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## **District Conference Audit Review Committee Terms of Reference**

### **Purpose**

The District Conference Audit Review Committee (the “Committee”) helps to ensure that the organization's accounting and reporting practices are of the highest quality and assists the District Executive Committee (DEXCOM) in fulfilling its fiduciary responsibilities. The Committee reports to DEXCOM and to District Conference.

### **Composition and Membership**

The Committee will be composed of a minimum of five members. Of these, at least three must be District members (i.e., members in good standing of local churches in the Canadian Pacific District (CPD) of The Christian and Missionary Alliance in Canada) who have been elected by District membership at a District Conference. Two must be DEXCOM members, including the Treasurer and one additional DEXCOM member appointed annually by DEXCOM.

It is expected that Committee members as a group will generally be financially literate and at least one of the members elected by District Conference should have a financial designation or relevant financial management expertise.

Elected Committee members must be free of any relationship that could interfere with their independent judgment in this role.

Each term for elected Committee members begins at the end of the District Conference in which they were elected until the end of the next District Conference.

Elected Committee members may serve a maximum of three (3) consecutive terms and will not be eligible for election for a period of two (2) years.

The Committee Chair, who must be a Committee member elected by District Conference, must be appointed by DEXCOM.

Should an elected member be unable to complete their term for any reason, DEXCOM may appoint a District member to the Committee to fill the vacancy to serve until the end of the next District Conference.

If the number of elected members falls below three (3), DEXCOM must appoint a District member to serve until the end of the next District Conference.



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All members must annually complete a Declaration of Conflict of Interest in compliance with the *Conflict of Interest Policy for CPD Employees and Volunteers*.

All members must sign the *District Conference Audit Review Committee Confidentiality Agreement* upon becoming a member of the Committee.

## **Committee Functioning**

The quorum for the transaction of business at a Committee meeting is a simple majority of Committee members.

When a quorum is present at a meeting, a resolution will require a simple majority vote of those members present to be passed.

The Chair presiding at any meeting of the Committee will have a vote in all matters considered by the Committee.

The Committee may appoint an acting secretary to perform the functions of the secretary at that meeting.

Meetings may be held in person, by virtual means, or via conference calls.

Voting by mail or another means of communication, including by fax, email, or other electronic means is authorized in principle. All Committee members must agree to vote on any particular matter via an email ballot or other means or the vote on the item reverts to being held during a meeting, virtual or face-to-face.

Committee members will be reimbursed by the District Office for reasonable expenses incurred for Committee work (e.g. mileage).

## **Scope**

The Committee will help ensure the integrity of the financial information used by DEXCOM and made available to District membership as well as the general public. The Committee interacts on behalf of the DEXCOM and District membership with the independent auditors, management, and the DEXCOM Finance Committee. This requires open communication with the financial management of the organization.



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The scope of the Committee's responsibilities includes the following:

- Financial Reporting
- Accounting Policies
- Risk and Uncertainty
- Controls and Control Deviations
- Compliance with Laws and Regulations
- Relationship with the Independent Auditor

Other responsibilities may be assigned by DEXCOM or District Conference from time to time.

## **Responsibilities**

1. Meet with the independent auditors and the Director of Finance prior to the commencement of the annual audit to review the scope and timing of the forthcoming audit, as well as any other pertinent issues. These matters are to include, but are not limited to, the review of the following:
  - a) How the auditor plans to address the significant risks of material misstatement, whether due to fraud or error.
  - b) How the auditor plans to address areas of higher assessed risks of material misstatement.
  - c) The auditor's approach to the CPD's system of internal control.
  - d) The application of the concept of materiality in the context of the audit.
  - e) If applicable, the nature and extent of specialized skill or knowledge needed to perform the planned audit procedures or evaluate the audit results, including the use of an auditor's expert.
  - f) If applicable, the auditor's planned approach to addressing the implications on the individual statements and the disclosures of any significant changes within the applicable financial reporting framework or in the CPD's environment, financial condition, or activities.
  - g) Other planning matters that it may be appropriate to review with the independent auditors such as:
    - i) The appropriate person(s) in the CPD's governance structure with whom to communicate.



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- ii) The allocation of responsibilities between those charged with governance and management.
  - iii) The CPD's objectives and strategies, and the related operating risks that may result in material misstatements.
  - iv) Matters that the DEXCOM and/or District Conference consider warrant particular attention during the audit, and any areas where they request additional procedures to be undertaken.
  - v) Other matters that the DEXCOM and/or District Conference considers may influence the audit of the financial statements.
  - vi) The attitudes, awareness, and actions of those charged with governance concerning (a) the CPD's internal controls and their importance, including how the effectiveness of internal controls are overseen, and (b) in regard to the detection or possibility of fraud.
  - vii) The actions of those charged with governance in response to developments in accounting standards and governance practices and related matters, and the effect of such developments on, for example, the overall presentation, structure and content of the financial statements.
2. Meet with the independent auditors at the conclusion of the audit to review a draft copy of the audited financial statements. During that meeting, the Committee will also undertake the following:
- a) Determine that the financial statements are in compliance with the current *Accounting Standards for Not-for-Profit Organizations (ASNPO)* as published by the Chartered Professional Accountants of Canada as well as evaluate the overall presentation, structure and content of the financial statements, including the disclosures.
  - b) Recommend in consultation with the Director of Finance, changes to the draft financial statements as deemed necessary by the Committee.
  - c) Review the management (recommendation) letter received from the independent auditors from the previous year to ascertain its implementation, and review with the independent auditors their recommendations and significant findings for the current year.
  - d) Review with the independent auditors the adequacy and effectiveness of the CPD's internal accounting controls and fiscal policies. Review management's assessment of internal controls.
  - e) Determine if the integrity of all funds is protected and that resources for donor-restricted gifts are separately maintained.



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- f) Determine if the CPD has complied with tax and financial reporting laws and regulations.
  - g) Review management's evaluation of the computer backup procedures, off-site storage of backup data, and the adequacy of protection against fire, theft, etc.
3. Once the Committee has completed its work with the independent auditors, provide the draft audited financial statements to DEXCOM with its recommendation about whether or not to approve the draft audited financial statements.
  4. Provide minutes of all Committee meetings to the DEXCOM. These minutes are to include any recommendations made to the Committee by the independent auditors as well as any accounting and/or reporting practices recommendations the Committee is making to the DEXCOM.
  5. Annually, the Committee will submit a summary report to the DEXCOM about the Committee's activities during the past year. This report is to include the independent auditor's communication reporting key audit matters including significant findings. This report is also to be provided to District members at the Annual Meeting.
  6. Recommend to the District membership the appointment of auditors for the ensuing year after reviewing the audit proposal(s) including proposed fees for the ensuing year.
  7. Hold any additional meetings at any time as deemed necessary by the Committee Chair or as requested by any Committee member or the independent auditor.

**Adopted May 2015**

**Amended**

April 2021

October 2022

April 2024



## Committee Timetable

The timetable for the Committee’s activities is reflected in the calendar set out below:

### District Conference Audit Review Committee Annual Calendar

Task	Timeframe
Meet with the independent auditors and the Director of Finance prior to the commencement of the annual audit	Before the 14 <sup>th</sup> of February
Meet with the independent auditors at the conclusion of the audit	Before the 21 <sup>st</sup> of March
Provide to the DEXCOM the draft audited financial statements for its review and approval, with the Committee’s recommendation in regard to the same	Before the 31 <sup>st</sup> of March
Prepare and submit the annual summary report to the DEXCOM and for the District members at the Annual Meeting	Before the 31 <sup>st</sup> of March
Recommend to the District membership the appointment of auditors for the ensuing year after reviewing the audit proposal(s) including proposed fees for the ensuing year	Before the 31 <sup>st</sup> of March
Hold additional meetings	As deemed necessary by the Committee Chair or as requested by any Committee member or the independent auditor
Provide minutes of all Committee meetings to the DEXCOM	For all meetings held between the commencement of the annual audit and the completion of the annual audit, by March 31 <sup>st</sup>  For all other meetings outside of the above timeframe, within two weeks after each respective meeting

