - The annual external audit performed by the OAG; and

¹ Sections 89.8 to 89.92, subsection 105(2), and sections 113.1, 131-148 and 154.01 apply to the CRRF under the *Canadian Race Relations Foundation Act*.

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- The Special Examination performed periodically by the OAG
 - To assist the Board to ensure fiscal responsibility and oversee financial planning, reporting and key financial policies and activities, including by:
 - Reviewing and recommending the CRRF’s annual budget, monitoring quarterly financial results and recommending amendments to the budget
 - Providing advice and making recommendations to the Board regarding significant financial policies and performing any role as may be prescribed to it under those policies
 - To perform other functions as may be assigned to it by the Board, including those that may be required to oversee the CRRF’s fundraising activities.

3. Composition, Terms and Qualifications

Composition

The Committee shall be comprised of at least four (4) and not more than seven (7) voting members eligible to vote (the “Voting Members”), appointed by the Board on the recommendation of the Governance Committee. The Voting Members shall include:

- i. A Committee Chair, who shall be appointed by the Board from among the Board members on the recommendation of the Chairperson of the Board:
 - The Committee Chair shall also hold the title of Treasurer for the purpose of being listed in or signing official documents.
 - The Committee Chair shall sit as an *ex officio*, voting member of the Investment Committee.
- ii. The Chairperson of the Board of Directors, who is an *ex officio* voting member of all committees;
- iii. Members of the Board of Directors; and
- iv. Up to two (2) external members, where additional expertise is deemed to be required and/or beneficial. Any external members shall be appointed for up to four (4) years, with an option to renew for one additional term of up to four (4) years.

The CRRF’s Executive Director is an *ex officio*, non-voting member of the Committee.

Representatives of the OAG—including the annual audit team and the examiners conducting any special examination (the “Auditor and/or Examiner”)—are given notice of every meeting of the Committee and are entitled to attend and be heard at each meeting. It shall be normal practice for the Committee to hold an *in-camera* session with the representatives of the OAG at each meeting.

Terms

Each Voting Member shall continue to be a Member until a successor is appointed, unless the Member resigns, is removed by resolution of the Board or otherwise ceases to be a member of the Board.

Qualifications

The CRRF recognizes the importance of having members with financial literacy and expertise on its Finance and Audit Committee—ideally with at least one holding an accounting designation. Should those skills not exist among the appointed Directors, the Committee will endeavour to provide training to its members to optimize their ability to perform their duties and/or retain external expertise if required.

4. Roles and Responsibilities

The Finance and Audit Committee has the following primary roles and responsibilities:

1. Financial Reporting:

- Assisting the Board to fulfill its responsibility for the accuracy and integrity of the Foundation’s financial reports by reviewing and advising the Board on the audited year-end financial statements that are to be included in the CRRF’s annual report. This includes an examination of the Management Discussion and Analysis (the “MD&A”), which is part of the annual financial reporting to Parliament.

2. External Audit

- Reviewing and commenting on the OAG’s plan for the year-end attest audit, which examines the CRRF’s financial statements, accounts and records.
- Reviewing and advising the Board with respect to the OAG’s report on its year-end audit.
- Ensuring management has plans in place to respond to any recommendations resulting from the OAG’s annual audit and monitoring the implementation of those plans.

3. Internal Audit

- Approving the internal audit plan and overseeing internal audits conducted by the CRRF.
- Ensuring management has plans in place to respond to any recommendations resulting from internal audits and monitoring the implementation of those plans.

4. Special Examinations

- During any special examinations conducted by the OAG, reviewing, and advising the Board on the OAG’s plan for and report on the special examination.

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- Ensuring management has plans in place to respond to any recommendations resulting from special examination and monitoring the implementation of those plans.

5. Budgets and in-year Financial Performance Monitoring

- Reviewing and recommending the Board’s approval of the CRRF’s annual budget, including satisfying itself that it is aligned with the CRRF’s strategic and business plans.
- Reviewing and advising the Board with respect to the quarterly variance reports and recommending any necessary amendments to the budget on the advice of management.
- Receiving electronic copies of the un-audited quarterly financial statements to be posted on the CRRF website.

6. Financial Policies

- Providing advice and making recommendations to the Board regarding significant financial policies and performing any role as may be prescribed to it under those policies.

7. Liaison with the Investment Committee

- Identify and advise the Investment Committee of any potential requirements for funds to be transferred from the Endowment Fund to the CRRF if it has limited other financial options or access to resources to carry out its core purposes and operations.

8. Risk Management and Internal Controls

- Oversee and hold management accountable for the CRRF’s risk management framework and internal control systems.

9. To perform other functions as may be assigned to it by the Board, including those that may be required to oversee the CRRF’s fundraising activities.

5. Frequency of Meetings

The Committee shall meet in accordance with the schedule established by the Board for its meetings and those of its committees—so long as the schedule meets the CRRF’s statutory obligations—or as required at the call of the Chair of the Committee. Consistent with the FAA, the Auditor and/or Examiner or any member of the Committee may also call a meeting of the Committee if circumstances warrant.

6. Quorum and Voting

A majority of the Committee members constitutes a quorum at any meeting of the Committee. Each member eligible to vote shall have one vote.

Questions shall be decided by a majority of votes cast. In case of an equality of votes on a question, the Committee Chair shall have the right to cast a second vote. If the Committee Chair does not cast a second vote, the question shall be deemed defeated.

Should there be a requirement for an electronic vote between meetings, a quorum shall be constituted when at least two-thirds of the members eligible to vote cast a vote by email. Any action taken by such electronic means shall be recorded into the minutes of the next duly convened meeting of the Committee.

7. Reimbursement of Expenses

Committee members will be reimbursed in accordance with the CRRF's *Payment of Honoraria and Travel Expenses to Directors Policy*.