

LANGLEY ANIMAL PROTECTION SOCIETY

**FINANCE AND AUDIT COMMITTEE
TERMS OF REFERENCE**

1. PURPOSE/MANDATE

The purpose of the Finance and Audit Committee (FAC) is to ensure that the Board fulfills its financial oversight for the Langley Animal Protection Society (LAPS) including budgeting, financial reporting, internal procedures, controls, and accountability and the external audit.

2. RESPONSIBILITIES

The Finance and Audit Committee will provide advice and counsel to the Board of Directors and the Executive Director, LAPS and the Director of Finance and Administration. Although the entire board carries fiduciary responsibility for the organization, the finance committee serves a leadership role in this area, making sure appropriate internal control procedures for all financial transactions are documented and followed by staff. The committee also plays a role in determining and updating bank account signatories as well as overseeing all legal and governmental filing deadlines are met. The Committee has specific responsibilities in the following areas:

2.1 Budgeting:

- (i) Ensure the development of an annual operating budget signed off by the Executive Director and Director of Finance and Administration
- (ii) Review and recommend the annual budget for presentation to and approval of the Board of Directors
- (iii) Monitor adherence to the budget through monthly and quarterly financial reporting
- (iv) Set long-range financial goals based on the Strategic Plan along with funding strategies to achieve them.

2.2 Reporting:

- (i) Develop useful and readable report formats for and with staff
- (ii) Work with staff to develop a list of desired reports noting the level of detail, frequency, deadlines, and recipients of these reports.
- (iii) Work with staff to understand the implications of the reports.
- (iv) Present the financial reports to the full board.

2.3 Internal Procedures, Controls and Accountability

- (i) Create, approve, and update policies that help ensure the assets of LAPS are protected.
- (ii) Ensure policies and procedures for financial transactions are documented in a manual or electronic report, and the manual or report is reviewed annually and updated as necessary.
- (iii) Ensure approved financial policies and procedures are being followed.

2.3.1 External Audit

- (i) Recruit and select the auditor
- (ii) Review and recommend to the board significant non-audit services to be provided by the external auditor and specify in advance what services require Board or Committee approval before they commence.
- (iii) Review and recommend for approval to the Board an annual audit plan and engagement letter for the external auditor.
- (iv) Review the formal representation letter provided by management to the external auditors as to the accuracy fairness and completeness of financial reporting.
- (v) Meet at least annually with the external auditor, without management present to get the external auditor's views on the annual audit including any problems encountered.
- (vi) Review and recommend to the Board and Society approval of the audited annual financial statements and related audit reports.

2.3 Investing & Safeguarding of Assets

- (i) Periodically review the performance of LAPS investments, and at least annually, review and recommend to the Board an investment policy for surplus cash considering maximum return within acceptable parameters.
- (ii) Monitor policies for the safeguarding of assets including recommendations contained within the external auditor's annual audit findings report and management letter.

3. FUNCTIONING

3.1 Creation

The Finance and Audit Committee is a standing committee of the LAPS Board of Directors.

3.2 Membership

- The Treasurer shall be the chair of the Committee
- The Executive Director (ex officio, non-voting)
- The Director of Finance (ex-officio, non-voting)

- Up to two committee members appointed by the Chair (one of which must be another board member)

All members of the committee will be financially literate, meaning they must be able to read and understand the financial statements and question them. In the event a member is not financially literate, the Committee member may develop financial literacy capability within a reasonable time frame after joining the Committee.

3.3 Terms

Members of the Governance & Nominating Committee will serve a two-year term with a limit of three terms total to a maximum of six (6) years.

3.4 Conflict of Interest

Committee members are required to abide by the LAPS Conflict of Interest Policy and to complete the annual declaration of potential conflicts if they have not done so as a Board director. As such, Committee members are required to absent themselves from any decisions at the Finance and Audit Committee meeting in which they have a real or perceived conflict.

3.5 Confidentiality

All members of the Committee are required to abide by the LAPS Confidentiality Agreement and will maintain confidentiality regarding all business of the Committee, including but not limited to documentation and minutes.

3.6 Resolution in Writing

A resolution consented to in writing, whether by document, fax, or any method of transmitting legibly recorded messages, by all the members of the Finance and Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Such resolution may be in two or more counterparts, which together shall be deemed to constitute one resolution in writing.

3.7 Meetings

- i. Agenda and Preparation
Materials for Finance and Audit Committee meetings, including the agenda and presentations should be circulated in advance
- ii. Frequency and Duration
Meetings are held not less than quarterly. Meetings may be held at the call of the Committee Chair or any two members of the Finance and Audit Committee.
- iii. Quorum
A quorum shall be not less than 50% of the members of the Committee.

iv. Attendance

Members are encouraged not to miss two consecutive meetings or are asked to re-examine their availability for Committee work.

4. FORMAL COMMUNICATIONS & ACCOUNTABILITY

4.1 Terms of Reference

The Board approved terms of reference for the Finance and Audit Committee should be made available to members of the Committee, Board, and management.

4.2 Minutes

The Director of Finance is responsible for recording the minutes of the meeting for review by the Finance and Audit Committee Chair prior to approval by the full Committee. The minutes or a synopsis (draft or approved, depending on timing) are provided for information at the subsequent meeting of the Board of Directors. A copy of the approved Minutes is kept in the administrative office and is signed by the Minute Recorder and the Chair of the Committee.

4.3 Reports to the Board of Directors for Information and/or Recommendation

The Finance and Audit Committee is responsible for submitting the following items to the Board of Directors for approval:

- Annual Budget
- Quarterly financial reports
- Appointment of the Auditor
- Audited Financial Report
- Finance and audit policies

4.4 Committee Effectiveness

The Committee will review its performance and Terms of Reference annually and report to the Board of Directors on this review. The report will include any resulting recommendations for changes to the Terms of Reference.

Board Approved- August 24, 2021

Date for Review: 2023

