

BOARD OF GOVERNORS
AUDIT AND RISK COMMITTEE
TERMS OF REFERENCE – Approved 22 March 2019

1. PURPOSE

The Audit and Risk Committee (“Committee”) is appointed by and assists the Board of Governors in its oversight of:

- The financial reporting process to ensure the transparency and integrity of financial reports;
- The effectiveness of the University’s internal control and risk management environment;
- The independent audit process, including recommending the appointment and assessing the performance of the external auditor; and
- The University’s risk management framework.

2. ACCOUNTABILITY

The Committee is established by the Board and is accountable to the Board through the Chair of the Committee. The Board may, from time to time, delegate any of its powers under section 8(1) of the Act to the Committee. Without limiting the generality of the foregoing, the Committee has the authority to request any investigation appropriate to fulfilling its responsibilities. The Committee has the authority, with consent of the Chair of the Board of Governors, to retain professional advisors as the Committee deems necessary to carry out its duties.

3. MEMBERSHIP

The Committee shall consist of five members of the Board of Governors. All of the appointees should be external Board members, i.e. shall not be *ex officio*, faculty or student members of the Board. The majority of Committee members shall be financially literate (defined as having the ability to read and understand financial statements of the breadth and complexity comparable to those of the University) and at least one should have significant accounting or related financial management expertise. Ideally, one member will have a professional accounting designation.

Committee members are appointed by the Board for a term of one year and may be reappointed for a further term(s) at the discretion of the Board.

The Chair of the Committee will be appointed by the Board from among the voting members of the Committee.

4. MEETINGS

The Committee will meet at least three times per year. Meetings of the Committee are closed to the public.

All meetings of the Committee are called by the Committee Chair at his or her discretion. The preference is for meetings to be held in person; however business of the Committee may be conducted electronically as needed. Where applicable, Board members are encouraged to attend meetings in person. However, a member of the Committee may participate in a meeting by means of telephone or other communication facility. A member participating in a meeting by such means is deemed for all

purposes to be present at that meeting. If a Committee member is not able to participate in a meeting, that member can speak to the Committee Chair in advance of the meeting so that the Committee Chair can share the member's perspective at the meeting. That member may also submit written comments or documentation to the Committee Chair and University Secretary in advance of the meeting.

A majority of the members of the Committee shall form a quorum. The Committee may meet in joint session with one or more other Board committees.

Every Committee meeting agenda will include an opportunity for members to declare any conflict of interest in accordance with the Board of Governors Code of Conduct policy.

All Committee meetings will allow for an in-camera session to be conducted in accordance the Board's Guidelines for In-Camera Sessions.

The Office of the University Secretary will be responsible for providing governance and administrative support to the Committee, including taking minutes at Committee meetings. Minutes of a Committee meeting will be provided to the Committee at least seven days in advance of the next regularly scheduled Committee meeting. Once approved, the minutes will be included in the consent agenda of the next Board meeting for information.

5. RESPONSIBILITIES

The Board Charter sets out the key responsibilities of the Board, and consistent with these key responsibilities, the specific responsibilities of the Committee include the following:

A. Financial Reporting and Internal Control

- Review and, if appropriate, recommend approval of the annual audited financial statements to the Board of Governors. The review should include discussion with administration and the external auditors of significant issues regarding accounting principles, practices, adequacy of disclosure, and significant administration estimates and judgements.
- Review the Annual Financial Report and other related reports with financial disclosures as appropriate.
- Review significant accounting and reporting developments, including recent and contemplated professional and regulatory proposals, and understand their impact on financial reports.
- Review with the administration and the external and internal auditors the overall effectiveness of the internal control framework, including the efficiency and effectiveness of operations, safeguarding of assets and integrity of financial transactions, and steps taken by administration to minimize significant exposures.

B. External Audit

- Annually recommend to the Board of Governors the appointment of external auditor and, in consultation with administration, recommend the auditor's compensation.

- Annually review and assess the independence of the external auditor, including prior approval by the 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 and approach for the upcoming financial statement audit and other mandated audits.
- Directly oversee the work of the external auditor, including the resolution of any disagreements between management and the external auditor.
- Meet privately with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- Pre-approve all non-audit services and other audit services to be provided to the University by the external auditor.
- Review all reports submitted by the external auditor.

C. Risk Oversight

- Review the overall effectiveness of the managerial process for identifying risks affecting financial reporting.
- 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.
- Oversee university compliance with material legislative responsibilities.

D. Other Duties

- Review quarterly reports from the University Secretary as to compliance with the President's Expense Reporting Policies.
- At the Chair's election, review with the University's legal counsel: a) any legal matters that could have a significant impact on the financial statements, and b) compliance with applicable laws and regulations and inquiries received from regulators or government agencies.
- Review and ensure that procedures are in place for the receipt, retention and treatment of complaints or disclosures regarding accounting, internal accounting controls and auditing matters as well as harassment, discrimination, workplace violence and other behavioural issues arising in the workplace and on campus (Safe Disclosure).
- Ensure that Committee members receive appropriate orientation regarding the work of the Committee, and that training to enhance financial literacy and best practices in risk management is made available.
- Perform any other activities consistent with the Committee's mandate, other rules and regulations, and governing laws, as the Committee or the Board deems necessary or appropriate.

6. REPORTING

The Committee will establish an annual macro agenda which identifies the Committee's work plan for the year. The annual macro agenda will be shared with the Board in writing before its second meeting of the Board year.

The Chair of the Committee will provide oral or written reports of its proceedings at the Board meeting following each meeting of Committee. If there is no action item or crucial information, written reports from the Committee can be included in the consent agenda without an oral report.

The Committee will provide an annual written report of its work to the Annual General Meeting of the Board.

7. RESOURCES

The Vice President Finance and Administration is the Executive Advisor to the Committee. The Executive Advisor will attend all meetings of the Committee but will not be a voting member of the Committee. The Chair may, at his or her discretion, also invite guests to attend meetings as resources, as required. For greater certainty, such resources are not members of the Committee.

8. TERMS OF REFERENCE REVIEW

The Committee will review its Terms of Reference annually at the first meeting of the Committee in the respective Board year, and report their findings to the Governance Committee. The Governance Committee will review the Committee's findings and recommend any proposed changes to the Board for approval.

9. EVALUATION

At the discretion of the Committee Chair, the Committee may assess its own performance at any time. Notwithstanding any Committee self-evaluation, the annual Board self-evaluation will include an assessment by Committee members of the Committee's performance.