

**Finance and Audit Committee**

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**Terms of Reference**

*Effective: June 3, 2021*

The Committee:

- The Committee consists of a minimum of three members of the Board. The Chair of the Board is an ex-officio and non-voting member of the Committee, unless appointed by the Board as a full member of the Committee. The CEO participates as an ex-officio and non-voting member. The Chief Financial Officer will assist the Committee.
- The term of the elected chair is a one (1) year term and, the election of the chair will take place at the AGM.

Responsibilities:

- Review the annual audited Financial Statements and notes and satisfy itself that they are fairly presented in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of BC and in accordance with Public Sector Accounting standards except in regard to the accounting treatment of government transfers and restricted contributions. Recommend to the Board whether such Financial Statements should be approved.
- Review the Statement of Financial Information and Statement of Executive Compensation annually and recommend to Board for approval.
- Review the annual Discussion of Results included in the Annual Report and recommend to Board for approval.
- Review the current year financial statements on a quarterly basis.
- Review the current year forecast on a quarterly basis.
- Review the annual operating and capital budgets and recommend to the Board whether such budgets should be approved.
- Review the 3 year forecasts and budget projections annually unless significant events require additional review.
- Review other financial information as may be published in the Annual Service Plan and Annual Service Plan Report.
- Review major capital programs and multiyear commitments.
- Review future financial impacts on operations as a result of implementation of museum modernization.
- Review and monitor financial policies and practices annually and make recommendations to the Board if changes are required. Policies include:
  - Accounting Policy (*Revised November 2017*);
  - Accumulated Surplus and Reserve Policy (*New November 2018*);
  - Banking Resolutions Policy (*Revised November 2018*);
  - Director's Tour Policy (*Revised November 2017*);
  - Investment Policy (*Revised November 2017*);
  - Signing Authorities Policy (*Revised November 2018*);
  - Tax Receipts for Donations Policy (*Revised November 2017*);

- Travel Policy (*Revised August 2019*); and
  - Whistleblower Policy (*Revised November 2018*).
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- Review the CEO's travel and hospitality expenses quarterly.
  - Review Board travel and hospitality expenses semi-annually for information purposes.
  - Review the VP's travel and hospitality expenses semi-annually for information purposes.
  - Review and monitor risk management practices, including cyber security risk.
  - Review and monitor any material litigation involving the Corporation.
  - Satisfy itself that management of the Corporation has implemented appropriate systems of internal control over financial reporting and determine that these are operating effectively.
  - Review Gap Analysis between Internal Policies and CPPM every 5 years, or earlier as warranted.
  - Review funds held by the Royal BC Museum Foundation semi-annually for information purposes.
  - Review any new appointment to the position of Executive Financial Officer or to any other key executive position with financial reporting responsibilities.
  - Auditors:
    - Review and recommend appointment of the Auditors to the Board every 5 years subject to a request for proposal process.
    - Satisfy itself that the external audit function has been effectively carried out in a cost effective manner and that any matter which the external auditors wish to bring to the attention of the Board has been addressed.
    - Review the Auditor's Report on an annual basis and make recommendations to the Board.
  - Review the Terms of Reference of the Committee annually.

#### External Auditor

The external auditor will report directly to the Committee.

The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

The external auditors will be invited to attend Committee meetings when appropriate, particularly if they have been asked to provide any form of services with respect to specific agenda items.

#### Meetings:

The Committee will meet a minimum of four times per year and at the call of the Chair.

#### Calendar for Meetings:

A suggested program for regular meetings of the Committee is attached as Appendix A.

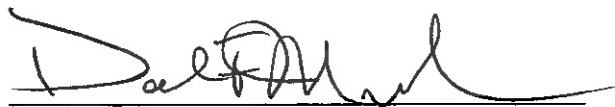
Reporting:

The minutes of all meetings of the Committee are to be provided to the Board. Oral reports by the Chair on recent matters not yet recorded in the minutes are to be provided to the Board at its next meeting.

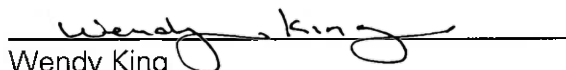
Quorum:

Quorum requires that up to two Committee members entitled to vote be present.

**APPROVED** on this 17th day of June, 2021



Dr. Daniel F. Muzyka  
Chair, Royal BC Museum Board of Directors



Wendy King  
Chair, Finance and Audit Committee

**ROYAL BRITISH COLUMBIA MUSEUM  
BOARD OF DIRECTORS  
Finance and Audit Committee – Appendix A**

**Calendar for Meetings:**

The following outlines a suggested program for regular meetings of the Committee.

**First Meeting after Year-end to Review Audited Financial Statements (Mid May)**

- Review CEO, and VP travel and hospitality year end report
- Review Board travel and hospitality year end report
- Review Terms of Reference
- Review Summary of Funds Held by the Royal BC Museum Foundation semi-annual report
- Review and assess status of any pending or threatened material litigation
- Report on risk management practices and external audits (if any)
- Review Risk Register report (including Cyber Risk)
- Report on significant changes in systems of internal control

**Second Meeting after Year- end (end May)**

- Review and motion to approve audited financial statements
- Audit Findings Report presented by External Auditor
- Discussion of Results for the Annual Service Plan Report
- Statement of Financial Information
- Statement of Executive Compensation

**Third Meeting after Year- end (September)**

- First quarter financial statements and forecast
- Capital Expenditures and Special Exhibition Expenditures Forecast
- Significant budget adjustments
- Review CEO travel and hospitality quarterly report
- Review Summary of Funds Held by Royal BC Museum Foundation semi-annual report
- Review Gap Analysis between Internal Policies and CPPM (every 5 years or if significant policy/practice changes (Next due Fiscal 2024/25)

**Fourth Meeting after Year- end (November)**

- Second quarter financial statements and forecast
- Capital Expenditures and Special Exhibition Expenditures Forecast
- Significant budget adjustments
- Annual review of policies
- Review CEO travel and hospitality quarterly report
- Review Board travel and hospitality semi-annual report
- Review VP travel and hospitality semi-annual report
- Review and motion to approve final operating and capital budget for upcoming fiscal year
- Review draft Financial Plan for inclusion in Service Plan

**Fifth Meeting after Year- end (February)**

- Third quarter financial statements and forecast
- Capital Expenditures and Special Exhibition Expenditures Forecast
- Review CEO travel and hospitality quarterly report
- Significant budget adjustments
- Capital programs and multiyear commitments
- Auditors Planning Report