**Art Gallery of Northumberland**

**Board of Directors**

**Terms of Reference of the Finance and Audit Committee**

1. **Appointment and Composition:** the members shall be appointed annually at the first Board meeting following each Annual General Meeting to serve until the next Annual General Meeting. The number of members for the ensuring year shall be set by the Board at the time of appointment and at least 60% of the members shall be Board members and shall be independent[[1]](#footnote-1). The Board shall appoint the chair of the Committee from among the independent members. The Treasurer shall be one of the members and at least two members shall be financially literate independent directors.[[2]](#footnote-2) The Board Chair is an ex-officio, non-voting member of the Committee unless appointed by the board as a full time member.
2. **Responsibilities on Audit Matters:**
   1. help ensure that the annual audit is conducted in an efficient, cost-effective and objective manner;
   2. oversee AGN’s financial reporting and internal financial control systems;
   3. review and recommend to the Board approval of the annual financial statements and as and when appropriate, the adoption of new or revised accounting policies and practices; and,
   4. recommend the appointment of the external auditor and the appropriate audit fee.
3. **Responsibilities on Financial Matters:**
   1. review and recommend to the Board the annual budget prepared by management;
   2. monitor and report to the Board on performance against budget on a quarterly basis;
   3. review annually the AGN’s insurance and risk management programs and make such recommendations to the Board as the Committee thinks appropriate;
   4. review and monitor financial policies and practices and make recommendations to the Board if changes are required; and,
   5. oversee the fulfilment of AGN obligations under grants and any contractual commitments to the Town of Cobourg.
4. **Frequency of Meetings:** The Committee shall meet at least twice a year to perform its audit function, with the auditor invited as appropriate, once before the audit commences to review the audit plan and once after the audit is complete in draft to review the audit report. In addition, the Committee shall hold such further meetings as are necessary to fulfill its role on financial matters. The Committee shall establish an annual schedule of meetings and, in addition, shall meet at the call of the chair.
5. **Quorum for Meetings:** the quorum for meetings shall be a majority of the members at the date of the meeting.

1. Independent means not being an officer or employee of AGN or a Councillor or employee of the Town of Cobourg. [↑](#footnote-ref-1)
2. Financial literacy refers to the ability to read and understand fundamental financial statements, including a balance sheet, statement of revenue and expenditures and statement of cash flows. **Steps should be taken to recruit another committee member with professional accounting or financial expertise such as a current or past senior corporate financial officer, holder of a professional certification in accounting or other comparable experience or background so that at least one committee member has recognized accounting or financial management expertise.** [↑](#footnote-ref-2)