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## **AUDIT COMMITTEE TERMS OF REFERENCE**

Approved by the Board of Governors – April 24, 2007  
(with commencement following the 2007 Annual Meeting)  
Amended June 24, 2009

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### **STATUS**

The Audit Committee is a Standing Committee of the Board pursuant to Section 3, Article 2 of the Saint Mary's University By-laws. The Committee is advisory to the Board unless, and to the extent that, the Board grants it decision-making authority for specific matters. The Audit Committee shall have direct communication channels with the external auditor to discuss and review issues within its mandate.

### **REPORTING**

The Audit Committee reports and makes its recommendations directly to the Board. The Committee shall provide a report of its activities and recommendations at the Annual Meeting of the Board of Governors. The Committee will provide a separate report on the University's highest priority risks and the process for dealing with them. In the role of Executive Committee member, the Audit Committee Chair provides regular reports to the Executive Committee of the Board.

The Audit Committee will annually review its mandate, self-assess its performance, and provide a copy of the self-assessment to the Board of Governors.

### **COMPOSITION**

The Audit Committee, appointed by the Board of Governors, shall consist of five members of the Board. All of the appointees should be external Board members, i.e. shall not be ex officio, faculty or student members of the Board. Audit Committee members shall be financially literate and at least one should have significant accounting or related financial experience. The Chair of the Audit Committee shall be appointed by the Board, on the advice of the Governance Committee.

### **PURPOSE**

The primary purpose of the Audit Committee is to assist the Board of Governors in fulfilling its oversight responsibilities by overseeing the internal control environment and reviewing the audited financial statements and annual financial report that will be provided to university stakeholders. The Audit Committee contributes to the overall governance of Saint Mary's University by promoting a culture of transparency, honesty and ethical behaviour.

The Committee also assists the Board of Governors' in its responsibility for risk management. The primary purpose in this regard is to ensure, on behalf of the Board, that effective risk management policies, procedures and practices are in place and to provide oversight for the effectiveness of the risk mitigation strategies.

## **RESPONSIBILITIES**

### Financial Reporting Risk:

- Recommend to the Board of Governors the appointment of external auditor and recommend the auditor's compensation
- Ensure the independence of the external auditor, including prior approval by the Audit Committee of any proposal of the university to hire personnel of the external auditor within one year of that person's involvement with the audit
- Review and approve the scope of the annual audit
- Directly oversee the work of the external auditor, including the resolution of any disagreements between management and the external auditor
- Pre-approve all non-audit services and other audit services to be provided to the university by the external auditor
- Review all audit planning and year-end documents as well as any other reports submitted by the external auditor
- Review the overall effectiveness of the managerial process for identifying risks affecting financial reporting
- Meet with management and the external auditor to determine the effectiveness of internal controls
- Oversee university compliance with material legislative responsibilities
- Review and, if appropriate, recommend the annual audited financial statements and annual financial report for approval by the Board

### Other University Risk

- oversee and evaluate the processes that management has in place to identify, monitor and mitigate the key risks of the University
- consider the extent and types of risk that it is acceptable for the University to bear
- on an ongoing basis, provide a forum for "big picture" analysis of future risks by reviewing with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

## **QUORUM AND MEETINGS**

A majority of members constitutes a Quorum. The Chair is included in the count. The Chair calls meetings a minimum of three times per year. The Committee may fix its own operational procedures. The Audit Committee shall keep minutes of its meetings, in which shall be recorded all actions taken by it.