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# Audit & Finance Committee Charter

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## Audience:

All Directors of Coast Capital Savings Federal Credit Union (“Coast Capital”)

Version	Approved by	Date
1.00	Board of Directors	February 29, 2012
1.01	Board of Directors	May 8, 2013
1.02	Board of Directors	October 1, 2014
1.03	Board of Directors	October 1, 2015
1.04	Board of Directors	September 28, 2016
1.05	Board of Directors	November 27, 2017
1.06	Board of Directors	December 10, 2018
1.07	Board of Directors	May 14, 2020
1.08	Board of Directors	September 17, 2021
1.09	Board of Directors	June 8, 2022
1.10	Board of Directors	June 6, 2023

Property of Coast Capital Savings Federal Credit Union  
Owner: Chief Legal, Regulatory & Corporate Affairs Officer  
Prepared by: Legal Department

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# 1. About the Charter

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**Purpose** The Board of Directors of Coast Capital Savings Federal Credit Union (“Coast Capital”) (the “Board”) has delegated to the Audit & Finance Committee (the “Committee”) the responsibilities and authority outlined in this Charter.

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**Role of Committee** The Committee is responsible for:

- Overseeing Coast Capital’s financial reporting and internal control activities.
- Assisting the Board in fulfilling its responsibilities for oversight of Coast Capital’s capital and liquidity management.
- Ensuring the independence and evaluating the performance of the Internal Audit function and the External Auditors.

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# 2. Composition

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**Election** The Board elects the Committee members at the first meeting of the Board following each Annual General Meeting, and otherwise as required.

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**Number** The Committee has at least three members.

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**Qualifications**

- All members of the Committee must be independent directors, as defined in the Coast Capital Savings Federal Credit Union Rules (the “Rules”) and the independence standards established by the Board.
- All members of the Committee must be financially literate as defined in the Rules and at least one member must hold a current accounting designation.
- A majority of Committee members must have relevant expertise. At least one member of the Committee must have a background in audit, accounting or financial management, which may include experience as a senior auditor, chief financial officer, or other senior officer with financial oversight responsibilities.
- All Committee members must participate in relevant education to ensure they acquire, maintain and expand a sound understanding of issues related to financial management.

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## Chair

The Committee elects the Chair by a majority of the Committee at the first meeting of the Committee following the Annual General Meeting, and otherwise as required.

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## 3. Responsibilities

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### Financial Reporting

1. At least quarterly, review the reporting to investors in capital markets, operating results, business risks, technology risks, and explanations of variances between budgets and actual results in order to ascertain the integrity of financial information and reporting.
2. Annually, review and recommend to the Board for approval:
  - a) The annual audited consolidated financial statements of Coast Capital.
  - b) The Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”) certification of financial statements.
  - c) Management’s Discussion and Analysis.
  - d) If needed, media release for year-end financial results.
  - e) The annual financial statements of the subsidiaries of Coast Capital.
3. At least annually, review and recommend the Financial Annual Operating Plan to the Board for approval.
4. Review and recommend expenditures and associated business cases, including any changes outside management authority, for all major expenditures and projects that exceed the CEO Delegated Authority under the Capital Asset Policy.
5. As needed, review and recommend to the Board for approval:
  - a) Any regulatory financial statement, return or report requiring the Boards approval.
  - b) Any other public disclosure of financial information derived from the financial statements of Coast Capital or its subsidiaries.
6. Review any returns that the Office of the Superintendent of Financial Institutions (“OSFI”) specifies.
7. Monitor the process to ensure compliance with all regulatory returns and reports requiring review or approval by the Committee or the Board by the *Bank Act* or OSFI.
8. Review with management financial reporting and control impacts of any significant litigation, claim, or contingency, including regulatory non-compliance, which could have a material effect on the financial position of Coast Capital.
9. Annually, review consultant and legal expenses in excess of \$100,000.



10. Quarterly, review CEO expenses or delegate to the Board Chair.
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**Capital and Liquidity**

11. At least annually, review and recommend to the Board any changes required to the rolling capital plan.
  12. Review and recommend to the Board for approval proposals for the issue of new equity and debt instruments other than deposits and membership shares.
  13. Review and recommend to the Board for approval declaration of dividends after satisfying itself that Coast Capital has sufficiently demonstrated compliance with capital and liquidity requirements.
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**External Audit**

14. Review and approve the scope of the audit of the financial affairs of Coast Capital and its subsidiaries.
15. Review and recommend to the Board for approval the audit engagement letter.
16. As needed, review management's representation letters and any other material correspondence, and make recommendations to the Board as required.
17. Monitor the progress of the annual audit, review all reports of the External Auditors, and make inquiries as necessary.
18. Meet with the External Auditors and senior management to discuss the annual audit findings and the Annual Management Letter from the External Auditors, and ensure items of concern noted therein are resolved.
19. Annually, review and discuss with External Auditors the sufficiency and appropriateness of all significant accounting policies.
20. Quarterly, meet with the External Auditors and management to review Coast Capital's financial statements consistent with the section entitled "Financial Reporting" and seek assurances from the External Auditors that the financial statements accurately represent the financial position of Coast Capital.
21. Meet with the External Auditors to discuss any returns that OSFI may specify and any transactions, which could adversely affect Coast Capital.
22. Resolve any disagreements between External Auditors and management regarding financial reporting and report to the Board any disagreements that the Committee cannot resolve within a reasonable time.
23. Annually, evaluate the External Auditors prior to:
  - a) Reporting to the Board on the effectiveness of the External Auditors.



- b) Recommending the External Auditors' appointment to the Board for the Board to recommend to members to approve at the AGM.
  - c) Recommending the External Auditors' remuneration to the Board.
24. At least every 5 years, conduct a comprehensive review of the External Auditors, decide if a tendering process is required, review and recommend the External Auditors for a maximum term of five (5) year to the Board for approval.
  25. Pre-approve all non-audit services provided by the External Auditors to Coast Capital in excess of 50% of the annual audit fee ("de minimis").
  26. Annually, review reports on all non-audit services performed by the external auditor that in aggregate exceed \$100,000 in the year.

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**Internal Audit**

27. Oversee and, at least annually, assess the Internal Audit Department, including reviewing with the CEO the effectiveness of the Internal Audit function, its Mandate, the budget, organization and expertise of the Internal Audit Department.
28. Provide input to the Human Resources Committee (the "HRC") on the succession plans of the Internal Audit Department.
29. At least annually, assess the effectiveness of the Chief Internal Auditor (the "CIA")<sup>1</sup> with the CEO and approve the performance review of the CIA, which informs the short-term and long term incentive compensation of the CIA.
30. In consultation with the Committee Chair and the CEO, recommend the appointment and termination of the CIA to the Board.
31. Seek assurance that the Internal Audit Department has adequate independence to perform its responsibilities.
32. Review and approve the annual Internal Audit Plans including any significant changes.
33. Every three years, review and approve the strategic plan for Internal Audit.
34. Annually, receive an update on the strategic plan for Internal Audit.
35. Review regular reports prepared by the CIA together with management's response and follow-up on outstanding issues, as needed.
36. Provide a forum for the CIA to raise any internal audit issues or issues with respect to the relationship and interaction between the Internal Audit Department, management, the External Auditors, and regulators.

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<sup>1</sup> The Chief Internal Auditor is the Vice-President, Internal Audit



37. At least every five (5) years, initiate an external review of the Internal Audit Department.
  38. Initiate special actions as necessary
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**Internal Controls**

39. Oversee the establishment and maintenance of internal controls of Coast Capital, in particular by:
    - a) Requiring management to implement and maintain appropriate systems of internal controls (including controls related to the prevention, identification, and detection of fraud), and that comply with applicable laws, regulations, and guidance.
    - b) Evaluating and approving systems of internal controls and meeting with management, the CIA, and the External Auditor to assess the adequacy and effectiveness of Coast Capital's internal controls.
    - c) Reviewing Coast Capital's reporting to its members regarding internal control over financial reporting.
  40. Oversee, via receipt of quarterly reporting, outputs from the Internal Controls over Financial Reporting program and monitor the program's progress.
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**Audit and Finance Corporate Policies and Frameworks**

41. Review and recommend to the Board for approval significant policies and frameworks relating to:
    - a) Internal and external audit.
    - b) Financial controls.
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**Finance Department**

42. Oversee and at least annually assess the Finance Department, its effectiveness, Mandate, budget, organization, expertise and the Chief Financial Officer (the "CFO") Mandate.
43. Upon the recommendation of the Chief Executive Officer (the "CEO"), recommend the appointment and, if necessary, termination of the CFO to the Board.
44. Provide input to the HRC on the succession plans of the Finance Department.
45. At least annually, provide input to the CEO on the effectiveness and expertise of the CFO and approve the CEO's annual performance review of the CFO which informs the short-term and long term incentive compensation of the CFO.
46. Provide a forum for the CFO to raise any financial reporting issues or issues with respect to the relationship and interaction of the Finance Department with Management, the Internal Audit Department, the External Auditors, and regulators.



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**Compliance**

47. Oversee the establishment and maintenance of policies and practices that ensure Coast Capital's compliance with applicable regulatory requirements, accounting rules, and internal policies in relation to the Committee's responsibilities under this Charter.
48. Review significant pronouncements and changes to key regulatory requirements relating to financial reporting, and review briefings supplied by management regarding any professional pronouncement and changes to key regulatory requirements relating to accounting rules (to the extent they apply to Coast Capital's financial reporting process).
49. Establish procedures for the receipt, retention, and treatment of complaints received by Coast Capital on accounting, internal accounting controls, or auditing matters, as well as for confidential anonymous submissions by employees of concerns regarding questionable accounting or auditing matters, and receiving reports on such complaints and submissions as required under the applicable policy.

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**General**

50. At least every three years, review, recommend and approve, as required, the Board policies for which the Committee has oversight as per the Corporate Documents Governance Framework.
  51. Review reports from the RRC on matters that the RRC determines are of relevance to the Committee.
  52. Report to the RRC on issues of relevance to it as necessary.
  53. At least annually, conduct a review of the Committee to assess its contribution and effectiveness in fulfilling its duties as set out in this Charter.
  54. At least annually, review this Charter, and Rolling Agenda, and recommend changes to this Charter to the Governance & Nominations Committee as necessary.
  55. Perform such other functions and tasks as may be legally required or delegated to the Committee by the Board.
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## 4. Meetings

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**Meeting Schedule**

The Committee meets at least once in each quarter, and otherwise meets at the call of the Committee Chair or at the call of any Director, the External Auditors, the CIA, the CEO, the CFO, the Chief Compliance Officer <sup>2</sup> or the Chief Risk Officer (the "CRO").

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<sup>2</sup> The Chief Compliance Officer is the Chief Risk Officer.





<b>Quorum</b>	A majority of Committee members constitutes quorum.
<b>Role of the Chair</b>	The Committee Chair presides at all meetings of the Committee. In the Committee Chair's absence, a Committee member determined by the Committee Chair presides at the meeting. In the absence of such a determination, the Committee will elect an Acting Chair.
<b>Agenda</b>	<p>The Committee Chair, in consultation with the CFO, CIA and other resources, develops a twelve-month Rolling Agenda and an agenda for each Committee meeting.</p> <p>The Committee members receive the meeting agenda and supporting materials in advance of each meeting of the Committee.</p> <p>The agenda of each meeting shall include provision for an <i>in camera</i> session with each of the CFO, the CIA, the External Auditors, and any other selected members of management as considered necessary.</p> <p>The agenda of each meeting shall include provision for an <i>in camera</i> session with independent directors only.</p>
<b>External Auditor</b>	The External Auditors are entitled to receive notice of every meeting of the Committee and, at the expense of Coast Capital, to attend and be heard at each meeting, and must attend each meeting of the Committee at the request of a member of the Committee.
<b>Minutes</b>	<p>The Assistant Corporate Secretary maintains and keeps minutes of all meetings of the Committee.</p> <p>The Assistant Corporate Secretary prepares the minutes for review by the Committee Chair and the CFO.</p> <p>The Committee approves the minutes and provides a copy to the Board.</p>

## 5. Resources

<b>Authority</b>	<p>The Committee may engage internal and external resources as needed to assist in the execution of its responsibilities.</p> <p>The Committee may invite to its meetings any director, management, and other persons it deems appropriate in order to carry out its responsibilities, and may exclude from its meetings any persons it deems inappropriate in order to carry out its responsibilities.</p> <p>The Committee may call a meeting of the Board to consider any matter of concern to the Committee.</p>
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**Lead Executive**

The Lead Executive to the Committee is the CFO.

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**Other Resources**

Additional resources to the Committee include the CEO, CRO, CIA, Chief Legal, Regulatory and Corporate Affairs Officer, Assistant Corporate Secretary, and other internal resources, as required.

The Committee may engage, under its sole authority, independent counsel, consultants, and advisors, as needed, and has the sole responsibility to the Board for approving the fees, terms and conditions, and termination of any such engagement.

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## 6. Charter Governance

Role	Responsibilities	Cycle
<b>Board of Directors</b>	<ul style="list-style-type: none"><li>Review and approve this Charter and any amendments.</li></ul>	Annually
<b>Governance &amp; Nominations Committee</b>	<ul style="list-style-type: none"><li>Review and recommend this Charter and any amendments to the Board of Directors.</li></ul>	Annually
<b>Audit &amp; Finance Committee</b>	<ul style="list-style-type: none"><li>Review and recommend this Charter and any amendments to the Governance &amp; Nominations Committee.</li></ul>	Annually
<b>Chief Legal, Regulatory &amp; Corporate Affairs Officer</b>	<ul style="list-style-type: none"><li>Owns this Charter.</li><li>Review and recommend this charter and amendments to the Risk Review Committee.</li></ul>	Annually
<b>VP, Enterprise &amp; Operational Risk Management</b>	<ul style="list-style-type: none"><li>Provide review, advisory and effective challenge of the Charter and related internal controls.</li></ul>	Annually
<b>Enterprise Risk Management</b>	<ul style="list-style-type: none"><li>Ensures the review and approval of the Charter complies with the <a href="#">Corporate Document Governance Framework</a>.</li></ul>	Annually
<b>Internal Audit</b>	<ul style="list-style-type: none"><li>Review this Mandate when updates resolve an Internal Audit or OSFI finding. At all times, Internal Audit takes precautions to maintain its independence.</li></ul>	Annually

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**Next Review Date**

Audit & Finance Committee: May 2024  
Governance & Nominations Committee: May 2024  
Board of Directors: June 2024

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**Related Documents**

**Mandates and Charters**

- Board of Directors Mandate
- Committee Chair Charter
- Director Mandate

**Frameworks and Policies**

- Director Independence Policy

**Other**

- Coast Capital Savings Federal Credit Union Rules
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