

Audit Committee Information

Time Commitment: 5-7 hours per year

Meeting Schedule (all held via teleconference or video conference):

- May
- November/December
- other meetings as necessary

Audit Committee Member Role Description:

The Audit Committee (the "Committee") is created by and is responsible to the Board of Directors ("the Board") of The United Church of Canada Foundation/Fondation de l'Eglise Unie du Canada.

The Committee's role is to oversee all material aspects of the Foundation's financial reporting, financial controls, and audit functions.

The Committee shall function in accordance with the Board's current Governance Policy.

Qualifications and Term of Office

Committee members have experience in financial reporting or other functions of the Committee, and are not employees of The United Church of Canada or the Foundation.

Members are expected to serve for a three year term and may be reappointed at the discretion of the Board for a maximum of one additional term for a total of six years.

Meetings and Time Commitment

Committee meets as required which is at least twice per fiscal year. The Committee Chair, the management of the Foundation, the Board Chair, or the Board may request that the Committee hold an additional meeting.

Meetings take place via teleconference or video conference and usually occur during business hours.

The total yearly time commitment is approximately five to seven hours including meetings and material review.

Key Relationships

- The Board of Directors
- The President of the Foundation for guidance and support

Duties and Responsibilities

The Committee has responsibilities in the following areas:

- Financial Reporting

- Risks and Controls
- External Auditors

Specifically, the Committee:

- Ensures that all annual audits of the financial statements of the Foundation are conducted in an efficient, comprehensive, cost-effective, and objective manner.
- Reviews the annual and interim financial statements of the Foundation including policies, methods, significant transactions, reporting system and controls
- Reviews reports from auditors
- Recommends approval of statements
- Reviews changes to financial or control systems
- Assesses business and financial risk management including the Foundation's investment portfolio
- Recommends the selection of the external auditors for approval.
- Conducts or authorize investigations into any matters within the Committee's scope of responsibilities.
- Completes other duties as described in the Audit Committee Terms of Reference.



**The United Church of Canada Foundation (the "Foundation")
Audit Committee Terms of Reference
Approved by the Board of Directors May 16, 2007
Amended by the Board of Directors December 1, 2016**

1. Authority

- a. The Audit Committee (the "Committee") is created by and is responsible to the Board of Directors (the "Board") of The United Church of Canada Foundation/Fondation de l'Eglise Unie du Canada (the "Board").
- b. The Committee shall function in accordance with the Board's current Financial Accountability Policy.

2. Membership and Term of Office

- a. The Committee shall be comprised of three to five members.
- b. A majority of the Committee members shall have experience in financial reporting or other functions of the Committee, and shall not be employees of The United Church of Canada or the Foundation.
- c. The President and CEO of the Foundation shall provide staff support to the Committee.
- d. The Committee chairperson shall be a member of the Foundation's Board.
- e. Members are expected to serve for a three year term and may be reappointed at the discretion of the Board for a maximum of one additional term for a total of six years.
- f. Appointments and terms of office shall be scheduled to provide for a reasonable continuity within the Committee.

3. Committee Role

- a. The Committee's role is to act on behalf of the Board of the Foundation to oversee all material aspects of the Foundation's financial reporting, financial controls, and audit functions.

4. Committee Operating Principles

- a. The Committee shall fulfill its responsibilities within the context of the following overriding principles:
 - i. Communications:
 1. The chair and other members shall, to the extent appropriate, maintain an open avenue of contact with senior management, other Board committee chairs and other key Board committee

advisors as applicable, to strengthen the Committee's knowledge of relevant current and prospective issues.

2. The chair of the Audit Committee shall send annually to all employees of the Foundation and to the lead staff of any contracted accounting firm which may include The United Church of Canada, a list of Committee members and their contact information with an invitation to contact them on a confidential basis regarding issues staff feel should come to the Committee's attention. Issues could include inappropriate use of funds and inconsistencies in accounting policies.
3. The Committee shall communicate expectations and the nature, timing and extent of Committee information needs to management and external parties including auditors. Written materials shall be received from management, auditors, and others at least one week in advance of meeting dates.

b. External Resources

- i. The Committee shall be authorized to access internal and external resources, including external counsel and advisors, as the Committee requires, at its sole discretion, to carry out its responsibilities.

c. Other

- i. The President of the Foundation shall provide support and guidance to the Committee.
- ii. The Committee shall meet as required by the Committee Chair, but at least twice per fiscal year, and upon the request of the management of the Foundation, the Board Chair, or the Board.

5. Duties and Responsibilities

a. Financial Reporting

- i. Ensure that annual audits of the financial statements of the Foundation are conducted in an efficient, comprehensive, cost-effective, and objective manner.
- ii. Review the annual financial statements of the Foundation, including such matters as:
 1. The selection of, and changes in, accounting policies, particularly those in areas that are subjective or for which there is no authoritative guidance.

2. The methods used to account for unusual or particularly significant transactions.
 3. The issues on which management has made estimates or judgments that had a significant effect on the financial statements.
 4. Any significant transactions with related parties.
 5. The oversight of the Foundation's financial reporting systems and financial control systems.
- iii. Review any changes in professional standards or regulatory requirements.
 - iv. Review reports from external auditors concerning major accounting policies, all alternative treatments of financial information that were discussed with management and other material written communications between the auditors and management.
 - v. Review with external auditors any audit problems or difficulties and management's response.
 - vi. Recommend approval of the annual financial statements, including the selection of appropriate accounting policies and practices, to the Board.
- b. Risks and Controls
- i. Enquire into the condition of the records and the adequacy of resources committed to accounting and control.
- c. External Auditors
- i. Recommend the selection of the external auditors for approval by the Board.
 - ii. Approve, in advance, all auditing and non-auditing services provided by the external auditors. Where appropriate, non-auditing services may be approved by the Chair, when authorized in advance by the Committee.
 - iii. Consider, in consultation with the external auditors, their audit scopes and plans to ensure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
 - iv. Review with management and the external auditors the results of the annual audits and related comments in consultation with other Board committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions of, and changes in, accounting principles, changes in the financial systems and control systems, the business and

financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk and accounting estimates requiring significant judgments.

- v. Review control weaknesses detected in the prior year's audit, and determine whether all practical steps have been taken to overcome them.
- vi. Approve the external auditors' engagement letter, including the audit fee and expenses.
- vii. Review the auditors' proposed report on the financial statements.
- viii. Review the external auditors' management letter.
- ix. Meet privately with the external auditors (without any member of management present) to ascertain whether there are concerns that should be brought to the Committee's attention.
- x. Approve the engagement of external auditors for work not related to the annual audit.

6. Other

- a. Review and update the Committee's Terms of Reference no less than every five years.
- b. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee will be empowered to retain independent counsel and other professionals to assist in conducting any investigation.
- c. Establish procedures for confidential, anonymous submission of concerns in relation to questionable accounting and auditing matters by employees of the Foundation.
- d. Receive confirmation from management that all statutory filings and requirements have been met.

7. Reporting

- a. The Committee, through the Committee chair, shall report periodically, as deemed necessary, but at least annually to the Board.

8. Meetings

- a. The Committee shall meet at least twice each fiscal year.
- b. Additional meetings shall be scheduled as considered necessary by the Committee or chair.
- c. A quorum shall be a majority of members of the Committee.

- d. Committee meeting agendas shall be the responsibility of the chair, with input from Committee members. The Committee chair may also ask for management and key Committee advisors, and perhaps others, to participate in this process.
- e. The Committee shall request members of management, legal experts, external auditors as applicable, to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.
- f. Periodically and at least annually, the Committee shall meet in private session with the external auditors.
- g. It shall be understood that external auditors or external legal experts may, at any time, request a meeting with the Audit Committee or Committee Chair with or without management's attendance.

9. Key Relationships

- a. The Board, to whom the Committee is accountable.
- b. The President of the Foundation for guidance and support.

Audit Committee Annual

Schedule of Duties

Q1	Q2	Q3	Q4
Meet as necessary on any arising or ongoing issues	Meet with Auditors to receive and review the Audit Report and Financial Statements	Send to staff Committee contact information and invitation to contact on issues	Meet with Auditors to review and approve Audit Plan, engagement letter and proposed fees
	Recommend to Board the approval of audited statements	Meet as necessary on any arising or ongoing issues	Receive confirmation from management regarding the completion of statutory filings and requirements
	Recommend to members the appointment of the auditors		Review changes to professional standards and regulatory requirements (part of Auditor's Plan)
	Enquire into the condition of records and adequacy of resources for accounting and control		Meet In Camera with the Auditors
	Meet in Camera with the Auditors		Report to the Board on activities
	Report to the Board on activities		

- Review and update the Committee's Terms of Reference no less than every five years (next required in 2021)