

**APPENDIX 1: FINANCE STANDING COMMITTEE TERMS OF REFERENCE**

**1. PURPOSE**

- A. The primary function of the Finance Standing Committee (the “Standing Committee”) is to assist the Board in fulfilling its oversight responsibilities under the *Police Act* by reviewing:
- 1) budget development processes and financial planning;
  - 2) the financial information that will be provided to the Board, City Council and other stakeholders;
  - 3) the systems of internal controls established by management and the Board; and
  - 4) any audit processes outside of the ongoing City of Vancouver audit.
- B. Primary responsibility for budget development, financial reporting, information systems, risk management and internal controls of the Vancouver Police Department is vested in management and is overseen by the Board.

**2. COMPOSITION AND OPERATIONS**

- A. The Standing Committee shall be composed of two or more members appointed by the Board, with one member designated as Chair. Appointment of Standing Committee members will be in accordance with relevant sections of the *Vancouver Police Board Policy and Procedure Manual*.
- B. The Standing Committee shall operate in a manner consistent with provisions of the *Vancouver Police Board Policy and Procedure Manual*.
- C. Where possible, all standing committee members shall be “financially literate”<sup>1</sup> and at least one member should have “accounting or related financial expertise.”
- D. In the event of a financial audit of the Department, the Committee shall meet with the auditors, as it deems appropriate to consider any matter that the Standing Committee or auditors determined should be brought to the attention of the Board.
- E. The Standing Committee shall meet at least four times each year.
- F. The Standing Committee shall meet at the call of the Chair, or agreement of the Standing Committee.
- G. The Board Executive Director shall consult with the Chair on the agenda development, be responsible for preparation and distribution of the agenda package, and shall maintain a record of the meetings.
- H. The Standing Committee may invite such Board Members and outside parties, and in consultation with the Chief Constable such employees, as may be deemed desirable to attend meetings and assist in the discussion and consideration of the business of the Standing Committee.

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<sup>1</sup> The Board has defined “financially literate” as the ability to read and understand a balance sheet, income statement and cash flow statement in accordance with the Canadian GAAP. Where there is a requirement for a Board member to have accounting or financial expertise, this means the Board Member shall have the ability to analyze and understand a full set of financial statements, including the notes attached thereto in accordance with the Canadian GAAP.

### **3. DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Standing Committee shall perform the following duties:

#### **A. Financial Policy Development**

The Standing Committee shall:

- 1) review and recommend financial policy for the Board and Department.
- 2) review periodically the Department's Financial Policy and Administration Manual, and make recommendations for revisions.

#### **B. Budget Development and Financial Planning**

The Standing Committee shall:

- 1) review the budget development process and guidelines for the Department and make recommendations to the Board for revisions as required.
- 2) identify inconsistencies between the Department and City budget processes that require resolution in order for the Board to comply with its statutory obligations, and make recommendations accordingly to the Board.
- 3) review the budget for consistency with the Department's long range financial plans.
- 4) review periodically the Department's long range financial plans to ensure stability and consistency with strategic directions for the organization.

#### **C. Financial Statements and other Financial Reporting**

The Standing Committee shall:

- 1) review and recommend for approval to the Board, financial information that will be forwarded to the City of Vancouver or made publicly available, including:
  - a) the financial content of the annual report and any reports required by the Board, City of Vancouver, or Provincial Government; and
  - b) any management report that accompanies published financial statements (to the extent such a report discusses the financial position or operating results) for consistency of disclosure with financial statements themselves.
- 2) review normal periodic internal financial information provided to the Board, including:
  - a) quarterly financial operating statements; and
  - b) any audited financial statements.
- 3) ensure that:
  - a) the Board receives timely, meaningful reports that keep it properly informed of the Department's financial situation and that provide the information needed for decision making;
  - b) all financial reports to the Board clearly display the financial results of each principle area of activity and include actual-to-budget variance and year-to-

- date; and reflect events to date and known factors which may influence either revenue or expense components.
- 4) review and discuss:
    - a) appropriateness of financial management policies and financial reporting practices used by the Department;
    - b) any significant proposed changes in financial reporting and financial management policies and practices to be adopted by the Department; and
    - c) any new or pending developments in accounting and reporting standards that may affect the Department.
  - 5) be responsible for reporting and presenting any and all VPD operating and capital expenditures to the City and the City Council.

**D. Level of Spending**

The Standing Committee shall:

- 1) develop with management a comprehensive statement of authorities for operating and capital expenditures and present those authorities to the Board for its approval;
- 2) monitor compliance through the audit process, and other identified mechanisms, and recommend to the Board any changes which may be necessary from time to time.
- 3) oversee the capital plans and expenditures to provide sufficient facilities and equipment for the Department.

**E. Risk Management, Internal Control and Information Systems**

The Standing Committee shall review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

- 1) review the Department's risk management controls and policies;
- 2) obtain reasonable assurance that the information systems are reliable and systems of internal control are properly designed and effectively implemented through discussions with and reports from management, and auditors, when possible;
- 3) review management steps to implement and maintain appropriate internal control procedures including a review of policies; and
- 4) monitor compliance with statutory and regulatory obligations.

**F. Financial Audits**

- 1) The Standing Committee shall oversee any internal audit function, which may be established and the internal audit relationship with the auditor and with management.
- 2) The Standing Committee shall review the planning and results of any external audit activities and the ongoing relationship with the external auditor and report the results to the Board.

**4. ACCOUNTABILITY**

- A. The Standing Committee shall review the terms of reference for the Standing Committee annually and make recommendations to the Board as required.
- B. The Standing Committee shall keep a record of its meetings and the Chair shall provide oral reports to the Board, or other reports to the Board as requested, on financial matters that are relative to the Board and Department.