



Audit and Risk Committee

TERMS OF REFERENCE

Approved by the Board of Governors on November 30, 2021

Revised on November 26, 2024

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.

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

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

- a) annually reviews the Committee’s Terms of Reference and orients new Committee members; and

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 32(e).

- b) receives at the end of the year, a year in review report from management to confirm work set out in the committees' duties and responsibilities was completed.

3.2 Policies

- a) oversees the review of Board policies on audit and risk management matters and makes recommendations for approving, updating, or rescinding such policies to the Board for approval; and
- b) receives at the first meeting of the year, the Committee's policy list and workplan of expected activities for the year and receives at the end of the year, a summary report on what was actually completed against the plan.

3.3 External Audit

- a) reviews the planning and results of external audit activities and the ongoing relationship with the external auditor; including:
 - i. reviewing and recommending to the Board, the 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.

3.4 Internal Audit

- a) reviews 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.

3.5 Risk Management

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

3.6 Cybersecurity

- a) receives an overview of the board's responsibility for cybersecurity;
- b) receives an update on the university's cybersecurity program and activities and the annual roadmap and action plan; and
- c) receives annually the national cybersecurity assessment report on the University's cybersecurity score and recommendations on work to complete to improve the score.

3.7 Internal Controls

- a) through discussions with administration and the external auditors, obtains 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.

3.8 Other Services

- a) reviews 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 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.⁵

The Committee will carry out the work assigned in the committee terms of reference as well as any additional mandates as approved from time to time by the Board. Standing committees will report to the Board on work completed and recommendations for Board's approval⁵.

⁴ Board Manual, section 35.

⁵ Board Manual, section 35(d); Governance and Planning Committee Terms of Reference.

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.

The auditors will receive notice of and be invited to attend at least two meetings 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 online platforms or other communication facilities by which all participants in the meeting can understand and communicate with each other.⁶

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.⁷ Asynchronous meetings may be held over email when synchronous meetings are not practical in accordance with the rules set out in section 32(a) of the Board Governance Manual.

In accordance with section 35(c) of the Board Governance 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 duties and responsibilities of the Committee as per section 3 of the terms of reference. The Committee Chair may amend the chart without Board approval if necessary to accomplish the work of the Committee.

⁶ Board Manual, section 32(a).

⁷ Board Manual, section 32(a).

	Activity	Information /Approval	Meetings			
			#1 September	#2 February	#3 April (if needed)	#4 June
3.1	Terms of Reference					
a)	Review Terms of Reference and orient new committee members	Approval	X			
b)	Receive year in review report to confirm work set out in the committees' duties and responsibilities was completed	Information				X
3.2	Policies					
a)	Review Board policies and make recommendations to Board	Approval	As required			
b)	Receive Committee's policy list and workplan of expected activities for the year	Information	X			
	Receive summary report on policies work completed during the year against the workplan	Information				X
3.3	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 recommend Executive and HR committee approve on behalf of Board	Approval				X
a) iv	Review auditors audit findings report including appropriateness of accounting policies and underlying estimates	Information				X
	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	Discussion				X

	Activity	Information /Approval	Meetings			
			#1 September	#2 February	#3 April (if needed)	#4 June
3.4	Internal Audit					
a) i	Review and approve appointment/termination of internal auditor and annually evaluate internal auditor performance KPMG is the current external auditor; 5-year contract commencing Fiscal 2021/22 through to Fiscal 2025/26 with an option for two one-year extensions for Fiscal 2026/27 and Fiscal 2027/28.	Approval	As required			
a) ii	Review and approve the annual internal audit plan	Approval				X
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	Information	As required			
a) vi	Meet with internal auditor in camera at least annually without management	Discussion	As required			
3.5	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			
3.6	Cybersecurity					
a)	Receive overview of the board's responsibility for cybersecurity			X		
b)	Receive update on the university's cybersecurity program and activities and the annual roadmap and action plan.		X	X		X
c)	Receives annually the national cybersecurity assessment report on the University's cybersecurity score			X		

	Activity	Information /Approval	Meetings			
			#1 September	#2 February	#3 April (if needed)	#4 June
3.6	Internal Controls					
a)	Through discussions with external auditors obtain reasonable assurance that the university has implemented appropriate systems of internal controls	Information				X
3.7	Other Services					
a)	Review independence of external auditor and engagement for other professional services	Information				X