

Audit and Risk Management Committee Terms of Reference

Purpose

Primary responsibility for BC Housing's financial reporting, accounting systems, risk management, management plans and budgets and internal controls is vested in management and overseen by the Board of Commissioners.

The purpose of the Audit and Risk Management Committee (the "Committee") is to support the Board of Commissioners in fulfilling its obligations and oversight responsibilities relating financial oversight, risk management, and when required, make recommendations to the Board of Commissioners.

The Board of Commissioners delegates to the Committee the responsibility to provide assurance that public funds are expended in accordance with BC Housing's mandate and are accurately accounted for and reported in a timely and transparent manner.

The Committee will take into account any relevant financial, social and environmental considerations in its planning and decision making.

In order to discharge its responsibilities, the Committee will have unrestricted access to the Commission's personnel and documents through the Corporate Secretary and the Chief Financial Officer and will be provided with the resources necessary to carry out its responsibilities, including the authority to engage independent counsel and other advisers as part of this resource requirement.

These Terms of Reference establish the Committee's governance framework and duties and responsibilities in fulfilling its oversight role.

Accountability

The Committee will report its discussions to the Board of Commissioners by distributing the minutes of its meetings and, where appropriate, by oral report to the Board of Commissioners with respect to every major matter considered since the last meeting.

Committee Membership

The Board approves the Terms of Reference for the Committee, including the method for establishing committee membership and composition as well as delegated duties and responsibilities. The Committee Chair is appointed by the Board at the Board Chair's recommendation.

The Committee will be composed of no fewer than three Commissioners or 40% of Commissioners holding office, whichever is lower.

Committee members will have a working familiarity with finance and accounting practices, and at least one Committee member will have accounting or related financial management expertise.

The Corporate Secretary will provide staff support to the Committee.

Orientation

In accordance with the Board's Terms of Reference, an orientation session and relevant orientation materials will be provided by the Corporate Secretary to the new members of the Committee.

Meetings

A quorum for any meeting of the Committee will be the majority of the members of the Committee. The Board Chair is a voting member of the Committee but is not counted in determinations of Committee quorum.

Meetings will be held at the call of the Committee Chair in accordance with the Meeting Timetable approved by the Board, or as deemed necessary to carry out the business of the Committee.

The Chief Executive Officer, Chief Financial Officer, and Corporate Secretary may attend all meetings of the Committee, except for in-camera sessions.

At every meeting, the Committee will meet in-camera for a period of time without staff present.

There will be a Secretary for all Committee meetings.

Independent Advice

The Committee may at any time, through the Corporate Secretary and following approval of the Board Chair, engage independent consultants to assist the Committee with its duties.

Duties and Responsibilities

In exercising its function, the Committee has a number of key responsibilities as set out below. Subject to the powers and duties of the Board, the Committee's duties and responsibilities are as follows:

Financial and Public Reporting

The Committee is responsible for approving the organization's financial reports to ensure that they support BC Housing in meeting its mandate and furthering its strategic direction.

The Committee reviews and recommends for Board approval financial and public reporting documents including:

- a) the audited annual financial statements and reports, including the Financial Statement Discussion and Analysis Report;
- b) the three-year budget forecast as reported in the annual Service Plan and financial reporting in the Annual Service Plan Report; and
- c) quarterly and other financial information that will be provided to government and other stakeholders, such as the Board of Commissioners Annual Remuneration Disclosure and Financial Information Act reports and ensure that this information accurately represents the business activities of the organization.

Risk Oversight

The Committee reviews and approves the systems of risk management and the internal controls established by management and the Board to:

- a) ensure the organization's sound financial performance;
- b) ensure that the organization's internal controls have integrity and will lead to the production of accurate financial statements and performance reports;
- c) prevent financial mismanagement; and
- d) ensure that management has appropriate systems in place to identify and manage risk. This includes reviewing and recommending BC Housing's Risk Management Charter, and twice- annually reviewing and recommending the Enterprise Risk Management (ERM) report.

Internal Audit

Internal Audit assists the Board in exercising its financial, control and risk oversight responsibilities. The Board has delegated to the Committee full responsibility for establishing and overseeing an Internal Audit function that supports BC Housing in the achievement of its strategic direction. The Committee initiates and ensures an internal audit process, including:

- a) annually reviewing and recommending the internal audit plan including:
 - a. the approach to assess risk;
 - b. the assessment of the adequacy of internal controls;
 - c. recommendations to improve internal controls; and
 - d. the adequacy of internal audit resources;
- b) reviewing internal audit reports issued quarterly, management's response and any subsequent follow-up of audit recommendations; and
- c) annually reviewing the performance of internal audit in conjunction with the Chief Financial Officer.

The head of Internal Audit, the Executive Director of Audit Advisory Services, has a dual reporting role to the Chair of the Audit and Risk Management Committee, and administratively to the Vice President of Corporate Services and Chief Financial Officer. Following consultation with the CEO, the Committee recommends the appointment, retention and replacement of the Executive Director of Internal Audit.

The Committee meets with the Internal Auditor at least quarterly and will meet in-camera with the Internal Auditor at least once per year.

External Audit

The External Auditor plays a key role in providing independent assurance that BC Housing's financial reporting accurately reflects the organization's position. The Committee initiates and ensures an external audit process, including:

- a) annually review and recommendation of the external audit plan;
- b) recommending the appointment and compensation of the external auditor as required;
- c) overseeing the independence of the external auditor, including where appropriate, the development of an auditor independence policy;
- d) reviewing any non-audit related services to be provided by the external auditor; and
- e) working with the external auditor to define the purpose of the audit, formulate and recommend the audit plan, and review audit results.

The Committee meets with the External Auditor at least twice per year and will also meet in-camera with the External Auditor at least once per year.

Investment

The Committee annually reviews and recommends to the Board BC Housing's Statement of Investment Policy and receives quarterly investment reports.

Information Technology Oversight

The Committee monitors strategic issues related to information technology at BC Housing, including key risks and opportunities. The Committee annually reviews and recommends the BC Housing Information Management and Technology (IMT) Strategic Plan to the Board.

This Committee also monitors information technology matters related to business transformation, in conjunction with the Business Transformation Committee.

Other Responsibilities

The Committee may review such other matters that the Committee or the Board deems advisable or timely, such as:

- a) review the status of pending or threatened material litigation and confirm with management whether there has been any reported evidence of a material violation of any laws or breach of fiduciary duty or similar violation that may have not reached the litigation stage;
- b) draw to the attention of the Board of Commissioners all financial matters of which the Committee has knowledge, and which may materially affect the current or future financial position of the Commission; and
- c) annually review and recommend CEO expense reporting.

The Committee has an established set of activities which is set in the Meeting Timetable below.

Standing Quarterly Reports

In support of the Committee's due diligence in executing its duties and responsibilities, the Committee reviews the following quarterly reports:

- a) Fraud Report and financial accountability aspects of the Standards of Conduct Policy;
- b) Payment to the Auditor Report;
- c) Complaints Resolution Report;
- d) Litigation Report;
- e) Quarterly report on expenses incurred by the CEO for business-related travel; and
- f) Other reports as requested by the Committee.

Committee Effectiveness

The Audit and Risk Management Committee annually reviews its Terms of Reference to ensure that it continues to meet best practice and the needs of the Board. As part of the annual Board evaluation process facilitated by the governance committee, Committee members will assess the Committee's performance in carrying out its duties.

Committee Timetable

The timetable below outlines the Committee's schedule of activities during the year.

Audit and Risk Management Committee Timetable					
	Quarter 1 (Apr 1 – Jun 30)	Quarter 2 (Jul 1 – Sept 30)	Quarter 3 (Oct 1 – Dec 31)	Quarter 4 (Jan 1 – Mar 31)	As required/ Ongoing
Review and recommend the audited annual financial statements and external auditor reports	X				
Review and recommend the three-year budget forecast as reported in the annual Service Plan and the Annual Service Plan Report	X			X	
Review and recommend quarterly financial reports	X	X	X	X	
Review and recommend ERM Report and key strategic risks	X		X		
Review and recommend internal audit master plan				X	
Review internal audit reports	X	X	X	X	
Review and recommend the appointment and compensation of the external auditor					X
Review and recommend external audit plan			X		
Review and approve any non-audit related services to be provided by the external auditor					X
Review and recommend the <i>Financial Information Act</i> Report	X				
Review and recommend Board remuneration report	X				
Review CEO expense report	X				
Review and recommend the Statement of Investment Policy		X			
Review and recommend the BC Housing Information Management and Technology (IMT) Strategic Plan					X
Review various quarterly update reports: fraud, complaints resolution litigation, payments to auditor	X	X	X	X	
Review and recommend approval of Committee Terms of Reference			X		