**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 ensuing year shall be set by the Board at the time of appointment and at least a majority 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. The Executive Director is also an ex-officio non-voting member.
2. **Responsibilities on Audit Matters:**
	1. help ensure that the annual audit is conducted in an efficient, cost-effective and objective manner;
	2. assist the Treasurer in oversight of AGN’s financial reporting and internal financial control systems;
	3. as and when appropriate, recommend 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. review annually the AGN’s insurance and risk management programs and make such recommendations to the Board as the Committee thinks appropriate;
	3. assist the Treasurer in the review and monitoring of financial policies and practices and make recommendations to the Board if changes are required;
	4. oversee the fulfilment of AGN obligations under grants;
	5. Review financial controls and financial reporting systems, loans, banking and investments, charitable status compliance; and,
	6. Oversee the investment of AGN funds including the investment of any endowment funds and, with respect to the endowment funds, receive and review, at least semi-annually, review a performance report and advise the Board thereon.
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 also 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.

 **7. Reporting:**

The Committee reports to the Board of Directors

 **8. Date of Last Review:**

The Terms of Reference were last reviewed and approved by

 the Board of Directors on December 12, 2019.

Adopted on November 21, 2018 and revised on December 12, 2019

1. Independent means not being an employee of AGN or a Councillor or employee of the Town of Cobourg or any other funding body. [↑](#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.**.** [↑](#footnote-ref-2)