

## **FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE**

October 2022

### **A. PURPOSE**

The purpose of the Finance Committee (the "Committee") is to assist the Board of Directors of Diving Plongeon Canada ("DPC") in the oversight of financial matters for DPC, including without limitation (i) ensuring that management has designed and implemented an effective system of internal financial controls, (ii) reviewing and reporting on the DPC's financial statements prior to their presentation to the Board as a whole, (iii) reviewing DPC's compliance with regulatory and statutory requirements as they relate to financial matters, (iv) overseeing the preparation of the annual budget prior to its presentation to the Board and (iv) recommending election of auditors to the Board as a whole and receiving the report of the independent auditors.

The responsibilities of a member of the Committee are in addition to such member's duties as a director. Nothing herein is intended to or does confer on any member a higher standard of care or diligence than that which applies to the directors as a whole.

The Committee does not plan or perform audits or warrant the accuracy or completeness of DPC's financial statements or compliance with generally accepted accounting principles as these are the responsibility of management.

### **B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Board of Directors of DPC (the "Board") shall appoint the members of the Committee at least one of whom must be a current director for the ensuing year at the Board meeting immediately following DPC's annual meeting of members. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. The Committee shall consist of at least two members, one of whom shall be the President of DPC, and such other person as considered desirable by the Board. It is desirable for the board representative named to the committee to have accounting expertise. The Chief Operating Officer shall attend each meeting of the Committee (although in camera sessions may be held).

2. The members of the Committee shall elect a Chair from amongst their number.
3. The Committee shall meet on such dates and at such locations as the Chair of the Committee shall determine.
4. The quorum for meetings shall be both members of the Committee, and if there are more than two Committee members, a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.
5. Notice of the time and place of every meeting shall be given in writing or by e-mail to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
6. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
7. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).
8. The Committee is accountable to the Board and shall regularly report to the Board in respect of its activities verbally or through provision of minutes to the meetings.

#### **C. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be as follows, as required:

1. to assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of DPC's accounting principles, reporting practices and internal controls;

2. to recommend the appointment of independent auditors, establish and maintain a direct line of communication with DPC's independent auditors, review the recommendations of the independent auditors;
3. to review with management:
  - i) significant variances in actual financial results for the interim period from budgeted or projected results;
  - ii) any actual or proposed changes in accounting or financial reporting practices;
  - iii) any significant or unusual events or transactions and the methods used to account for significant or unusual transactions where different approaches are possible;
  - iv) the consistency of, and any changes to, accounting policies;
  - v) whether DPC has followed appropriate accounting standards and made appropriate estimates and judgments;
  - vi) the presentation and impact of significant risks and uncertainties;
  - vii) any tax matters that could have a material effect upon the financial position or operating results of DPC;
  - viii) any litigation, claim or other contingency that could have a material effect upon the financial position or operating results of DPC;
  - ix) material communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences;
  - x) with the independent auditors any fraud, illegal acts, deficiencies in internal control or other similar issues; and
  - xi) general accounting trends and issues of auditing policy, standards and practices which affect or may affect DPC;

4. upon completion of their audit, to be available to the independent auditors to review, as required:
  - i) contents of their report;
  - ii) scope of the audit work performed;
  - iii) competence of DPC's financial personnel;
  - iv) co-operation received from DPC's personnel during the audit;
  - v) any transactions outside of the normal business of DPC;
  - vi) any proposed adjustments and all recommendations for improving internal accounting controls, accounting principles and management systems;
  - vii) the quality, acceptability and integrity of DPC's accounting policies and principles;
  - viii) management's response to written reports and recommendations from the independent auditors and the extent to which such recommendations have been implemented by management;
5. to review the adequacy, appropriateness and effectiveness of DPC's policies and business practices which impact on the integrity, financial and otherwise, of DPC, including those relating to insurance, accounting, information services and systems and financial controls, management reporting, and risk management;
6. to review and approve for recommendation to the Board the annual audited financial statements, with the report of the independent auditors, and the interim quarterly unaudited financial statements;
7. to review and approve for recommendation to the Board the annual operating budget;  
and
8. to review other financial and audit matters, as required.

Agenda Item	February	April	June	October
Approve minutes of last meeting	X	X	X	X
Receive a report on: <ul style="list-style-type: none"> <li>• results for the applicable period with variances from budget and projections</li> <li>• critical accounting policies, significant estimates, alternative treatments of financial information and material communication between management and external auditor</li> <li>• any changes in accounting policies, trends or practises or financial reporting requirements that may affect the financial statements</li> <li>• (i) any tax assessments, changes or other tax issues; (ii) any compliance issues and (iii) any material pending or threatened litigation, claims and assessments that could have a material impact on DPC's financial position</li> <li>• presentation, impact of or changes to significant risks and uncertainties</li> </ul>	X	X	X	X
Review financial statements and report to the Board thereon.	X	X	X	X
Recommend to the Board the appointment of the independent auditor for approval by the members and recommend the audit fees for approval by the Board		X		
Receive report on financial risk management, including review of insurance coverage, as required			X	
Review annual operating budget and recommend approval to the Board				X

Agenda Item	February	April	June	October
Review audited financial statements, receive report from the independent auditors and report to the Board thereon				X
Review any instances of fraud or illegal activities	X	X	X	X