

Terms of Reference Audit Committee

Effective Date: September 21, 2021

Supersedes September 25, 2018; November 2016; June 2014

Date of Next Review: Spring 2024

1. The Audit Committee is a standing committee of the Board responsible for ensuring that appropriate controls and accountabilities exist within the University with respect to ~~the~~ ~~an~~ and areas of material risk. The Committee's primary responsibilities are to ensure that the University's financial reporting processes are sound; that the internal and external audit functions are competently performed; and that appropriate processes are in place to identify, report, and control ~~are~~ ~~as~~ of significant risk to the University. The Committee also provides an avenue of communication among the external auditors, management, the internal audit function, and the Board.
2. In carrying out its primary responsibilities, the Committee shall:
 - Financial Statements, Financial Management Reporting
 - (a) review the University's annual combined audited financial statements and recommend them for approval to the Board;
 - (b) review significant findings or recommendations submitted by the ~~external~~ ~~auditors~~;
 - (c) review analyses prepared by management and the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses on the effects of alternative GAAP methods or new GAAP developments on the financial statements;
 - (d) determine whether appropriate accounting principles and auditing standards are being applied;
 - External Auditors
 - (e) approve annually on behalf of the Board the ~~appointment~~ ~~of~~ the external auditors, who shall report directly to the Committee; review and accept the external auditors' engagement letter; and ~~approve~~ the external auditors' annual plan;
 - (f) review and approve on behalf of the Board estimated and actual ~~annual~~ ~~audit~~ fees, and audit fees for services in accordance with Board policy;

- (g) monitor the independence of the external and internal audit functions and establish

- (q) receive regular reports from management on areas of significant risk to the University, for example but not limited to legal claims, environmental issues, health, safety, information security, cyber security and other internal and regulatory matters;
- (r) receive regular reports from management on the levels of insurance coverage;

Other

- (s) review the audited financial statements of the pension plans administered by the Academic and Administrative Staff Pension Plan Board;
- (t) monitor or review such other matters as the Committee deems appropriate to carry out its primary responsibilities;
- (u) with the consent of the Chair of the Board (which shall not be unreasonably withheld or delayed), when it considers it to be necessary or desirable to do so, retain independent professional advisors at the expense of the University to assist

* To ensure that the Committee has the necessary expertise to fulfill its responsibilities, the Board may appoint up to two members who are not members of the Board. Such members are appointed annually and may serve on the Committee for up to eight consecutive years.

5. At least one member of the Committee must be a financial expert, defined as an individual who is a professional accountant or auditor, a principal financial officer, comptroller, or principal accounting officer of a company, or an individual who holds or held a senior executive position involving the performance of similar functions.
6. The Chair and Vice Chair of the Committee must be members of the Board and shall be