

Terms of Reference of the Audit and Risk Committee of the Board of Governors

1. INTRODUCTION AND PURPOSE

The Audit and Risk Committee is appointed by the Board of Governors to assist the Board in fulfilling its oversight responsibilities as provided for in By-law 1, paragraph 15.8. The Audit and Risk Committee's primary duties and responsibilities are to:

- Monitor the integrity of the College's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
- Monitor the independence and performance of the College's independent auditors.
- Provide an avenue of communication among the independent auditors, management and the Board of Governors.

The Audit and Risk Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization.

2. SCOPE OF ACTIVITIES

Review Procedures

- A. Review and present the audited year-end financial statements to the Board for approval.
- B. Monitor financial management and control systems established by management including monitoring the adequacy and effectiveness of internal controls over the financial reporting systems.

Independent Auditors

- C. Review with management and the independent auditors any significant changes to the College's accounting principles.
- D. Review the auditor's performance and monitor the external audit function to ensure that it has been effectively carried out and that any matter that the external auditors wish to bring to the attention of the Board has been given adequate attention.
- E. Review the auditor's fees and recommend the appointment of the external auditor.
- F. Review and discuss with the independent auditors all significant relationships they have with the College that could impair the auditors' independence annually.
- G. Review the auditor's audit plan - discuss scope, staffing, reliance upon management and general audit approach.
- H. Consider the auditors' judgments about the quality and appropriateness of the College's accounting principles as applied in its financial reporting.

Risk Management

I. To oversee the Enterprise Risk Management function by:

- I.1 providing oversight on behalf of the Board of Governors of the College's risk management processes; and
- I.2 reviewing periodic and annual reports relating to the College-wide risk management process for identified risks

3. COMPOSITION

The Audit and Risk Committee shall be composed of at least four External Governors, one of whom shall be elected by the Board as Chair of the committee; the Vice-President responsible for Corporate and Financial Services and the Treasurer (where the Treasurer is someone other than the Vice-President responsible for Corporate and Financial Services), who shall be non-voting members of the committee; and the President, who shall be a non-voting member of the committee.

The Chair of the Audit and Risk Committee shall be elected by the Board as chair of the committee and shall, for the purposes of such committee and the meetings of such committee, perform the function of Chair. If the Chair is not present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

4. MEETINGS

The Committee shall meet at least three times annually, or more frequently as circumstances dictate. The Audit and Risk Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the independent auditors and as a Committee to discuss any matters that the Committee or each of these groups believes should be discussed.

Quorum is a simple majority.

5. MONITORING AND REPORTING

- A. Review and assess the adequacy of these Terms of Reference at least annually and submit the Terms of Reference to the Board of Governors for approval.
- B. Perform any other activities consistent with these Terms of Reference, College's By-law and governing law, as the Committee or the Board deems necessary or appropriate.
- C. Maintain a record of the meetings and periodically report to the Board of Governors on the results of the foregoing activities.