Finance, Audit and Risk Committee – Terms of Reference

Policy Number: G-08.06.00	Next Review Date: 2031
Approved by: NSRDDA Board	Approval Date: October 10, 2025

1. Purpose

The purpose of the Finance, Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the integrity of financial reporting, the effectiveness of internal control and risk management systems, the performance and independence of external auditors, and the overall financial health and sustainability of the NSRDDA. The Committee provides strategic guidance and monitoring in matters of financial planning, budgeting, investment, audit processes, quality assurance program compliance and enterprise risk management, ensuring accountability and transparency in alignment with the NSRDDA's mandate and values.

2. Specific Responsibilities

The Committee has the following specific responsibilities and any other duties that may be assigned to it by the Board.

A. Finance-Related Duties

- Reviews the NSRDDA's long-term financial plan, presenting that plan to the Board for approval, reviewing it on an annual basis and recommending approval of any changes to the Board
- Develops, in collaboration with the Registrar, the annual budget, including the assessment of the validity of fundamental assumptions and estimates as well as the alignment to the NSRDDA's strategic plan and long-term financial plan
- Studies and recommends financial policies to guide the NSRDDA's financial management (e.g., investment policy, reserve policy, corporate credit card policy, etc.)
- Reviews and approves the quarterly financial reports to the Board, including year-end projections
- Confirms with the Registrar the completeness and timeliness of government remittances, including payroll deductions and sales tax
- Reviews significant accounting accruals, reserves, judgments and estimates, and any accounting policy changes for reasonableness and appropriateness
- Reviews and approves financial and performance information provided in reports to members and other stakeholders to ensure that it is accurate and complete

B. Investments

- Provides general oversight of the organization's investment management program through regular reports from the Registrar and/or external investment managers

- Recommends an Investment Policy and any changes related thereto to the Board for approval

C. External Audit and Internal Controls

- Reviews the adequacy of internal controls related to DHW's Quality Assurance Program for Health Profession Regulators (QAP) data integrity, confidentiality, and reporting
- Makes recommendations to the Board regarding the appointment, re-appointment, or dismissal of the external auditors
- Meets with the external auditors before the audit commences to review the nature, scope, and overall audit plan as well as the proposed engagement fee
- Ensures audit plans include periodic assessments of the NSRDDA's compliance and risk exposure with the QAP, as appropriate
- Meets with the external auditors after the audit to:
    a. Review the overall process
    b. Address issues and
    c. Review the external auditor's management letter and management's response
- Approves the provision of non-audit services by the external auditors and related fees
- Approves the annual audited Financial Statements and recommends their approval to the Board
- Regularly reviews, for adequacy and effectiveness, the NSRDDA's internal control and management information framework, including controls over financial reporting, information technology and data security
- Holds in-camera meetings with the external auditor

D. Risk Oversight

- Regularly reviews information related to the NSRDDA's risks, and management processes to mitigate these risks, to assess whether the NSRDDA has appropriate systems in place to identify and manage risks
- Includes QAP-related risks as part of the enterprise risk register and ensures they are regularly reviewed and updated
- Ensures the Board's structure provides effective oversight of major risks and related mitigation systems
- Reviews the NSRDDA's risk profile at least semi-annually to be educated and aware of key warning signals which indicate problems (e.g., indicators of fraud, potential risks, and exposure to the organization)
- Monitors the Registrar's preparedness for crisis management through at least annual presentation by the Registrar on the NSRDDA's Crisis Management and Business Continuity Plan

E. Quality Assurance Program (QAP) Oversight

- Reviews and monitor the financial and operational implications of DHW's QAP
- Ensures that the QAP is appropriately resourced in the annual budget and aligned with the NSRDDA's risk management framework
- Receives regular reports from the Registrar or auditors on QAP implementation, performance metrics, and compliance with applicable legislative and regulatory requirements
- Escalates material non-compliance or significant risks related to the QAP to the Board

F. Other Responsibilities

- At least once every two years, reviews the adequacy of the NSRDDA's insurance program, including Directors' and Officers' Liability insurance
- Reviews any legal pursuits/claims against the NSRDDA
- Monitors the NSRDDA's compliance with applicable legislation and regulations through a system of management representations
- Sets the tone for and ensures organizational ethics are maintained
- Ensures the Board establishes a formal disclosure of wrongdoing policy, a code of conduct and a conflict-of-interest policy, and reviews the adequacy of the policies and the organization's adherence to them; makes recommendations for changes to these policies to the Governance and Human Resources (GHR) Committee
- Reviews any proposed changes to the position of the Registrar

3. Membership and Quorum

The Committee has a minimum of four (4) members, including the Committee Chair. A quorum for Committee meetings consists of a majority of voting members of the Committee.

Members of the Committee should be financially literate and, ideally, at least one member should have accounting or financial management expertise. Where possible, at least one member of the Committee should have experience with regulatory compliance, healthcare quality programs, or audit in a public or quasi-public context. The Committee may also add a non-director to the Committee where specific expertise is considered desirable. The majority of the Committee members must, at all times, be directors of NSRDDA.

The Chair of the Committee is not the Chair of the Board and will be appointed annually by the Board, on the recommendation of the Board Chair.

The Board Chair is an ex officio member of the Committee but does not vote or count in meeting requirements for a quorum.

The Registrar is not a member of the Committee but may attend Committee meetings in an ex officio, non-voting capacity.

4. Meetings and Organization

- Committee meetings may be called by the Board Chair, the Committee Chair or by the external auditors
- The Committee:
  - Has a meeting calendar and annual work plan for the year
  - Meets at least quarterly with pre-determined dates and agendas
  - Holds special meetings as required

- May, at any meeting of the Committee, meet in a private session with: (a) the external auditor, (b) NSRDDA staff, or (b) the Committee members only
- Will hold in-camera sessions immediately before and/or after the Committee meetings; these sessions will be structured by the Committee Chair and will not include NSRDDA staff (including the Registrar)

5. Minutes and Reporting Responsibilities

A member of the Committee will act as the recording secretary for meetings of the Committee. Minutes of the meeting will include highlights of major discussions and all recommendations, decisions, and directives of the Committee.

A draft copy of the minutes of each meeting, approved by the Committee Chair, will be circulated to the Committee within two weeks of said meeting (where practicable) for approval by the Committee at the next meeting.

The Chair of the Committee (or their designate) shall present a written report to the Board in advance of each Board meeting which includes:

- The membership of the Committee
- How many times the Committee has met since the last Board meeting
- A 'for information' section which provides a general update of the Committee's areas of focus since the last Board meeting
- A 'for decision' section which includes:
    - Any recommendations being made to the Board for its approval
    - The specific form of resolution(s) being presented to the Board for approval
    - Background/context for each recommendation
    - Research/consultations undertaken by the Committee in coming to its recommendation(s)
    - Alternative(s) considered
    - Rationale for the recommendation(s)

6. Confidentiality

All deliberations of the Committee, and all records, material and information pertaining to NSRDDA obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material, and information from improper access. At no time will any Committee member use, disclose or divulge any confidential personal information obtained during the regular course of their work on the Committee.

7. Other

The Committee:

- Annually reviews and receives approval from the Board of its Terms of Reference to ensure they meet the needs of the Board

- Annually assesses its performance in carrying out its duties
- Through the Committee Chair, reports regularly to the Board on the results of its activities in such manner approved by the Board
- Provides an orientation to new Committee members and ongoing training and development opportunities for its members
- May engage independent consultants as required to assist the Committee with its duties, subject to budgetary approval by the Board

The Registrar or designate will support the work of the Committee.

8. Monitoring and Policy Review

The Chair of the Finance, Audit and Risk (FAR) Committee will ensure that these Terms of Reference are reviewed in accordance with the Board's policy review cycle or as required by significant operational or environmental changes.

9. Accountability

The Chair of the FAR Committee is accountable for ensuring compliance with this policy.

ANNUAL WORK PLAN – FINANCE, AUDIT AND RISK COMMITTEE

Meeting	Agenda Items
September	• Review of the most current financial and performance indicators/results (including variance analysis, projections to year-end and investment performance) • Review the draft budget for the coming year (developed by the Committee Chair, Registrar, and other staff) for presentation to the Board at the late September Board meeting • Review of risks and risk management system; critical evaluation of the NSRDDA's risk profile and early warning systems • Review of the NSRDDA's disclosure of wrongdoing policy, code of conduct and conflict-of-interest policy; recommend changes to Governance and HR Committee
November	• Review of the most current financial and performance indicators/results (including variance analysis, projections to year-end and investment performance) • Review of applicable accounting policies and accruals, reserves, estimates and judgments • Review of Long-Term Financial Plan • Review of the adequacy of the NSRDDA's insurance programs • Receive report on any legal claims/pursuits against the NSRDDA and a statistical summary of complaints under the NSRDDA's ethics-related policies
Late January	• Review of the most current financial and performance indicators/results (including variance analysis, projections to year-end and investment performance) • Review of audit plan submitted by external auditor • In camera meeting with external auditor • Review of risks and risk management system • Review of relevant financial performance benchmarking against other like organizations • Annual review of the organization's Investment Policy • Review of annual operating plan and related budget
April	• Review of the most current financial and performance indicators/results (including variance analysis, projections to year-end and investment performance) • Approval of audited annual financial statements and recommend their approval by the Board • Review independence of external auditors

- Recommend the appointment and compensation of the external auditor
- Meeting with external auditor, including in camera session
- Review of the NSRDDA's internal controls and management information systems
- Review of the NSRDDA's Board-approved financial policies and identification of the need for any new policies
- Compliance report from the Registrar regarding legislative, regulatory or policy requirements
- Receive report on any legal claims/pursuits against the NSRDDA and a statistical summary of complaints under the NSRDDA's ethics-related policies
- Annually evaluate the performance and terms of reference for the Committee; recommend any changes to the latter to the GHR Committee

The Committee Chair has the discretion to move items between and among meetings but will cover all items of the work plan over the course of a year.