

## C9: FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

### 1. Purpose

- A. The primary function of the Finance Committee (“Committee”) is to assist the Police Board in fulfilling its oversight responsibilities in the areas of financial planning, budget preparation and monitoring, risk management and the development of financial policy.
- B. Primary responsibility for budget development and financial reporting of the Transit Police is vested in service management and overseen by the Committee.

### 2. Composition

- A. The Committee shall be composed of at least two (2) Board members, including a Committee Chair, appointed by the Board Chair and approved by the Board.
- B. The term of the Committee appointments shall be from January 1 to December 31.
- C. Where possible, all Committee members shall be “financially literate”<sup>1</sup> and at least one member should have “accounting or related financial expertise.”
- D. The Committee shall meet at the call of the Committee Chair, or agreement of the Committee.
- E. A quorum of the Committee shall consist of ~~two (2) board members~~ the majority of the Committee.

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<sup>1</sup> The Board has defined “financially literate” as the ability to read and understand a balance sheet, income statement and cash flow statement in accordance with the Canadian GAAP. Where there is a requirement for a Board member to have accounting or financial expertise, this means the Board Member shall have the ability to analyze and understand a full set of financial statements, including the notes attached thereto in accordance with the Canadian GAAP.

- F. The Committee shall operate in a manner consistent with the provisions of the Board's Policy and Procedure Manual.
- G. The Board Secretary, or his/her designate, shall consult with the Committee Chair on the agenda development, be responsible for preparation and distribution of the agenda package, and shall maintain a record of the meetings.
- H. The Committee will have unrestricted access to Metro Vancouver Transit Police personnel and documents. Committee access to personnel and records will not compromise operations initiatives. When conflicts are identified they will be resolved by the Police Board with input from the Chief Officer.
- I. Any Board member shall be eligible to attend a Committee meeting.

### **3. Staff Support**

The Manager of Financial Services will provide staff support to the Committee.

The Board Secretary or the Board Secretary's designate will be secretary to the Committee.

### **4. Responsibilities**

#### **Budget Preparation**

The Committee shall:

- Provide input into the development of fiscal policies, objectives and priorities of the Metro Vancouver Transit Police,
- Provide input and feedback to staff during the annual budget development process;
- Review underlying assumptions that have been used in preparing the annual budget, including budget risks and uncertainties;

- Review the annual budget for consistency with the Metro Vancouver Transit Police's long range strategic and financial plans;
- Recommend the annual operating budget to the Police Board for approval; and
- Review periodically the Metro Vancouver Transit Police's long-range financial plans to ensure stability and consistency with strategic directions for the organization.

### **Budget Monitoring and Financial Reporting**

The Committee shall:

- Ensure that the Police Board receives timely, meaningful reports that keep it properly informed of the Metro Vancouver Transit Police's financial situation and that provide the information needed for decision making;
- Review quarterly financial statements and any other internal financial report prior to receipt by the Police Board;
- Review and recommend for approval to the Police Board, financial information that will be forwarded to TransLink or made publicly available, including the financial content of the annual report and any reports required by the Police Board, TransLink, or Provincial Government; and
- Review any new or pending developments in TransLink or general accounting and reporting standards that may affect the Metro Vancouver Transit Police.

## **5. Other**

The committee shall:

- Annually review the Metro Vancouver Transit Police enterprise-wide risk management control, policies and reports with the objective of ensuring that all material risks have been identified and are being appropriately managed;
- Review capital requests and oversee capital plans and expenditures;
- Oversee the management of internal controls and management systems to determine the adequacy of those employed by Metro Vancouver Transit Police and those delivered by TransLink in support of Metro Vancouver Transit Police, including relevant internal audit reports;
- Review any litigation, claim or contingency that could have a material financial effect;
- Review the Metro Vancouver Transit Police financial policies;
- Annually review the Audit Universe and ensure that it is included in the annual work plan for the Committee;
- Review system controls on an as needed basis; and
- Coordinate and meet with the Human Resources and Compensation Committee from time to time to discuss issues of mutual interest.

## **6. Accountability**

- A.** The Committee shall review the terms of reference for the Committee annually and make recommendations to the Police Board as required.
- B.** The Committee shall keep a record of its meetings and the meeting minutes shall be distributed to all Police Board members