

CHC AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AS AT JUNE 13, 2016

- The Committee

MEMBERSHIP: As approved by motion at the CHC Board.

CALENDAR AND MEETINGS:

Meeting schedules will correspond with the calendar of the Auditor and otherwise at the call of the Chair.

MANDATE:

The Audit and Risk Management Committee (the "Committee") is established as a committee of the Board. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing:

- I. the external audit process
- II. the financial information that will be provided to the shareholder and to the public; and
- III. the systems of internal controls that the President and the Finance and Supply Manager (FM) have established.

To oversee the development, implementation and monitoring of appropriate corporate risk strategies relative to legislative compliance, legal/statutory and business requirements.

DUTIES AND RESPONSIBILITIES:

The committee will perform the following activities:

A. External Audit

- i. Provide an open avenue of communication between the auditor and the Board;
- ii. Review the external audit plan prior to commencement of the audit;
- iii. Consider and review with the President, the Finance and Supply Manager and the auditor:
 - a) The adequacy of the Corporation's internal controls including computerized information system controls and security;
 - b) Management letters and any related significant findings and recommendations of the auditor together with the President and FM responses.
- iv. Review with the President, the Finance and Supply Manager and the auditor at the completion of the annual examination:
 - a) The Corporation's annual financial statements;
 - b) Any changes in accounting policies and practices, and compliance with accounting standards;

CHC AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AS AT JUNE 13, 2016

- c) Major judgmental areas;
- d) Significant adjustments arising from the audit;
- e) The findings of the auditor's audit of the financial statements and their report;
- f) Any significant changes to the audit plan;
- g) Any other matters related to the conduct of the audit that are to be communicated to the Committee under public sector accounting standards.
- v. Review other published documents and consider whether the information contained in them is consistent with the information contained in the annual financial statements;
- vi. Meet separately with the President, the FM, and the auditor as required to discuss any matters that the Committee or these groups believe should be discussed privately.

B. Financial Statements and Other Financial Information:

- i. Review and recommend to the Board for approval the annual Operating and Capital budgets of the Corporation;
- ii. Ensure that the annual Operating and Capital budgets of the Corporation support the approved Business Plan of the Corporation;
- iii. Review, approve and provide to the Board the quarterly financial statements of the Corporation;
- iv. Review and recommend to the Board for approval the annual audited Financial Statements and other financial information that will be provided to the Shareholder;
- v. Review and recommend to the Board for approval the four year Financial Forecast (on cycle).

C. Risk Management and Internal Control:

- i. To develop, implement and monitor a risk management framework for CHC;
- ii. Inquire of the President, the FM, and the auditor (where necessary) about significant risks or exposures and assess the steps the President and FM have taken to minimize such risk;
- iii. Require that the President and the FM provide appropriate assurances of compliance addressed to the Committee outlining their activities to ensure compliance with key regulatory requirements and internal control practices.

RESOURCES NEEDED:

The CHC Finance and Supply Manager, appropriate staff and consultants to advise on risk management and audit matters, as well as staff to document meetings and create reports as directed by the committee.

CHC AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AS AT JUNE 13, 2016

ACCOUNTABILITY:

The Committee is accountable to the CHC Board only.

ACCESSIBILITY:

Issues may be brought to the Committee through the audit process, from the Board, or through management.

COMMUNICATION:

The Committee will communicate to the Board through reports at regular meetings, and the Committee will also communicate directly with the auditor on behalf of the Board.

DECISION POWERS:

The Committee will forward its recommendations to the CHC Board on all matters brought before it.

EVALUATION:

The Committee will review its terms of reference and effectiveness no later than each year-end. The Committee will also undertake an annual process to review its own performance against its mandate and report findings, along with any proposed changes to the Board.

COMMITTEE TIMETABLE

The timetable on the following pages outline the Committee's schedule of activities during the year.

CHC AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AS AT JUNE 13, 2016

**TERMS OF REFERENCE
AUDIT AND RISK MANAGEMENT COMMITTEE**

| A. External Audit | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---|-----|-----|-----|-----|-----|------|------|-----|------|-----|-----|-----|
| Review external audit plan | | | | | | | | | | | ✓ | |
| Consider & review with the President, FM, and the auditor: a) The adequacy of the Corporation's internal controls including the computerized information systems controls and security b) Management letters and any related significant findings | | | ✓ | | | | | | | | | |
| Review with the auditor: a) Annual financial statements b) Any changes in accounting policies and practices c) Significant adjustments | | | ✓ | | | | | | | | | |

CHC AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AS AT JUNE 13, 2016

| <p>d) The findings of the audit e) Any significant changes to the audit plan f) Any other matters related to the conduct of the audit</p> | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|------|------|-----|------|-----|-----|-----|
| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| B. Financial Statements and Other Financial Information | | | | | | | | | | | | |
| Review and recommend to the Board for approval the annual Operating and Capital budgets | | | | | | | | | ✓ | | | |
| Ensure that the annual Operating and Capital budgets support the approved business plan | | | | | | | | | ✓ | | | |
| Review, approve and provide to the Board for information the quarterly financial statements | | | | ✓ | ✓ | | | | ✓ | | ✓ | |
| Review and recommend to the Board for approval the annual audited financial statements and other financial information provided to the Shareholder | | | ✓ | | ✓ | | | | | | | |
| Review and recommend to the Board for approval the four year financial forecast (on cycle) | | | | | | | | | ✓ | | | |
| D. Risk Management and Internal Control | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |

CHC AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AS AT JUNE 13, 2016

| Review risk management framework | | | | | | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|------|------|-----|------|-----|-----|-----|--|--|--|--|--|
| Inquire of the President, the FM, and the auditor(where necessary) about significant risks or exposures and assess the steps taken to minimize such risk | | | | | | | | | | | | | | | | | |
| Review information and internal control systems | | | | | | | | | | | | | | | | | |
| Other | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | | | | | |
| Review Committee Terms of Reference | | | | | | | | | | | | | | | | | |
| Review Committee performance | | | | | | | | | | | | | | | | | |
| Review and approve the annual work plan | | | | | | | | | | | | | | | | | |