



# BCI Board – Audit Committee

## MANDATE

Effective as of December 07, 2018

### 1 DEFINITIONS

#### 1.1 In this document:

- 1.1.1 “Committee” means the Audit Committee of the Corporation;
- 1.1.2 “Corporation” means the British Columbia Investment Management Corporation (BCI);
- 1.1.3 “Financially Literate” means an individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation or Investment Pools;
- 1.1.4 “Investment Management Board” and “Board” mean the board of directors of the Corporation; and
- 1.1.5 “Investment Pools” means the pooled investment portfolios continued or established under the Pooled Investment Portfolios Regulation.

### 2 STATUTORY CONTEXT

- 2.1 Section 20(5) of the *Public Sector Pension Plans Act* limits the scope of this Mandate. Section 20(5) of the Act states: “The investment management board must not be involved in the investment decisions of the investment management corporation”. This means that the Committee is to have no involvement in investment decisions that are in the course of being made. This prohibition does not extend to policy advice that the CIO may seek from the Board. The legislative role of the CIO and the prohibition in Section 20(5) of the Public Sector Pension Plans Act, limit the scope of this Mandate.

### **3 MEMBERSHIP**

- 3.1 The Committee consists of a minimum of three members who are appointed by the Board. Each member of the Committee is to be financially literate, or shall become financially literate as soon as is practicable after appointment to the Committee.

### **4 DUTIES OF THE AUDIT COMMITTEE**

- 4.1 The Committee, through the discharge of its responsibilities in respect of financial statements and auditing, shall foster a culture of honesty and integrity within the Corporation.
- 4.2 The Committee must:

#### **INTEGRITY OF THE FINANCIAL REPORTING PROCESS AND FINANCIAL STATEMENTS**

- a. Review, and recommend to the Board for approval, the Corporation's annual financial statements;
- b. Review the Investment Pools' annual financial statements. By virtue of By-Law 1, the Board has delegated final approval of the Investment Pools' financial statements to the CIO;
- c. Review, and recommend to the Board for approval, significant accounting policies for the corporation and the Investment Pools. The review will include consideration of: the impact of alternative accounting policies; the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- d. Review, at least annually, investment valuation policies;
- e. Unless waived unanimously by the Committee, meet in camera with the CIO or the CIO's delegate responsible for financial matters, who would typically be the SVP Finance, at every Committee meeting;

#### **SYSTEM OF INTERNAL CONTROLS**

- f. Review and authorize the release of the SOC1 Report on Controls for the Investment System;
- g. Review management assertions on internal controls;

**FINANCIAL COMPLIANCE**

- h. Review management reports on financial compliance, and compliance with legal and regulatory obligations of a financial nature;
- i. Review the CIO's annual financial certifications and confirmations to the Board;
- j. Review and make recommendations to the Board, at least biennially, on policies respecting errors and omissions;

**EXTERNAL AUDIT**

- k. Review and make recommendations to the Board on the appointment of external auditors for:
  - i. the Corporation's annual financial statements;
  - ii. the Investment Pools' annual financial statements; and
  - iii. the annual SOC1 Report on Controls for the Investment System;
- l. Review the terms of the external auditors' engagements;
- m. Review and approve proposed audit fees;
- n. Review the external auditor plans for all audits;
- o. Review the audit results for all audits, including any post-audit or management letters and related management responses;
- p. Review any problems experienced by the external auditors in performing their audits, including any restrictions imposed by management or any significant areas of disagreement with management;
- q. Review, at least annually, the performance and independence of external auditors;
- r. Approve in advance, annually or more frequently as necessary, fees paid to external auditors for non-audit work, and review regular summaries of such services and related expenditures;
- s. Review and make recommendations to the Board, at least biennially, on policies respecting external auditor non-audit services fees;
- t. Unless waived unanimously by the Committee, meet in camera with the external auditors at every Committee meeting;

**INTERNAL AUDIT**

- u. Review, annually, the 3-year risk based internal audit plan;
- v. Review and approve the internal audit plan for the upcoming year together with the associated resource requirements;

**AUDIT COMMITTEE: MANDATE**  
**PUBLIC/NOT RESTRICTED**

- w. Review and approve the Internal Audit Charter;
- x. Review internal audit reports resulting from the approved audit plan, and any other ad-hoc internal audit work required by the Committee;
- y. Receive a list of internal audit work undertaken at the request of BCI management and review any reports at the Committee's discretion;
- z. Review Internal Audit's performance relative to the plan approved in (v), and any other matters arising;
- aa. Review the Head of Internal Audit job description at least every two years, and review any changes to the job description made by management between Audit Committee reviews;
- bb. Provide input for the CIO's consideration regarding the hiring or dismissal of BCI's Head of Internal Audit;
- cc. Review any problems experienced by the Head of Internal Audit in performing internal audit work, including any restrictions imposed by management or any areas of significant disagreement with management; and,
- dd. When the CIO has delegated responsibility for internal audit matters, unless waived unanimously by the Committee, meet in camera with the delegate at every Committee meeting.

**OTHER**

- ee. Review, and recommend to the Board for approval, the Corporation's annual budget;
- ff. Review management's quarterly corporate financial forecasts compared to budget;
- gg. Review, at least annually, the Committee's compliance with this Mandate; and,
- hh. Review and make recommendations to the Board, at least biennially, on this Mandate.

4.3 The Committee may:

- a. With the Board's prior approval, engage external advisors at the Corporation's expense;
- b. Review any other matters which come before the Committee in the course of carrying out this Mandate; and
- c. At the Committee's discretion, report to the Board on any matters the Committee receives, reviews or approves.

## **5 MEETING PROCEDURES**

- 5.1 The Committee shall hold at least three regularly scheduled meetings a year.
- 5.2 The quorum for meetings of the Audit Committee is a majority of the members of the Audit Committee.
- 5.3 Meetings of the Audit Committee may take place by telephone.
- 5.4 The Chair of the Audit Committee is appointed by the Board on the recommendation of the Chair of the Board. In the absence of the Chair of the Audit Committee from any meeting of the Audit Committee for a period exceeding 15 minutes, the remaining members may choose a Committee Chair from amongst themselves and proceed with the meeting, provided that the quorum is met.
- 5.5 Each member of the Audit Committee shall have one vote on each matter to be decided.
- 5.6 All decisions of the Audit Committee shall be decided by a majority vote.
- 5.7 The Chair of the Audit Committee shall not have a second or casting vote.
- 5.8 The Audit Committee shall keep minutes of its meetings that record all actions and decisions taken by the Audit Committee and these minutes shall be submitted to the Investment Management Board as soon as is reasonably possible thereafter.
- 5.9 During in camera meetings or in the absence of the Corporate Secretary or Assistant Corporate Secretary, the Chair of the Audit Committee may appoint one of its members or any other person as Board Secretary to take the minutes of its meetings.
- 5.10 The Corporation will provide support services required by the committee.
- 5.11 The time and place where the meetings of the Audit Committee are to be held and the procedure at such meetings shall be determined solely by the Audit Committee, except as otherwise established herein.

## 6 APPROVAL

This Mandate is hereby updated and authorized effective as of the date below

December 7, 2018	[s] Peter Milburn
_____	_____
Date	Chair of the BCI Board

## REVIEW HISTORY

Approval Authority	BCI Board
Committee	HRGC
Last Review Date	December 07, 2018
Next Review Date	July 01, 2019

## AMENDMENT HISTORY

DATE	VERSION NO.	SUMMARY OF AMENDMENTS
December 7, 2018	2	Rebranded to BCI template and change section 2 to allow for minimum of 3 directors instead of exactly 3 directors.
Previous Dates	1	Note: There are several previous versions of this Mandate.