



Audit and Risk Committee

TERMS OF REFERENCE

Approved by the Board of Governors on November 30, 2021

Revised on February 28, 2023

1. PURPOSE

The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its obligations and oversight responsibilities related to the internal and external audit processes, financial reporting, risk management and the system of internal controls regarding financial reporting, accounting compliance and the prevention and detection of fraud.

2. COMPOSITION AND QUORUM

The Board Chair will appoint at least four members to the Committee. Only appointed members of the Board will be appointed to this Committee by the Board Chair.

All Committee members shall be independent and “financially literate”¹. At least one member shall have “accounting or related financial management expertise”². Preferably one member will hold a financial designation (Canadian CPA).

The terms of membership will be two-year renewable terms commencing in August of each year. Where possible the terms of membership will be staggered.

Annually, a chair and a vice-chair of the Committee will be appointed by the Board Chair and confirmed by the Board as a whole.

Committee quorum will be a majority of the Committee members.³

The auditors will be advised of the names of the Committee members.

¹ “Financial literacy” means the ability to read and understand a balance sheet, income statement and a cash flow statement in accordance with current accepted professional accounting standards.

² Where there is a requirement for a director to have accounting or financial expertise, this means the director shall have the ability to analyze and understand a full set of financial statements, including the notes attached thereto in accordance with current accepted professional accounting standards.

³ Capilano University Board Governance Manual (“Board Manual”), section 33(e).

3. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

3.1 Terms of Reference and Policies

- a) annually review the Committee's Terms of Reference and orient new Committee members;
- b) oversee the review of Board policies on audit and risk management matters and make recommendations for approving, updating, or rescinding such policies to the Board for approval; and
- c) receives annually from management the policy priority list for the year.

3.2 External Audit

- a) review the planning and results of external audit activities and the ongoing relationship with the external auditor; including:
 - i. reviewing and recommending to the Board, engagement of the external auditor and the appropriateness and reasonableness of the proposed audit fees based on a competitive process;
 - ii. meeting annually with the external auditor to review and discuss the external audit plan;
 - iii. meeting with the external auditor to review and discuss the annual audited financial statements and the auditor's report, including the appropriateness of accounting policies and underlying estimates;
 - iv. reviewing and advising the Board with respect to the planning, conduct and reporting of the annual audit and recommending to the Board the approval of the annual audited financial statements;
 - v. assessment of the performance, independence and consideration of the annual appointment (where applicable) of the external auditors for recommendation to the Board; and
 - vi. meeting at least annually with the external auditor without management present.

3.3 Internal Audit

- a) review the planning and results of internal audit activities and the ongoing relationship with the internal auditor; including:
 - i. reviewing and approving the appointment or termination of the internal auditor, for recommendation to the Board and annually evaluating the internal auditor's performance;
 - ii. reviewing and approving the annual internal audit plan with the internal auditor and management for recommendation to the Board;
 - iii. ensuring the internal auditor's approach to risk and internal controls is appropriate and that the internal audit plan is consistent with international standards for the professional practice of internal auditing;
 - iv. ensuring that adequate resources are available for the internal auditor to implement the internal audit plan, including any restrictions imposed by management or difficulties or disagreements with management;
 - v. reviewing the findings of the internal audit reports and receiving periodic reports to ensure that recommendations are implemented; and,
 - vi. meeting with the internal auditor in camera at least annually without other management present.

3.4 Risk Management

- a) provide oversight responsibilities for risk management on behalf of the Board; including:
 - i. receiving reports on all high risks, progress with Enterprise Risk Management program and risk register with updated action plans and management's risk mitigation strategies.
 - ii. Review insurance coverage of material business risks and uncertainties.

3.5 Internal Controls

- a) through discussions with administration and the external auditors, obtain reasonable assurance that the University has implemented appropriate systems of internal control:
 - i. over financial reporting and that these systems are operating effectively;
 - ii. to ensure compliance with its policies and procedures and that these systems are operating effectively; and,
 - iii. to identify, monitor, mitigate and report significant financial or operational risk exposures and that these systems are operating effectively.

3.6 Other Services

- a) review independence of external auditor and engagement for other professional services.

4. ACCOUNTABILITY

The Committee is accountable to the Board.

The Committee has no power to make decisions on behalf of the Board, except as specifically directed by the Board or authorized by the Board through the Committee's Terms of Reference.⁴

The Committee shall carry out its duties and responsibilities and the work assigned from time to time by the Board, shall report to the Board, and may make recommendations to the Board. All recommendations presented to the Committee for consideration shall be reported to the Board.⁵

The Committee will review its Terms of Reference annually and propose any changes to the Governance and Planning Committee for review and recommendation to the full Board.⁶

The Committee is accountable to remain informed about emerging best practices in corporate governance relevant to the work of the Committee.

5. MEETINGS

The Committee will meet at least two (2) times each year, or more frequently as deemed necessary by the Committee.

The Committee Chair, in consultation with the senior administrator(s) assigned to support the Committee or designate, schedules the meetings and develops the agenda for each Committee meeting.

⁴ Board Manual, section 33.

⁵ Board Manual, section 33(d).

⁶ Board Manual, section 33(d); Governance and Planning Committee Terms of Reference.

The auditors will receive notice of and be invited to attend at least one meeting annually. The auditors will be heard at those meetings on matters relating to the auditor's duties.

The Committee shall meet with the auditors as it deems appropriate to consider any matter that the Committee or the auditors determine should be brought to the attention of the Board.

Committee members may participate in a Committee meeting by means of conference telephones or other communication facilities by which all participants in the meeting can understand and communicate with each other.⁷

Committee meetings may be held by electronic means when in person meetings are not practical. When synchronous meetings are held by electronic means the same rules as for in-person meetings will apply.⁸ Asynchronous meetings may be held over email when synchronous meetings are not practical in accordance with the rules set out in section 30(a) of the Board Manual.

In accordance with section 33(c) of the Board Manual, Committee meetings are not public and shall be attended only by members of the Committee, with any guests invited by the Committee chair, and with University administrators assigned to serve as resource persons or who are requested to attend by the Committee chair.

The Committee shall maintain minutes of its meetings.

6. EXTERNAL ADVISORS

The Committee may engage independent advisors at the expense of Capilano University when it deems necessary, subject to the approval of the Board Chair.

COMMITTEE CALENDAR

The chart below summarizes the Committee's meetings for the academic year and the work priorities as per the terms of reference. The Committee Chair may amend the chart without Board approval if necessary to accomplish the work of the Committee.

⁷ Board Manual, section 30(a).

⁸ Board Manual, section 30(a).

	Activity	Information/ Approval	Meetings			
			#1 September	#2 February	#3 April (if needed)	#4 June
3.1	Terms of Reference and Policies					
a)	Review Terms of Reference	Approval	X			
	Orient new Committee members		X			
b)	Review Board policies and make recommendations to Board	Approval	As required			
c)	Receive annual policy priorities list	Information	X			X
3.2	External Audit					
a)i	Review and recommend to Board engagement of external auditor and proposed audit fees based on a competitive process	Approval	As required			
a)ii	Meet annually with external auditor to review external audit plan	Information		X		
a)iii	Review annual audited financial statements and audit findings report include appropriateness of accounting policies and underlying estimates					X
a)iv	Review and advise Board on planning, conduct and reporting of the annual audit and recommend Board approval of audited financial statements	Approval				X
a)v	Assess performance, independence and consideration of annual appointment of external auditor	Approval				X
a)vi	Meet with external auditor without management					X
3.3	Internal Audit					
a)i	Review and approve appointment/termination of internal auditor and annually evaluate internal auditor performance					
a)ii	Review and approve the annual internal audit plan					
a)iii	Ensure internal auditor's approach to risk and internal controls is appropriate and consistent with international standards for professional practice		As required			
a)iv	Ensure adequate resources are available for internal auditor to implement the internal audit plan		As required			
a)v	Review finding of the internal audit reports and receive periodic reports to ensure recommendations are implemented		As required			
a)vi	Meet with internal auditor in camera at least annually without management		As required			

	Activity	Information/ Approval	Meetings			
			#1 September	#2 February	#3 April (if needed)	#4 June
3.4	Risk Management					
a)i	Receive reports on all high risks, progress with ERM program and risk register with updated action plans and managements risk mitigation strategies	Information	X	X		X
a)ii	Review insurance coverage of material business risks and uncertainties	Information	As required			
3.5	Internal Controls					
a)i – a)iii	Through discussions with external auditors obtain reasonable assurance that the university has implemented appropriate systems of internal controls					X
3.6	Other Services					
a)	Review independence of external auditor and engagement for other professional services					X