THE COLLEGE OF FAMILY PHYSICIANS OF CANADA | LE COLLÈGE DES MÉDECINS DE FAMILLE DU CANADA

Finance & Audit Committee terms of reference

1 Purpose

The Finance & Audit Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”). The Committee assists the Board in discharging its fiduciary and oversight responsibilities with respect to financial stewardship, financial reporting, budgeting, internal controls, audit oversight, investments, financial risk management, and the adequacy of systems and controls that support financial integrity and accountability.

2 Mandate

The Committee’s mandate includes responsibility for the following four integrated areas:

- financial planning and oversight;
- financial reporting and stewardship;
- audit and internal control oversight; and
- financial risk, reserves and investments oversight.

In carrying out its mandate, the Committee shall make recommendations to the Board and oversee such financial, audit, investment, and risk matters, as are assigned to it by the Board, except as may be provided for in this terms of reference, or the responsibilities which have already been appropriately delegated to management.

The Committee shall also carry out such other duties as may be delegated to it by the Board from time to time.

3 Responsibilities

1) Financial Planning and Oversight

a) Review and recommend to the Board the annual operating and capital budgets, including the appropriateness and validity of material assumptions and estimates used in their development.

b) Review financial forecasts and other forward-looking financial information relevant to the organization’s financial sustainability and strategic priorities.

c) Monitor the alignment of financial resource allocation with the organization’s strategic objectives and priorities.

d) Review significant financial implications of major organizational initiatives brought forward for Board oversight.

2) Financial Reporting and Stewardship

e) Review quarterly, semi-annual, and annual internal financial statements for presentation to the Board, as appropriate.

f) Oversee the adequacy and effectiveness of financial reporting practices and the quality, transparency, and reliability of financial information provided to the Board.

g) Review and recommend policies related to financial management, stewardship, and financial accountability.

h) Oversee matters relating to reserve funds and investments.

i) Oversee other financial assets within the scope assigned by the Board.

3) Audit and Internal Controls

a) Review the qualifications, independence, performance, and quality of service of the external auditor annually through a standardized committee evaluation protocol and then reassess the contract of the external auditor firm.

b) At least every five years, conduct a comprehensive review of the auditor and recommend to the Board to either retain the audit firm or select an alternative firm; final approval rests with the Members.

c) Review and approve the annual audit plan and oversee the organization's relationship with the external auditor.

d) Meet with the external auditor, with and without management present as appropriate, to review the annual audit report, the audited financial statements, the management letter, and any significant findings, control issues, or unresolved matters resulting from the audit.

e) Oversee the adequacy and effectiveness of systems of internal control related to financial reporting, management information systems, and financial risk management.

f) Review whether the annual audited financial statements of the organization are fairly presented and supported by appropriate accounting policies, reasonable estimates, proper disclosure of major transactions and issues, disclosure of significant post-year-end events, and overall reliability and comparability, and recommend their acceptance to the Board.

g) Oversee fraud prevention, detection, and related complaint processes.

4) Financial Risk, Reserves, and Investments

a) Oversee policies and plans related to financial risk management.

b) Review the organization's significant financial risks and the systems established by management to identify, monitor, and mitigate those risks.

c) Review matters relating to the management of reserves, including related policy for allocation and maintenance of reserve funds.

d) Review matters relating to other financial policies, including investment policies, as applicable within the Committee's scope.

e) Review reports relevant to long-term financial obligations and exposures, including actuarial reporting where applicable.

4 Authority

The Committee is authorized by the Board to:

a) investigate any matter within its mandate;

b) make recommendations to the Board on any matter within its scope of responsibility;

c) access such books, records, financial information, and other materials of the organization as are required to fulfill its responsibilities;

d) request from management any information, analysis, or support required to discharge its duties;

e) meet with appropriate officers, employees, and the external auditor, as necessary, in carrying out its responsibilities;

f) retain and obtain advice from external auditors, legal counsel, financial advisors, investment advisors, actuaries, or other experts, where appropriate and within any budgetary parameters established by the Board.

5 Composition

The Committee shall be composed of voting members appointed by the Board and shall include Directors together with such additional members as the Board may determine appropriate in light of financial expertise, organizational continuity, and the Committee's mandate.

The Board may appoint members drawn from Board leadership, Board members at large, members at large, and subject matter experts. In making appointments, the Board should consider financial literacy, audit and risk experience, investment oversight capability, judgment, and an understanding of fiduciary responsibilities.

The composition of the Committee may include the Honorary Secretary-Treasurer, the President, the Board Chair (if different from the President), the President Elect, the Chair of the Section of Residents or designate, additional Board members at large, members at large, a subject matter expert, and the Incoming Treasurer, as determined by the Board from time to time.

Committee members that are not Directors of the Board shall not have voting right, except where the Committee Chair determines otherwise.

6 Non-Voting Participants

The Chief Executive Officer and such members of the executive leadership team and finance staff as appropriate shall normally support the work of the Committee and may attend meetings as non-voting participants, except where the Committee Chair determines otherwise. Such participants may include the senior executives and staff responsible for finance, governance, administration, technology, and related enterprise functions.

The external auditor, portfolio manager, or other advisors may be invited to attend all or part of a meeting where their expertise or input is required.

7 Chair

The Chair of the Committee shall be appointed by the Board, typically the Honorary Secretary-Treasurer. The Chair is responsible for the effective functioning of the Committee, including setting meeting agendas in consultation with management and the appropriate staff lead, facilitating meetings, encouraging full participation, addressing conflicts of interest as they arise, and ensuring that the Committee’s work remains aligned with Board priorities.

8 Terms of Appointment

Committee members who are members of the Board shall be appointed for terms to match their term on the Board, or until their successors are appointed, unless the Board determines otherwise. In establishing terms, the Board may differentiate among ex officio roles, Board-appointed members, members at large, and subject matter experts, and continuity of membership should be considered to support effectiveness and institutional knowledge.

Members may be reappointed, and continuity of membership should be considered to support effectiveness and institutional knowledge.

9 Meetings

The Committee shall meet as often as necessary to fulfill its mandate and at least three times per year, with more meetings as required by the Chair, any Committee member, or the external auditor.

A majority of the voting members of the Committee constitutes quorum. Subject to the by-laws and any resolution of the Board, the Committee may regulate its meetings and procedures as it considers appropriate, including determining attendance for all or part of a meeting and holding in camera sessions.

10 Reporting and Accountability

1) The Committee shall report regularly to the Board regarding its activities, deliberations, recommendations, and any matters within its mandate requiring Board attention or decision.

2) Without limiting the generality of the foregoing, the Committee shall provide the Board with:

    a) recommendations on budgets, forecasts, financial statements, and major financial policies;

    b) updates on audit matters, internal controls, external auditor performance, and significant financial reporting issues;

    c) recommendations on financial risk, reserves, investments, and other material financial stewardship matters within its scope.

11 Minutes and Records

An outline of the material proceedings and deliberations of the Committee, and all recommendations, decisions, and directives of the Committee, shall be recorded in the minutes of each meeting. Draft minutes shall be circulated to the Committee for review and approval in accordance with the organization's usual governance practices.

12 Confidentiality

All deliberations of the Committee, and all records, material, and information pertaining to the organization obtained by a member of the Committee in that capacity, shall be considered confidential and shall be protected from improper access, use, or distribution, subject to applicable law and organizational policy.

13 Review of terms of reference

The Committee shall review these terms of reference periodically, and at least every two years, and recommend any proposed amendments to the Board for approval.

14 Guiding Principles

In performing its duties, the Committee shall be guided by the following principles:

a) prudent stewardship of financial resources;

b) integrity, reliability, and transparency in financial reporting;

c) effective oversight of audit, controls, and financial risk;

d) alignment of financial decisions with strategic priorities; and

e) clear accountability to the Board for financial governance matters.

Approved by Board: July 2026