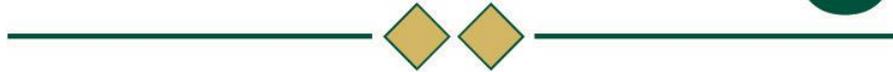


SaskGaming



**AUDIT AND FINANCE COMMITTEE
TERMS OF REFERENCE**

Reviewed and approved by the Governance Committee: May 25, 2022
Reviewed and Approved by the Board of Directors: May 26, 2022

1. OBJECTIVE

The Audit and Finance Committee is generally advisory in nature. The objective of the Committee is to assist the Board in meeting its responsibilities by ensuring the adequacy and effectiveness of the financial budgeting, financial reporting, internal controls, management information systems and risk management.

2. CONSTITUTION

2.1 (a) The Audit and Finance Committee of the Board shall be comprised of a minimum of three (3) members of the Board, all independent Directors of the Corporation pursuant to the standards for independence adopted by the Board;

(b) All members of the Committee are expected to be or become financially literate, with at least one member having accounting or related financial expertise, using the terms defined below;

(i) *“Financially literate” means the ability to read and understand a set of financial statements that presents breadth and level of complexity of accounting issues that are generally comparable to the Corporation’s financial statements; and*

(ii) *“Accounting or related financial expertise” means the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with International Financial Reporting Standards.*

In the event any member of the Committee is not financially literate, upon the adoption of the Committee’s Terms of Reference, or upon appointment to the Committee, the Committee member shall be granted a transition period to become financially literate within a reasonable period of time after appointment, and shall report same to the Chair of the Committee;

2.2 The Committee members shall be appointed by resolution of the Board. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by resolution of the Board or otherwise ceases to be a member of the Board;

2.3 Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board, and shall be filled by the Board if the membership of the Committee is less than three (3) members as a result of the vacancy;

2.4 The Board, or in the event of its failure to do so, the Committee, shall appoint a Chair from among the Committee members. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present;

- 2.5 The Chair presiding at any meeting of the Committee shall have a vote in all matters considered by the Committee;
- 2.6 The Corporate Secretary to the Board of Directors shall be an employee of the Crown Investments Corporation (CIC). If the Corporate Secretary is not present at any meeting of the Board, the Board may appoint an acting Corporate Secretary to perform the functions of the Corporate Secretary at that meeting, who need not necessarily be an employee of the Crown Investments Corporation; and
- 2.7 The Committee shall assist with deliberations required for the fulfillment of the Board's mandate and those specific responsibilities and duties assigned to the Committee; however, unless specifically stated otherwise, the Committee shall act in an advisory capacity only, recommending decisions to the Board for approval.

3. DUTIES AND RESPONSIBILITIES

3.1 Audit and Financial Information:

The Committee shall have the following duties and responsibilities with respect to Audit and Financial Information:

- 3.1.1 Review and recommend approval to the Board, the quarterly financial forecasts; including a detailed revenue and expense variance explanation;
- 3.1.2 Review and recommend approval to the Board, the quarterly Corporation's financial performance and Corporate Balanced Scorecard and results for public posting;
- 3.1.3 Review annually with management and the External Auditor, and report to the Board, on the appropriateness of accounting policies, disclosures, forecasts, reserves, and judgments regarding accounting choices and ensure they are fair, accurate and in accordance with International Financial Reporting Standards;
- 3.1.4 Identify, review and report to the Board on the effectiveness of Board policies and procedures that identify and manage the financial risks of the corporation's business, including the results of the implementation of appropriate systems to manage these risks;
- 3.1.5 Review with management and the External Auditor, and recommend to the Board for approval, the annual audited financial statements of the Corporation and SGC Holdings Inc, including the management letter, and report to the Board any matter remaining unresolved;

- 3.1.6 Review and recommend for approval to the Board the quarterly financial statements and review cash flow forecasts quarterly;
- 3.1.7 To review and recommend for approval to the Board, as required, any changes to the short and long term debt obtained by the Corporation, in accordance with Corporate policies;
- 3.1.8 Review and recommend for the approval of the Board, the management discussion and analysis (MD&A) section of the Annual Report, and any other disclosure documents containing financial statements or financial information of the Corporation;
- 3.1.9 Review all Director expenses and the other operating expenses of the Board annually;
- 3.1.10 Review a detailed report of the President and Chief Executive Officer's expenses quarterly;
- 3.1.11 Review a summary of the Executive's expenses quarterly;
- 3.1.12 Annually review the formal representation letter provided by the President and Chief Executive Officer and Vice President of Finance & Risk to the External Auditor as to the accuracy, fairness and completeness of financial reporting; and
- 3.1.13 Annually review the CEO/CFO Certification Report and any regulatory and compliance violations presented by the President and CEO, and the Vice President of Finance & Risk.

3.2 Risk and Control

The Committee shall have the following duties and responsibilities with respect to Risk and Control:

- 3.2.1 Review on a quarterly basis, the reports of the Corporate Auditor with respect to the state of the Corporation's internal control system. The Chair can extend an invitation to the External Auditor to attend any meeting;
- 3.2.2 Review with the CEO, the appointment or exit of the Vice President of Finance & Risk;
- 3.2.3 Review and recommend to the Board approval of contracts and purchase requisitions over limits as specified in policy;
- 3.2.4 Review and recommend for approval to the Board of Directors, corporate policies that:
 - significantly affect the internal controls or financial reports (e.g. signing authorities);
 - set out the corporation's position on long and short-term debt;

- specify acceptable non-audit services to be provided by the External Auditor and what services require approval before they are commenced;
- set out SaskGaming's view on hiring partners, employees and former partners and employees of the current and former External Auditor;
- relate to fraud disclosure; and
- relate to the identification and handling of incidents of money laundering or the proceeds of crime.

3.2.5 Review the quarterly Enterprise Risk & Opportunity Management status report on the top corporate wide risks, any emerging risks, business continuity, losses reported to CIC, lawsuits and significant SLGA audit results and any other matter that materially impacts the financial, operational, reputational or regulatory and compliance risks and recommendations for mitigation as determined by Management;

3.2.6 Review an annual summary of the number and nature of any whistleblower reports/disclosures and the status or the conclusions and outcome of any investigations.

3.3 External Auditor Relationship:

The External Auditor is the representative of the Provincial Auditor for the purposes of legislative requirements and shall report directly to the Committee. The Committee shall have the following general duties and responsibilities with respect to the External Auditor:

3.3.1 Review the qualifications, independence, quality of service and performance of the auditors and as required recommend to the Board the appointment or the discharge of the External Auditor;

3.3.2 Review the Corporation's relationship with the External Auditor, including recommending for approval of the Board, the terms of the audit engagement and related fees (the "Annual Audit Plan");

3.3.3 The Committee will meet with the External Auditor in-camera as this is recognized as a best practice;

3.3.4 Review any material errors detected by the audit, how they are resolved with management and whether they indicate a weakness in the reporting and control systems.

3.4 Internal Audit:

The Corporate Auditor reports functionally to the Committee, as well as administratively to the President and Chief Executive Officer. The Committee shall have the following general duties and responsibilities with respect to Internal Audit function:

- 3.4.1 As required, review and approve revisions to the Internal Audit Charter at least once every two years;
- 3.4.2 Review and approve plans, costs and effectiveness of the internal audit function, (including approval of the Annual Plan, budget, and staffing and outsourcing arrangements);
- 3.4.3 Review a summary of internal audit reports and report to the Board the nature of any significant matter from the Corporate Auditor's reports that remain unresolved;
- 3.4.4 To strengthen and preserve the independence of the Corporate Auditor the Committee will meet with the Corporate Auditor in-camera. Additional meetings may be requested by the Committee or Corporate Auditor;
- 3.4.5 Review a quarterly status report on the work plans of the Internal Audit Unit;
- 3.4.6 Through the Chair of the Committee, provide input to the President and Chief Executive Officer, to annually set objectives and conduct a performance review of the Corporate Auditor; and
- 3.4.7 Review and recommend for approval of the Board, the appointment or discharge of the Corporate Auditor

3.5 General Governance:

The Committee shall have the following general duties, functions and responsibilities to:

- 3.5.1 Adopt an Annual Agenda to ensure that duties and responsibilities listed in the Terms of Reference for the Audit and Finance committee are scheduled to be achieved and review the status quarterly;
- 3.5.2 To review every two years or as required, in collaboration with the Governance & HR Committee the adequacy of the Committee's Terms of Reference.
- 3.5.3 Every three years, produce and provide to the Board a performance evaluation of the Committee and Committee Chair, the evaluation shall compare the performance and effectiveness of the Committee and Committee Chair with the requirements of these Terms of Reference, and Annual Agenda.

4. MEETINGS

- 4.1 The Committee shall meet a minimum of four (4) times a year, preferably quarterly;

- 4.2 A meeting of the Committee may be called by the Chair of the Committee, the Chair of the Board, or President and Chief Executive Officer of the Corporation, or by any two (2) members of the Committee, the External Auditor or the Corporate Auditor;
- 4.3 The External Auditor shall attend meetings at the request of the Committee and at the expense of the Corporation. A minimum of two (2) meetings with the External Auditor are to occur each year to review:
 - (i) the upcoming audit plan and scope; and
 - (ii) the audit findings and audited financial statements of the Corporation.
- 4.4 A quorum for meetings shall be two (2) members of the Committee present in person or by telephone or other telecommunications device that permits all persons participating in the meeting to speak and hear one another;
- 4.5 Reasonable notice, preferably (7) days before the meeting, shall be given in writing, by e-mail or by phone communication to each member of the Committee;
- 4.6 The Agenda and associated material shall be made available to each member of the Committee preferably seven (7) days prior, to the time for such meeting;
- 4.7 A Director may in any manner waive a notice of meeting, and attendance of a Director at the meeting is a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not properly called;
- 4.8 The Committee Chair shall have the right to determine who shall and shall not be present at any part of the meetings of the Committee; and
- 4.9 The Committee shall hold an in-camera session at each meeting.

5. MINUTES AND REPORTING RESPONSIBILITIES

- 5.1 An outline of material proceedings and deliberations addressed by the Committee, and all recommendations, decisions and directives of the Committee shall be recorded by the Corporate Secretary in the minutes of the meeting;
- 5.2 Where practicable, a draft copy of the minutes of such meeting, approved by the Committee Chair, shall be circulated to the Committee prior to the next Committee meeting, for approval by the Committee. A Committee member may request that the minutes be revised to include specific deliberations. Following approval of the minutes of the meeting by the Committee as a whole, if substantive revisions have been made to the

draft minutes, the minutes approved by the Committee shall be re-circulated to the Committee;

- 5.3 Approved minutes shall be circulated to the Board prior to the next regular Board meeting; and
- 5.4 A report of the Committee meeting shall be made at the next regular meeting of the Board. Reports to the Board may be in verbal or written format by the Chair of the Committee, or any other member of the Committee designated by the Committee to make the report.

6. SUPPORT TO THE COMMITTEE

- 6.1 The Committee shall identify, through the Office of the Chief Executive Officer, or designate, the kind and frequency of additional information required by the Committee that is not specified in the Terms of Reference;
- 6.2 The Committee shall have access to any and all books and records of the Corporation required for the execution of the Committee's obligations and, as necessary, shall discuss with appropriate corporate officers and employees, coordinated through the office of the Chief Executive Officer, such records and other relevant matters; and
- 6.3 The Committee shall have the authority to retain external advisors, experts or consultants, in order to properly discharge its duties and responsibilities.

7. CONFIDENTIALITY

- 7.1 All deliberations of the Committee, and all records, material and information pertaining to the Corporation obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access beyond the conclusion of their term