



**BOARD OF GOVERNORS
Finance, Audit, Investment & Risk Committee**

Terms of Reference

Mandate

The mandate of the Finance, Audit, Investment and Risk Committee is to assist the Board of Governors in its oversight of the effectiveness of the University's:

- (1) financial reporting process to gain reasonable assurance in the reliability of financial reports;
- (2) internal control and risk management systems;
- (3) independent audit process including the internal audit function and recommending the appointment and assessing the performance of the external auditors;
- (4) investment of University funds in accordance with Board-approved policies;
- (5) ability to sustain the pension plan;
- (6) budgeting and financial plans;
- (7) compliance with legal, regulatory and policy requirements, and
- (8) achievement of its strategic direction priorities in relation to financial resources and related matters.

The Committee generally reviews and recommends to the Board for approval decision items, but has the authority to retain the services of professional advisors appropriate to fulfilling its responsibilities.

Composition

The Finance, Audit, Investment and Risk Committee shall be composed of not less than three and not more than six members of the Board. Because of the matters before the Committee, its members shall generally be external members of the Board. Committee members must be financially literate.

At least one member of the Committee must be a financial expert, such as an individual who is a professional accountant or auditor, a principal financial officer, controller, or principal accounting officer of a company, or an individual who holds or has held a senior executive position involving the performance of similar functions.

Duties and Responsibilities

The Committee is responsible for overseeing the effectiveness of:

- (a) reliable financial reporting:
 - review, understand, approve and recommend for approval the University's annual financial statements to the Board of Governors;
 - review and approve changes in accounting policy;

- review significant transactions for reasonableness;
 - review, understand and approve on behalf of the Board of Governors the annual financial statements for the Dalhousie University Staff Pension Plan.
 - approve the annual appointment of the external auditor to the Board of Governors and establish auditor engagement fees;
 - meet with the external auditor to:
 - review the audit plan, including approach to evaluating internal control prior to the annual audit
 - review the audit findings report, including the audit report
 - monitor and assess the auditor's performance
 - review the auditor's dealings with management and follow-up with management on any areas requiring corrective action;
 - determine the frequency and process for tendering audit services and the rotation of audit firm partners.
 - receive reports on all non-audit services provided by the external auditor;
 - review and approve the University's hiring of partners and employees of the current external auditors who have been engaged in providing audit services to the University in the past year.
- (b) effective systems of internal control:
- review assurance reports on control effectiveness and follow-up with management to ensure control deficiencies are corrected;
 - review the findings and work of the Internal Auditor;
 - gain reasonable assurance as to the Internal Auditor's resources, independence and effectiveness;
 - review and approve annually, Internal Audit's risk-based audit plans;
 - review and approve the appointment and replacement of the Internal Auditor;
 - through the Committee Chair, in consultation with the Administration, perform an annual review of the performance of the Internal Auditor and recommend adjustments to compensation (within prescribed university guidelines).
- (c) effective systems of risk management:
- review and understand the significant risks facing the University;
 - gain reasonable assurance as to the process followed in setting risk tolerances and appetites for the University in strategic direction priorities and goals, including the appropriate involvement of the Board in this process;
 - oversee and gain reasonable assurance as to the University's risk management system and process, including effective processes in place to identify, monitor, report and manage material risks, and an effective and healthy risk culture;
 - co-ordinate the designating of specific risks' oversight responsibility among the other Board Committees, and a process for receiving and integrating this oversight;
 - receive regular reports from management on the levels of insurance coverage along with an assessment of the adequacy thereof.
- (d) Investment governance:
- review, approve and monitor compliance with investment policies in relation to invested assets of the University;

- consider issues referred by the University Investment Committee in relation to significant strategic or risk-related issues related to University investment funds, and make recommendations for approval to the Board, as applicable;
 - receive reports and recommendations from, and oversee the work of the Investment Committee, providing input and oversight while respecting this committee's independent responsibility to deal with investment management and managers, and to steward endowment and investment funds in compliance with University policies and parameters.
- (e) Pension governance:
- gain reasonable assurance that the pension plan is sustainable, including reviewing Actuarial reports and forecasts of pension funding positions periodically;
 - review and monitor compliance with governance level pension policies, including a Statement of Investment Principles and Policies and a Pension Risk Policy with risk tolerances and parameters;
 - consider and consult on significant strategic or risk-related issues related to pensions, including working with the pension Trustees, and making recommendations for approval to the Board, as applicable;
 - receive reports from the pension Trustees, providing input while respecting the Trustees' independent responsibility to deal with pension investment management, selecting and monitoring advisors and managers and stewarding these funds on behalf of the beneficiaries.
- (f) Budgeting and financing plans:
- review periodically targets for, and gain reasonable assurance that the University is achieving its strategic direction priority in the area of infrastructure and support with regard to financial resources and related matters;
 - review interim financial performance of the University on at least a quarterly basis;
 - review and recommend for Board approval the University's annual operating budget and review multi-year budget projections;
 - invite and consider input from student leadership, review and recommend to the Board for approval, tuition fees, ancillary fees and any other mandatory fees for students;
 - review the funding/financing element of the University's annual and multi-year capital budget;
 - review the University's debt management program and policies as required;
 - Review and recommend to the Board new external debt obligations.
- (g) compliance with legal, regulatory and policy requirements:
- on an annual basis, review : a) material litigation and any other legal matters that could have a significant impact on the financial statements or the University's reputation, b) compliance with applicable laws and regulations, and c) conflict of interest disclosures.
 - review and follow-up with management to ensure corrective action is taken for the:
 - audit reports from Government/Funding Agencies; and
 - environmental health and safety reports.
 - review and recommend to the Board of Governors the execution of contracts which meet the criteria for Board of Governors approval under the

Document Execution/Contract Signing Authority Policy approved by the Board.

Governance

The Finance, Audit, Investment and Risk Committee shall meet at least four times per year.

One-half of the members of the Committee shall constitute a quorum.

The external auditor and internal auditor will receive notice of all meetings of this Committee, with the right to attend (with voice but no vote).

The records of the Committee's decisions shall be maintained by the University Secretary in the form of supporting documents related to those decisions and/or minutes of meetings as appropriate.

This is a standing committee of the Board of Governors.

Approved by the Board of Governors – November 22, 2016