



**1. Mandate and Role of the Committee** – The Board Audit and Risk Committee assists the Board of Governors in fulfilling its governance responsibilities by providing strategic oversight, insight, and foresight with respect to all auditing, financial reporting and internal control functions; health, safety, environmental stewardship, and security of the University community; and enterprise risk management.

**2. Areas of Responsibility**

Without limiting the generality of the foregoing, the Committee:

Financial Reporting

- a) reviews with administration and the external auditor:
  - i. the University's annual financial statements, including any relevant accounting or disclosure matters;
  - ii. the external auditor's audit findings report and draft opinion on the financial statements;
  - iii. any significant changes in the external auditor's audit plan, difficulties or disputes with Administration, or other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards; and
  - iv. recommends the annual financial statements to the Board of Governors for approval.
- b) reviews with administration and the external auditor the appropriateness of the University's current and proposed accounting and financial disclosure policies, principles and practices.
- c) reviews regularly with the General Counsel, Administration, and the external auditors any legal claim, legal or regulatory matter, or other contingency that could have a material effect upon the financial position or operating results of the University and the manner in which these matters have been disclosed in the financial statements.
- d) reviews published documents containing financial information derived from the financial statements for consistency with the information contained in the financial statements.

Audit Oversight

- e) confirms and assures the independence of the University Auditor and the external auditor (including its agent).
- f) meets with the University Auditor, external auditor and Administration in separate in camera sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.
- g) approves, in consultation with the external auditor and the University Auditor, their audit scope and plans.
- h) discusses audit findings and recommendations and confirms the appropriateness of administration's responses.
- i) reviews with the external auditor and the University Auditor the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
- j) provides an open avenue of communication between the University Auditor, external auditor, Administration and the Board.

External Audit Oversight

- k) reviews the annual engagement letter.
- l) receives reports on external audits other than those done by the Office of the Auditor General.

Internal Audit Oversight

- m) approves the appointment, replacement, reassignment, or removal of the University Auditor.

- n) considers and reviews with Administration and the University Auditor:
  - i. significant findings during the year and the responses of Administration thereto.
  - ii. any difficulties encountered in the course of audits, including any restrictions on the scope of work or access to required information.
  - iii. any changes required in the planned scope of the audit plan.
  - iv. the internal audit department's charter, budget, staffing plan and work schedule.
  - v. the internal audit department's compliance with applicable professional standards.

#### Enterprise Risk Management

- o) oversees the University's enterprise risk management system on behalf of the Board. This includes:
  - i. keeping the Board apprised of significant changes in risk levels and of emerging risks and opportunities.
  - ii. guiding and coordinating consideration of risk by other Board committees.
  - iii. overseeing the enterprise risk management system and processes, including risk identification, monitoring, reporting and management.
  - iv. regular Board education about the enterprise risk management process and associated roles and responsibilities.
- p) reviews with administration, the University Auditor and the external auditor significant risks or exposures and assesses the adequacy of internal controls and mitigation strategies and measures. This includes reviewing reports from administration and the auditors and assessing the adequacy of:
  - i. insurance coverage.
  - ii. disaster recovery and business continuity plans and processes.
  - iii. other policies and procedures in place to minimize risks to asset value and mitigate damage to or deterioration of asset value.
  - iv. processes and controls to prevent and detect fraud and financial irregularities, including procedures for safe disclosure of complaints and concerns regarding financial irregularities or other accounting or auditing matters.
- q) reviews reports, strategies, and plans regarding cybersecurity and risks related to University information technology systems.
- r) obtains reasonable assurance that financial risk is being effectively managed or controlled by reviewing with Administration:
  - i. the University's tolerance for financial risks.
  - ii. its assessment of the significant financial risks facing the University.
  - iii. the University's policies and any proposed changes thereto for managing those significant financial risks.
  - iv. its plans, processes and programs to manage and control such risks so as to ensure the protection of assets and investments from an enterprise perspective.
- s) reviews and approves authorized signing officers in respect of all banking and safekeeping.
- t) reviews regularly with the University's General Counsel any legal or privacy claims or issues that could have a material effect upon the reputation or operations of the University.
- u) reviews policies and reports on compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion.
- v) annually reviews a report on the compliance of travel and hosting expenditures incurred by the Board Chair, the President, and the Vice-Presidents with pertinent policies.

#### Health, Safety, Environmental Stewardship and Security

- w) monitors compliance with pertinent legislation, regulations and University policies and procedures.
- x) reviews and provides advice and recommendations on:
  - i. reports on significant incidents, trends and outcomes at the University.

- ii. strategies and measures to support a culture that promotes occupational health, safety, environmental stewardship and security at the University.
- y) receives and reviews an annual report from the Office of Safe Disclosure and Human Rights.

#### Policy and Other Matters

- z) reviews and approves changes to existing University policies relating to the Committee's mandate, subject to the Limitations on Delegation as set out in paragraph 3.
- aa) reviews and recommends new University policies relating to the Committee's mandate, as set out in the University's Policy Development Framework.
- bb) considers other matters at the request of the Board.

### **3. Limitation on Delegation by the Board of Governors**

The Committee functions in accordance with the Principles for Board of Governors Delegation of Authority. The general delegation of authority by the Board to the Committee is limited as set out in this paragraph. Notwithstanding the general delegation of authority to the Committee as set out in paragraph 2, the Board:

- a) approves the annual financial statements of the University.
- b) approves policy changes with significant institutional impact.
- c) approves new policies relating to the Committee's mandate, as set out in the University's Policy Development Framework.
- d) reviews and approves decisions with respect to information from the Auditor General or the University Auditor on controls or related matters the Chair of the Committee or the Committee may consider prudent or necessary.
- e) approves recommendations and considers information and reports on matters that in the opinion of the Committee may pose significant risk to the University.

### **4. Composition**

The Committee functions in accordance with the Principles for Board of Governors Standing Committee Composition.

#### **Members**

##### ***Ex-officio (2)***

- a) The Board Chair, by virtue of office
- b) The Chancellor, by virtue of office

##### ***Appointed (7)***

- c) Where appropriate, no more than seven Governors or Non-Governor Committee Members, as appointed by the Board or its delegate\*

#### **Internal Resources**

##### ***Ex-officio***

- d) The President and Vice-Chancellor, by virtue of office

##### ***Appointed by the President***

- e) Provost and Vice-President (Academic)
- f) Vice-President (University Services and Finance)
- g) University Auditor
- h) General Counsel and University Secretary

- i) Committee Secretary
- j) Other resources, as determined by the President or the Committee

**External Auditor / Agent**

- k) External Auditor (Auditor General of Alberta)

**Chair/Vice-Chair**

- l) The Committee Chair and Vice-Chair shall be selected from Committee membership Section 4(c) of these Terms of Reference.
- m) The Vice-Chair undertakes and discharges all duties of the Chair in the absence of the Chair.

\* Members of this committee require independence, as set-out in the Principles for Board of Governors Standing Committee Composition and the Board of Governors Bylaws.

**5. Committee Process and Procedures**

The Committee:

- a) functions in accordance with the Board of Governors Bylaws.
- b) develops and follows an annual work plan addressing both strategic and routine issues.
- c) has the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee is empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.
- d) annually reviews the terms of reference of the Committee and recommends to the Board Governance Committee any required changes.

**6. Reporting to the Board of Governors**

The Committee reports regularly to the Board of Governors with respect to its activities and decisions.

Decision History:

<i>DATE</i>	<i>DECISION-MAKER</i>	<i>DECISION</i>
2019-05-27	Board Audit and Risk Committee (Board Audit Committee)	Recommended
2019-06-14	Board of Governors	Approved
2022-03-07	Board Audit and Risk Committee	Recommended
2022-04-27	Board Governance Committee	Recommended
2022-05-13	Board of Governors	Approved