

BLACK BUSINESS AND PROFESSIONAL ASSOCIATION

Finance and Audit Committee Terms of Reference

A. PURPOSE

The Board of the Black Business and Professional Association (BBPA) (the “Association”) has established a Finance & Audit Committee to assist the Board in fulfilling its financial oversight and audit review responsibilities. The Committee will review the Association’s financial risks, results, and reporting systems, internal control and advise the Association’s Board of Directors on financial and audit matters related to the external audit, staffing, and any suppliers’ or vendors’ agreements.

B. FUNCTIONS OF COMMITTEE

The Committee will review, provide advice, and make recommendations to the Board of Directors on:

B.1 External Audit

The Committee is responsible for overseeing the external audit process, including:

- Recommending the appointment of an external auditor and the terms of the engagement to the annual meeting of members.
- Determine whether the performance of the External Audit is satisfactory, effective and meets the requirements of BBPA.
- Reviewing all issues related to any change in External Auditor and the planned steps for an orderly transition;
- Confirming the independence of the External Auditor.
- Reviewing the terms of the External Auditor’s engagement, and the appropriateness and reasonableness of the proposed audit fees. Discussing with the external auditor:
 - the audit plan and scope;
 - all proposed changes in accounting policy;
 - the presentation of all large risks or uncertainties;
 - compliance with accounting standards;
 - adjustments arising out of the audit process and related party transactions; and
 - all estimates or judgments of the operations that may be material to financial reporting.
- Reviewing and accepting the audit plan with the External Auditor.
- Receiving the external auditor’s report and meeting with the external auditor and management to discuss audit findings and management responses.
- Reviewing any non-audit services provided to the Association by the auditor.
- Reviewing any other audit services provided to the Association.

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B.2 Internal Control and Risk Management

The Committee will, through discussions with BBPA Management and the External Auditors, obtain reasonable assurance that BBPA has implemented appropriate systems of internal control, and make recommendations regarding:

- The significant operational and financial risk exposures faced by the Association. The adequacy and effectiveness of the internal control system maintained by management to ensure the efficiency and effectiveness of operations, the reliability of financial reporting, and compliance with legislation and regulation.
- Formal conduct and conflict of interest codes to the Board.

Whistle blower Procedure

The Committee will be responsible for administering the following whistle blower procedure:

- The Committee shall receive, retain, investigate and act on complaints and concerns of staff and other third parties regarding accounting, internal controls over financial reporting and auditing matters as well as serious violations of the Association policies, fraud or illegal activities or other serious misconduct.
- The Committee will delegate the responsibility of receiving complaints or concerns to the Committee's chair.
- The Chair shall report on any submissions received within five (5) business days to the Committee.
- The Committee may, at its discretion, retain others to investigate and act on complaints.
- The Committee shall report to the BBPA's Board of Directors at least annually as to the nature of the complaints received, the resolution of complaints and the status of any outstanding complaints.
- The Committee shall not reveal the identity of any person who makes a complaint acting in good faith or who asks that his or her identity remain confidential, unless required by law, and there shall be no retaliation against such person.

B.3 Financial Performance Planning and Reporting

The Committee will review financial plans and results with management and any relevant external parties to ensure that they reflect the Association's policies and priorities.

The Committee has oversight responsibilities over the following:

- a) The annual budget presented by management covering expected Association revenue and expenses and recommending adoption or modifications to the Board of Directors.
- b) As part of the budget process, the operating and capital plans of the Association.
- c) In-year expense or material budget changes requested by management.
- d) The Association's financial targets and its quarterly results compared to budget
- e) Reviewing the draft annual financial statements and recommend their approval by the Board to ensure they are fairly presented in all material respects in accordance with generally accepted accounting principles.
- f) Reviewing officers' and Directors' expense summaries.
- g) Reviewing financial arrangements with related parties
- h) All other financial reports

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The Committee will make recommendations to the Board of Directors on the above and on any other matters that may arise.

B.4 Other Duties

The Committee shall be responsible for any other duties requested by the Board of Directors.

C. GOVERNANCE

C.1 Composition

The Committee will consist of five members, two Board directors (Treasurer and Governance Director) and three independent external members. The chair of the committee will be one of the external members.

The Chair of the Board of Directors shall not serve as a committee member.

C.2 Appointments

The Board shall appoint the members of the Finance and Audit Committee for terms not exceeding three years. Members may be reappointed.

C.3 Qualifications

All Committee members shall be financially literate. Through prior education or experience, members must in the Board's judgment be familiar with accounting principles and financial statement evaluation. At least one member should have financial management experience.

The Board may provide training to Committee members to meet these requirements in lieu of prior education or experience.

C.4 Chair

The Chair of the Committee will be appointed by the Treasurer from among the External Committee members.

The Chair will submit regular reports on the outcome of meetings and committee recommendations to the Board of Directors.

C.5 Quorum and Voting

Three members of the committee shall constitute a quorum (one internal and two external members) and decisions shall be made by majority vote.

C.6 Working Groups, Ad Hoc Sub Committees

The Committee may establish working groups and ad hoc sub committees as necessary.

C.7 Meeting Schedule

The Committee will meet or participate by conference call on a quarterly basis or more often if requested by the Board of Directors or Committee Chair.

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C.8 Attendance and Substitution

If a member of the Committee is absent for three consecutive meetings, that member shall be deemed to have resigned and the Chair shall declare a vacancy and request another nomination if appropriate. New committee members will be approved by the Treasurer, in consultation with Board of Directors.

Substitutes may attend meetings of the Committee with the consent of the Chair.

D. GENERAL

D.1 Conflict of Interest

Every member who is in any way in a potential or actual conflict of interest must declare such interest and refrain from voting. Conflict of interest includes, but is not limited to, any situation or circumstance where a member has, directly or indirectly, any interest in a contract or arrangement or proposed contract or arrangement with the Association, or where the Board Director's other commitments, relationships or financial interests could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of his or her independent judgment. With regards to the independence of the external auditors, the external auditor is bound by the independence rules promulgated by the Chartered Professional Accountants of Canada (CPA Canada). As part of its annual reporting, the external auditor shall report to the Finance and Audit Committee on all aspects concerning independence, including confirmation of its independence, and compliance with CPA Canada independence standards.

D.2 Confidentiality

Members of the Committee may be asked to hold confidential certain information. When asked to do so, all information and material provided by the Board of Directors or other party shall not be discussed with or disclosed to any third party who is not a Committee member or Chair approved substitute.

D.3 Amendment of Terms

These Terms of Reference may be amended from time if necessary (e.g., based on legislative or regulatory changes, or a development in governance best practices). Any changes to the Terms of Reference must be approved by the Board of Directors.

D.4 Outside Counsel

The Committee may hire outside counsel or consultants as deemed necessary to the performance of its functions.

E. LEGAL MATTERS AND COSTS

Management will report annually on legal matters and outstanding claims, if any, together with anticipated settlement costs against the Association.

F. PERFORMANCE REVIEW

At least once a year, the Committee shall review the terms of its charter, assess individual and collective effectiveness in the performance of the Committee's duties, and prepare a development plan that identifies member training activities needed to improve the Committee's financial oversight capacity.