



## Vancouver Airport Authority

### Finance and Audit Committee Terms of Reference

#### **Purpose**

The Finance and Audit Committee (the "Committee") assists the Board in fulfilling its financial oversight and audit review responsibilities by overseeing and objectively assessing the financial performance of the Airport Authority, its financial statements and related reports, internal controls, accounting standards, external and internal auditors, and legal and regulatory compliance and ethics matters.

#### **Responsibilities**

The following responsibilities are recurring activities performed by the Committee, with the understanding that the Committee may carry out modified or additional functions as may be appropriate in response to changing business, legislative, or regulatory conditions and other responsibilities or duties delegated to the Committee by the Board:

#### Meetings

- a) Set aside a portion of each Committee meeting to meet *in camera*, as well as separately with each of CFO, External Auditors, Internal Auditors, and CEO.
- b) The Committee Chair will meet at least quarterly with the CFO.

#### Financial Statements, Reports, Disclosure and Related Matters

- c) Review and approve quarterly financial statements for the Airport Authority.
- d) Review and recommend for Board approval the annual financial statements and the Annual Budget.
- e) Evaluate the Airport Authority's current and future expected financial position and financing matters and recommend for Board approval any proposed material changes to the Airport Authority's financial model.

#### Accounting Systems and Internal Controls

- f) Review implementation and application of appropriate internal controls over financial reporting and related information technology general controls, including but not limited to the framework, reports, and processes.

- g) Review the evaluation of internal controls by the External and Internal Auditor and ensure that Management has adequately addressed any risks or issues.
- h) Review and approve, where necessary, material financial disclosure.

#### External Audit

- i) Annually review the performance and confirm the independence of External Auditors and recommend for Board approval the appointment, retention, or replacement of External Auditors, as necessary, and oversee any transitions where appropriate.
- j) Review and recommend for Board approval the External Auditors' annual Audit Plan.
- k) Review audit results with the External Auditors and Management.
- l) Review and approve, as required, all non-audit services provided by the External Auditors that do not fall within the Audit Plan.

#### Internal Audit

- m) Annually review Internal Audit's terms of reference, the Internal Auditor's independence, and their approach to risk assessment, including the methods used to assess risk and the annual internal audit work and resource plan.
- n) Receive regular updates on the results of Internal Audit's work and performance relative to its plan.
- o) Review with Management any significant risks and findings identified by Internal Audit and ensure Management addresses issues where appropriate.
- p) The Committee Chair will advise on the appointment and removal of Internal Auditors as appropriate.

#### Compliance and Other Matters

- q) Annually review (or more often as needed):
  - i) pending or threatened material litigation status,
  - ii) the Airport Authority's insurance program, including coverage of significant business risks and uncertainties, and
  - iii) Policies and procedures to monitor matters pertaining to the Code of Ethics, conflicts of interest, the Whistleblower program and status of any Whistleblower complaints, and any fraud-related matters.
- r) Review any related party transactions as necessary.

- s) Review and approve the Pension Funds' actuarial valuations and annual audited statements.
- t) Review material changes to the Signing Policy.
- u) Ensure Management has adequate plans in place to minimize unnecessary tax liabilities and exposures.
- v) Advise the Board of matters for which Directors may be held personally liable.

## **Composition**

Members of the Committee are appointed by the Board and the Committee will be comprised of at least three Directors, one of whom will be the nominee of the Chartered Professional Accountants of British Columbia and all of whom will be financially literate. The Corporate Secretary will be secretary to this Committee. The Board may fill a vacancy that occurs in the Committee at any time.

## **Meetings**

The Committee will meet as required but not less frequently than three times per calendar year. The Committee will determine its own procedures for the conduct of the meetings and other Directors are welcome to attend. The Chair will approve meeting agendas.

## **Reporting**

Minutes of all meetings will be made available to the Board. The Chair will provide a report to the Board on matters of strategic importance discussed at the Committee meeting as well as any matters not yet minuted. Supporting information reviewed by the Committee will be available for examination by any Director through the board portal.

The Committee will review and recommend changes to these terms of reference following completion of the annual audit.

The Committee Chair will certify annually in writing that the Committee has discharged its duties as described in these Terms of Reference.

## **Advisors**

The Committee has the authority to retain, at the Airport Authority's cost, independent legal counsel, consultants, or other advisors it considers necessary to carry out its mandate and fulfill its responsibilities, and to fix the compensation of such advisors.

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