

AUDIT AND RISK MANAGEMENT COMMITTEE (ARM) TERMS OF REFERENCE

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:

To assist the Board in fulfilling its oversight responsibilities by reviewing financial information that will be provided to the shareholder and to the public, the systems of internal controls that the General Manager (GM) and the Finance and Supply Manager (FM) have established, and the audit process.

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

Duties:

The committee will undertake the following activities in relation to the external audit:

- Provide an open avenue of communication between the auditor and the Board
- Consider the scope of work and audit plans of the auditor
- Consider and review with the General Manager, the Finance and Supply Manager and the auditor:
 - The adequacy of the Corporation's internal controls including computerized information system controls and security
 - Management letters and any related significant findings and recommendations of the auditor together with the GM and FM responses
- Review with the General Manager, the Finance and Supply Manager and the auditor at the completion of the annual examination:
 - The Corporation's annual financial statements
 - Any changes in accounting policies and practices, and compliance with accounting standards
 - Major judgmental areas
 - Significant adjustments arising from the audit
 - The findings of the auditor's audit of the financial statements and their report
 - Any significant changes to the audit plan
 - Any other matters related to the conduct of the audit that are to be communicated to the Committee under public sector accounting standards

- Review other published documents and consider whether the information contained in them is consistent with the information contained in the annual financial statements
- Meet separately with the General Manager, the FM, and the auditor as required to discuss any matters that the Committee or these groups believe should be discussed privately

The committee will undertake the following activities in relation to risk management:

- To develop, implement and monitor a risk management framework for CHC
- Inquire of the General Manager, the FM and the auditor (where necessary) about significant risks or exposures and assess the steps the General Manager and FM have taken to minimize such risk
- Require that the General Manager 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, and staff to document meetings and create reports as directed by the committee.

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.