

# Finance, Audit and Risk Committee

## Terms of Reference



### Okanagan College Board of Governors

May 2023

#### A. PURPOSE

The purpose of the Finance, Audit, and Risk Committee (the "Committee") is to assist the Board of Governors (the "Board") in fulfilling its obligations and responsibilities relating to financial, audit, and risk oversight in alignment to the College's Mission, Vision, and Inspire Strategy. These include, but are not limited to, the College's operating and capital resource planning processes, financial monitoring and reporting, investment activities, internal and external audit processes, the system of internal controls, and enterprise risk.

#### B. MEMBERSHIP

The membership of the Committee shall include:

- A minimum of three to a maximum of five members selected from appointed or elected Board members. Appointed Board Members should form the majority of the membership.
- Board Chair (*ex officio*)
- President (*ex officio*)

The Chair of the Committee will be appointed by the Board Chair from the members appointed via an Order in Council. Ideally, the Chair will have either a professional financial designation (e.g., CPA, CFA) or significant experience in the financial industry.

#### C. OKANAGAN COLLEGE SUPPORT STAFF

The Committee is supported by the:

- Governance and Privacy Coordinator
- CFO and Vice President, Corporate Services

#### D. EXTERNAL AUDITOR

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

#### E. MEETINGS

The Committee shall meet at least four (4) times each year. Additional meetings may be held as necessary as determined by the Committee Chair or the Board Chair.

#### F. VOTING AT COMMITTEE MEETINGS

Each member of the Committee, except the President (*ex-officio*), has one vote on the Committee.

#### G. DUTIES AND RESPONSIBILITIES

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

i) Resource Planning

- Review and make recommendations to the Board for approval in respect of:
  - Any changes in tuition fees and other assessed fees in consideration of any regulation set forth by the Government of BC related to student fees.
  - The appropriateness and validity of any material assumptions and estimates used in the preparation of resource plans.
  - The annual operating and capital resource plan ensuring consistency with the College's plans, goals, and policies.

ii) Financial Reporting

- Ensure the Board receives on a timely basis meaningful financial information regarding the College's quarterly financial statements, budget variance reports, and up-to-date forecasts required to make decisions.
- Review and recommend for approval to the Board, the annual audited financial statements and other financial information that requires Board approval.
- Approve the quarterly financial forecasts before submission to the Provincial Government.
- Monitor compliance with all financial statutory and regulatory obligations.
- Receive and review the accounting principles and critical accounting policies adopted by management, including alternative treatments that are available for consideration under Canadian Public Sector Accounting Standards.
- Receive and review any significant accounting provisions, accruals, and estimates included in the financial statements.
- Receive and review with management any proposed changes in significant accounting policies, key estimates, or judgements that may be material to the financial statements.

iii) Internal Control Systems and Internal Audit

- Review and obtain reasonable assurance that internal control systems are operating effectively to produce accurate, appropriate, and timely information; and
- Review semi-annually a summary of the President's and Vice Presidents' expenses.

iv) External Audit

- Review the planning and results of external audit activities and the ongoing relationship with the external auditor.
- Review and recommend to the Board, for approval, engagement of the external auditor.
- Review the annual external audit plan.
- Meet, at least annually, with the external auditor without management present; and
- Review and receive assurances on the independence of the external auditor.

v) Enterprise Risk

- Review and endorse the College's enterprise risk framework.
- Monitor and review the College's risk mitigation strategies in respect to the category of risk with which the Committee is concerned.
- Receive quarterly risk management reports and ensure appropriate and timely reporting to the Board.

- Recommend any changes in policy or process which may be needed from time to time to realize the overall objectives of the College’s Risk Management Program.
- vi) Material Litigation
- Review material litigation and its impact on financial reporting.
- vii) Investment Management Activity
- Annually review the Investment Policy and recommend any needed revisions to the Board including, but not limited to, a lens of Environmental, Sustainability, and Governance (ESG).
  - Where appropriate, recommend the appointment, renewal or replacement of fund managers.
  - Regularly review the performance of fund managers against the Investment Policy.
- viii) Lease Agreements
- The Committee will review the financial terms of leases which require Board approval and make recommendations to the Board in collaboration with the Campus Planning Committee.

**H. ACCOUNTABILITY**

The Committee will report its discussions to the Board by maintaining minutes of its meetings and providing a verbal report at the next in-camera Board meeting.

**I. REVIEW**

The Terms of Reference for this Committee will be reviewed by the Committee at least once every three years and changes will be forwarded to the Board for approval.

**J. REVIEW HISTORY**

<b>Date</b>	<b>Review</b>
2023-05-23	Revision approved by Okanagan College Board of Governors
2022-05-24	Revision approved by Okanagan College Board of Governors
2016-11-29	Revision approved by Okanagan College Board of Governors
2011-03-29	Revision approved by Okanagan College Board of Governors
2008-09-30	Revision approved by Okanagan College Board of Governors
2007-01-30	Revisions approved by Okanagan College Board of Governors
2007-07-07	
2006-09-26	Approved by Okanagan College Board of Governors