

# Report to the GHRC Committee

## Board Committee Terms of Reference

Nov. 17, 2020

### PURPOSE

To report on changes to the finance committee's terms of reference that standardized format, clarify reporting and committee authority, and to seek final comments from directors.

### CONTEXT/HIGHLIGHTS

Annually, each board committee is responsible for reviewing its terms of reference to assess whether they accurately describe the duties and responsibilities of the committee, and either confirm or recommend changes to the governance, human resources and compensation (GHRC) committee.

This report outlines proposed areas for change to the finance committee's terms of reference based on leading and/or common governance practice; actions identified and accepted by the GHRC committee in the first quarter of 2020 to elevate the quality of governance; direction from finance committee members following the Sept. 17 meeting.

Highlights of key proposed changes are set out below:

- **Standardized form:** Amended the form of all board committee terms of reference to standardize key elements and to include a revision history.
- **Purpose:** Renamed and refined the first section of the terms of reference to summarize the purpose of the committee by capturing at a high level some of its key activities (i.e., what is it set up to do). Specific responsibilities for the finance committee are then set out in a schedule based predominantly on the committee's work plan.
- **Membership:** Redrafted membership content and removed the maximum number of members; added elements pertaining to qualifications to serve on the finance committee, removal and vacancies, management attendance and the voting status of *ex officio* members (e.g., clarify if the board chair is voting or non-voting member).
- **Responsibilities and authority:** Amendments, where necessary, to clarify where the committee is empowered by the board to advise and/or recommend versus to act (i.e. delegated authority); and, if an item requires executive committee recommendation prior to board approval. Material proposed changes include:
  - New section related to authority to access information and external advisors.



- Added responsibility to review principal financial risks to the organization’s business and the identification and implementation of systems and procedures to manage these risks. In line with this, the responsibility to make recommendations to the executive committee and board on the appropriate fees to be levied by the various membership classes has been moved from the GHRC committee to the finance committee.
- **Committee operations:** Proposed adding and/or changing:
  - Records: Requirement to circulate agenda and material from two weeks to five to seven days.
  - Quorum: If a quorum cannot be obtained for any meeting, any member of the board may, at the request of the chair of the committee or the chair of the board, serve as members of the committee for that meeting; and the powers of the committee may be exercised at any meeting where a quorum is present or by resolution in writing signed by all committee members.
  - In camera meetings: The committee may meet *in camera* with the CEO or invited guests and as committee members only.
  - Assessment: That at least annually, the committee will assess its effectiveness in fulfilling its responsibilities and duties set out in the terms of reference.
- **Oversight of policies:** Added a section that outlines the policies/guidelines that the committee is responsible for overseeing and recommending changes to the board in respect of.

The revised terms of reference with the above proposed changes are attached for committee review and discussion.

## NEXT STEPS

Final changes based on committee direction will be tabled for committee recommendation and board approval at the Dec. 3 and 4 meetings of the GHRC committee and board, respectively.

## APPENDICES

- **Appendix A:** Finance Committee Terms of Reference (Revised Draft)