



**TERMS OF REFERENCE FOR THE
OKANAGAN COLLEGE BOARD OF GOVERNORS
FINANCE, AUDIT AND RISK REVIEW COMMITTEE**

Date approved/revised: September 26, 2006/January 30, 2007/Schedule revised July 2007/September 30, 2008/ March 29, 2011/November 29, 2016

Resources: Vice President, Employee and Corporate Services; Director of Financial Services; Comptrollers; Director, Facilities and Business Services; Secretary, Board of Governors

Approved by: Board of Governors

I. PURPOSE

The Finance, Audit and Risk Review Committee (the "Committee") will assist the Board in fulfilling its oversight responsibilities by reviewing:

- A. the financial information that is required to be provided to the Government and other stakeholders;
- B. the systems of internal controls established by management and the Board;
- C. all audit processes;
- D. the risk mitigation program;
- E. the budget development process and monitoring the financial performance of the College;
and
- F. the management of any investment activity in which the College may become involved.

II. COMPOSITION AND OPERATIONS

- A. In addition to the Board Chair and President as ex-officio members of the Committee, the Committee shall be composed of no fewer than three Board members.
- B. The Board, on the recommendation of the Board Chair, appoints the Committee members.

- C. Committee members shall be financially literate¹ and at least one member shall have accounting or related financial expertise.
- D. 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. The Committee shall meet at least four times each year.
- F. Additional meeting may be held as deemed necessary by the Committee Chair, or as requested by the majority of Committee members.

III. DUTIES AND RESPONSIBILITIES

The Committee has the duty and responsibility to:

A. Financial Statements and Other Financial Reporting

The Committee will:

- i) review and recommend for approval to the Board, the annual audited financial statements and other financial information that requires Board approval;
- ii) review quarterly internal financial information provided to the Board;
- iii) ensure that the Board receives reports that keep it properly informed of the College's financial situation and that provide the information needed for the Board's decision-making; and
- iv) monitor compliance with statutory and regulatory obligations.

B. Internal Control Systems

The Committee will:

- i) review and obtain reasonable assurance that internal control systems are operating effectively to produce accurate, appropriate and timely information; and
- ii) review semi-annually a summary of the President's and Vice Presidents' expenses in November and May Committee meetings.

C. External Audit

The Committee will:

- i) review the planning and results of external audit activities and the ongoing relationship with the external auditor;
- ii) review and recommend to the Board, for approval, engagement of the external auditor;
- iii) review the annual external audit plan;
- iv) meet, at least annually, with the external auditor without management present; and
- v) review and receive assurances on the independence of the external auditor.

¹ The Board has defined financial literacy as the ability to read and understand a set of complex financial statements. Board members should have a clear understanding of the difference between cash and accrual accounting.

D. Risk Mitigation

The Committee will:

- i) monitor, review and endorse the risk mitigation program in respect to the category of risk with which the Committee is concerned;
- ii) monitor, through the regular reports generated by the President and Vice Presidents, the functioning of the relevant section of the College's Risk Management Program;
- iii) 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.
- iv) review the reliability and security of existing information systems and recovery planning.
- v) review material litigation and its impact on financial reporting.

E. Budget Planning

The Committee will:

- i) review the planned management summary presentation to the Board to ensure that it will provide the Board members with a clear, concise picture of the financial implications of the operating plan and the associated risks;
- ii) recommend the annual operating budget and the annual capital budget for approval by the Board; and
- iii) approve the quarterly financial forecasts before submission to the Provincial Government.

F. Investment Management Activity

The Committee will:

- i) annually review the Investment Policy recommend any needed revisions to the Board;
- ii) where appropriate, recommend the appointment, renewal or replacement of fund managers; and
- iii) regularly review the performance of fund managers against the Investment Policy.

G. Lease Agreements

The Committee will review leases which require Board approval and make recommendations to the Board.

IV. ACCOUNTABILITY

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

V. REVIEW

Committee Terms of Reference will be reviewed annually by the Committee.