Finance and Audit Committee of the Board of Directors Terms of Reference

1 Purpose

1.1 The purpose of the Finance and Audit Committee is to:

1.1.1 Assist the Board in fulfilling its financial accountability and oversight responsibilities, by ensuring the accuracy and integrity of Columbia Basin Trust financial information;

1.1.2 Assist the Board in fulfilling its budgeting, reporting and financial policy oversight responsibilities by recommending approaches in these areas; and,

1.1.3 Assist the Board in fulfilling its risk management oversight responsibilities by ensuring the principle risks of the organization are appropriately identified, monitored and managed;

1.1.4 Monitor systems of internal controls and oversee the internal and external audit processes.

1.2 Within the scope of the Committee's work as defined in the Responsibilities in these terms, the Board of Directors delegates authority to the President & CEO to implement on behalf of the Board all recommendations and decisions of the Committee.

2 Membership and Meetings

2.1 The Board of Directors will make all appointments to the Finance and Audit Committee and will appoint the Committee Chair. In the absence of the Committee Chair, the Committee may appoint another member of the Committee to serve as Chair for any particular meeting.

2.2 The Committee shall be composed of not fewer than three directors and not more than six directors, not counting the Board Chair or Vice Chair, who are:

2.2.1 independent of management; and,

2.2.2 financially literate.

2.3 At least one member must have a financial designation or relevant financial management expertise.

2.4 A majority of the members of the Committee shall constitute a quorum. The presence of the Board Chair or Vice Chair can be counted towards quorum.

2.5 The Board Chair is an ex officio and voting member of the Committee. In absence of the Board Chair, the Board Vice Chair is an ex officio and voting member of the Committee.

2.6 The members of the Finance and Audit Committee shall serve a one year renewable term.

2.7 Attendance of guests at Committee meetings is determined by the Finance and Audit Committee Chair.

2.8 Meetings may also be called by the external auditor to deal with special circumstances.

3 Responsibilities

The Finance and Audit Committee is responsible for:

3.1 Recommending the following to the Board of Directors:

3.1.1 Appointment and compensation of the external auditor;

3.1.2 Annual Financial Statements;

3.1.3 The annual Budgets;

3.1.4 Financial reports within the Annual Report;

3.1.5 Corporate risk registers;

3.1.6 Audit budgets; and,

3.1.7 Any question of resignation or dismissal of the external or internal auditor.

3.2 Reviewing and approving the quarterly five year forecasts and quarterly financial statements and ensuring these statements are provided to the Board of Directors for information.

3.3 Reviewing and approving the financial information that will be provided to government and the public, and ensuring that this information accurately represents the business activities of the Trust.

3.4 Reviewing and approving the systems of internal controls established by management and the Board to:

- Ensure sound financial performance;
- Ensure that internal controls have integrity and will lead to the production of accurate financial statements and performance reports; and,
- Prevent financial mismanagement.

3.5 Reviewing and approving the general loan loss provision, and any specific allowances if so determined, for all Delivery of Benefits program loans.

3.6 Supporting the Board's oversight for risk management of the Trust including:
- Reviewing risk management controls and procedures and seeking input and assistance from other Board committees as appropriate;
- Reviewing the corporate risk register annually;
- Reviewing the Trust's insurance coverage annually; and,
- Reviewing the Trust's Business Continuity Plans.

3.7 Oversee the independence of the external auditor.

3.8 Work with the external and internal auditors to:
- Define the purpose of the audits;
- Formulate and approve the audit plans; and,
- Review audit results.

3.9 From time to time, at least annually, meet with the external and internal auditors, without management present, to discuss any problems and reservations arising from interim and the final audits, and any matters the external or internal auditor may wish to discuss.

3.10 Review any proposed changes to key financial management positions.

3.11 Approve all non-audit services by the external auditor that will result in payments in excess of $10,000 on a cumulative basis in any fiscal year.

3.12 Engage independent counsel, and other advisors, with prior approval from the Board Chair.

3.13 Annually review the performance of the Finance and Audit Committee against its Terms of Reference.

3.14 Perform any other duties as may be assigned by the Board or required by law.

4 Reporting

4.1 The Committee shall keep regular minutes of its meetings, and report on its discussions to the Board of Directors.