

Audit and Risk Management Committee Terms of Reference

Current Chair:

Current Members:

Current Staff Liaisons:

Purpose of the Committee:

Based on the Board goals for a governing year, develop and implement an annual work plan to appoint an external auditor and oversee the audit process.

Responsibilities of the Committee:

Pre-Audit:

- Review all of the CREA's critical accounting policies and all major issues regarding accounting principles and financial statement presentations
- Recommend to the Board of Directors, the selection, appointment, compensation, retention, and termination of the CREA's external auditor
- Prior to commencement of the annual audit work, review with the external auditor the plan and required documentation
- Oversee the corporation's asset and risk management
- Monitor procedures and policies for the receipt, retention and treatment of complaints received by CREA regarding accounting, internal accounting controls or auditing matters

Post-Audit:

- Review with management and external auditor any significant issues, concerns or difficulties encountered during the course of the audit
- Discuss guidelines and policies to govern the process by which risk assessment and risk management have been and are handled

Risk Management

- Provide oversight on identifying, assessing and to the extent possible mitigating corporate risk
- Provide an oversight role of the risk management systems and processes as well as continuously reviewing both the planning and outcomes of such processes
- Key activities involve:
 - Identifying risks
 - Analyzing, validating, and prioritizing them
 - Determining risk tolerance and risk appetite
 - Managing risks through various response strategies
 - Ongoing monitoring
- Discuss with management all of the key activities

- Report to the Board of Directors any potential unmitigated risks

Accountability:

The Audit and Risk Management Committee is accountable to the Board of Directors

Committee Membership:

Up to 7 Committee members comprised of:

- 3 Directors (one of which shall be from the Finance Committee and one whom shall be Chair and a majority of whom are not officers or employees of the corporation or any of its affiliates)
- 3 additional members who may be REALTOR® members or Staff Representatives
- 1 external expert (who shall be an accountant with a professional designation)

Membership Criteria:

1. Have an interest in asset and risk management
2. Have knowledge, skills and/or competency in financial controls
3. Bring a strategic perspective to financial monitoring
4. Be committed to, interested in and passionate for financial stewardship
5. Have knowledge, skills and/or competency in audit procedures
6. Have availability for expected time commitment

Voting:

Business arising at any meeting of this committee shall be decided by a majority of votes. The Committee Chair shall not have a vote except in the case of a tie. No Committee member shall be entitled to vote by proxy.

Quorum:

A quorum shall consist of more than 50% of the voting membership of the committee.

Resources:

Resources and support services will be provided through the office of the CEO, as approved by the Board of Directors.

Confidentiality

All committee members must adhere to CREA's confidentiality practices.

Conflict of Interest:

Committee members must comply with CREA's conflict of interest practices including but not limited to with respect to disclosure of any real or perceived conflicts of interest and recusal from meetings and/or meeting decisions where required by the practice.

Committee Assessment:

The committee will conduct an annual self-assessment to evaluate its performance and identify areas for improvement.

Annual Review:

These terms of reference shall be reviewed annually by the committee and amended as necessary with the approval of the Board of Directors (in the case of Board committees) or CEO (in the case of operational committees).