



# Board Policy

**NUMBER**

**B03-033**

<b>POLICY TITLE</b>	<b>BOARD APPROVAL</b>	<b>SLGA APPROVAL</b>	<b>EFFECTIVE DATE</b>
Audit & Finance Committee Mandate	September 16, 2024	October 22, 2024	30 Days after Final Approval

## 1. Preface

- 1.1 Properly structured and well-functioning committees facilitate the work of the Board. Committees have an advisory function to the Board.

## 2. Policy Objective

- 2.1 To ensure clarity of roles and responsibilities for the Audit & Finance Committee.

## 3. Definitions

- 3.1 Independence – a Director is considered independent if he/she is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of SIGA.
- 3.2 Director – unless stated otherwise, all “Directors” mentioned in the Policy are considered independent as defined in 3.1.
- 3.3 Financially literate - An individual is financially literate if he or she 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 SIGA’s financial statements. For the purpose of this policy, a Director will be considered financially literate if he/she has participated in financial literacy training provided by SIGA.
- 3.4 Accounting or related financial expertise - a person who has the following attributes:
- a) an understanding of Canadian generally accepted accounting principles and financial statements;
  - b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
  - c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the company's financial statements, or experience actively supervising one or more persons engaged in such activities;
  - d) an understanding of internal controls and procedures for financial reporting;
  - e) an understanding of audit committee functions;



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- f) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
  - g) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
  - h) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements.
- 3.5 Senior Executive Team – for the purpose of this policy shall mean the President/CEO’s direct reports.
- 3.6 Senior Management Team – for the purpose of this policy shall mean senior managers who report indirectly to the President/CEO, through a member of the Senior Executive Team.
- 3.7 Standing Committee – a permanent committee.

## 4. Policy Statement

- 4.1 The Audit & Finance Committee is responsible for:
- a) monitoring and reviewing the financial performance and internal controls of SIGA;
  - b) monitoring, reviewing and ensuring the adequacy of SIGA’s risk management policies and procedures;
  - c) ensuring the credibility of SIGA’s financial reports and financial statements and external auditor independence; and
  - d) acting as a communication link between the Board of Directors, the External Auditor and the Internal Auditor.
- 4.2 The mandate of the Audit & Finance Committee shall be disclosed in SIGA’s Annual Report.

## 5. Application

- 5.1 This policy applies to the Board of Directors.



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### 6. Policy Requirements

6.1 The Committee shall have the following specific functions, duties and responsibilities:

a) Internal Audit:

- i) Review as required and recommend to the Board the Internal Auditor's mandate and the structure of the internal audit function.
- ii) Recommend to the Board the appointment, re-appointment, or dismissal of the Internal Auditor.
- iii) Ensure Internal Audit's independence through direct communication with the Audit and Finance Committee, and review and approve the annual plans, accomplishments and cost of the Internal Auditor and report to the Board the nature of any matter from the Internal Auditor's reports that remains unresolved.
- iv) Approve non-audit services to be provided by the Internal Auditor pursuant to Policy B03-025 Internal Audit Charter. Non-audit services include, but are not necessarily limited to, policy development and documentation, managing SIGA's fraud and waste hotline program, reporting to the Governance Committee on hotline calls, participating in Board orientation, providing financial literacy training, coordinating audit entities, etc.
- v) Review and report to the Board, the results of any non-audit services provided by the Internal Auditor, including the implementation plans for all recommendations.
- vi) Ensure the Internal Auditor works closely with the Audit Services Branch at the Saskatchewan Liquor and Gaming Authority and SIGA's External Auditor.
- vii) Annually review the Internal Auditor's report on the effectiveness of internal controls over financial reporting.
- viii) Receive and consider reports from the Internal Auditor, including progress of management actions. Refer the reports to the Board with appropriate recommendations.
- ix) Review the quality of service and performance of the Internal Auditor.



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b) External Audit:

- i) Represent the shareholders interests in all dealings with the External Auditor, recognizing that the External Auditor is accountable to the Board members and the Audit Committee as representatives of the shareholders.
- ii) Recommend to the Board the appointment, reappointment, or dismissal of an External Auditor.
- iii) Recommend to the Board the compensation to be paid to the External Auditor.
- iv) Establish the independence of the External Auditor.
- v) Review the quality of service and performance of the External Auditor.
- vi) Review annually the audit plan and fees with the External Auditor prior to commencement of all audit services.
- vii) Review the annual audited financial statements prior to their submission to the Board for approval. This review shall include an in-camera meeting with the External Auditor.
- viii) Discuss with the External Auditor the acceptability of SIGA's accounting policies, judgments, and estimates.
- ix) Review and report to the Board, the results of the External Auditor's annual audit, including the management letter, any matter remaining unresolved and timely follow-up.
- x) Review and, subject to being satisfied that the External Auditor's independence would not be compromised, approve non-audit services to be provided by SIGA's External Auditor or organizations owned or controlled by SIGA's External Auditor, pursuant to Policy B03-023 External Auditor. Non-audit services may include, but not necessarily be limited to, consultation/advice on GAAP, tax advice, etc.
- xi) Review and report to the Board, the results of any non-audit services provided by the External Auditor, including the implementation plans for all recommendations.
- xii) Review and refer to the Board, with appropriate recommendations where necessary, the External Auditor's annual independence letter received pursuant to Policy B03-023 External Auditor.



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c) Finance:

- i) Review and recommend to the Board key financial targets and the operating and capital budgets including significant budget assumptions.
- ii) Review and report to the Board monthly financial results, including a comparison of actual to budgeted results with reasons for significant variances and financial forecasts.
- iii) Review and report to the Board periodically on operating results, i.e. progress relative to the strategic plan and the business plan.
- iv) Review and report to the Board any changes in accounting policies or significant transactions that impact the financial statements.
- v) Review any other financial management information referred to the Committee by the Board or requested by the Committee from management, including the content and format of the management information.
- vi) Review press releases pertaining to SIGA's financial statements before this information is disclosed to SIGA's shareholders, stakeholders, and the public.
- vii) Review all press releases pertaining to theft or misappropriation of funds (e.g. fraud) and make appropriate recommendations for Board approval before the information is disclosed to shareholders, stakeholders, and the public.
- viii) Satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the financial statements, to SIGA's shareholders, stakeholders, and the public.
- ix) Review annually and report to the Board on the insurable risks and the insurance coverage of SIGA.
- x) Ensure SIGA has implemented appropriate systems to identify, monitor and mitigate significant controllable business risks (present and potential).



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d) Other:

- i) Review, as required, SIGA's report of outstanding litigation and report to the Board.
- ii) Oversee SIGA's risk assessment and risk management processes.
- iii) Understand SIGA's systems of internal control for ensuring compliance with legal, ethical, code of conduct, regulatory and financial reporting requirements, and periodically review the adequacy of the systems with both the External Auditor and the Internal Auditor.

6.2 Committee status: The Committee is a Standing Committee.

6.3 Membership: All the members of the Committee shall be financially literate and at least one member shall have accounting or related financial expertise. The committee as a whole shall have competence relevant to the sector in which the company operates.

- a) A Director who does not meet the definition of 'financially literate', as set out in section 3.2 of this Policy, may be appointed to the Audit & Finance Committee provided he/she becomes financially literate within six (6) months following his/her appointment to the Committee.

6.4 Meetings:

- a) The Committee shall meet at least four times per year.
- b) The Committee shall meet with the External and Internal auditors on a regular basis, both with and without management present. The External and Internal Auditors shall attend said meetings at the call of the Committee and the expense of SIGA.
- c) Without limiting the generality of the foregoing, the External Auditor shall attend a minimum of two (2) meetings of the Committee each year to review:
  - i) the upcoming audit plan and scope; and
  - ii) the audit findings and audited financial statements of SIGA.

## 7. Monitoring

7.1 The Audit & Finance Committee shall review annually the mandate of the Audit & Finance Committee and, where appropriate, recommend revisions to the Board.



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- 7.2 The Audit & Finance Committee shall conduct an annual evaluation of the Audit & Finance Committee's performance relative to its mandate, and report the results in writing to the Board.

### 8. References

- 8.1 Policy No. B03-006, Engaging Outside Advisors.
- 8.2 Policy No. B03-014, Board Committees.
- 8.3 Policy No. B03-015, Evaluations (Board, Chair & Committees).
- 8.4 Policy No. B03-023, External Auditor.
- 8.5 Policy No. B03-025, Internal Audit Charter.

### 9. Enquiries

- 9.1 All enquiries concerning this policy should be directed to the Board Chair, Chair of the Governance Committee or Chair of the Audit & Finance Committee.