



## **BOARD OF GOVERNORS AUDIT AND RISK MANAGEMENT COMMITTEE**

### **Terms of Reference**

#### **1) Mandate and Role of the Committee**

- a) The Audit and Risk Management Committee (the “Committee”) supports the Board of Governors (the “Board”) of the University of Manitoba (the “University”) in ensuring oversight of audit, risk management and internal control practices, including those related to external financial reporting and compliance with legal and regulatory requirements.
- b) The Committee provides insight, oversight, and foresight, as components of due diligence, for activities related to general audit oversight, external and internal audit; internal controls; and risk management.
- c) The Committee approaches its areas of responsibility with a strategic and policy focus, keeping in mind the University’s Mission, Vision, Values, strategic direction, and commitments to equity, diversity, inclusion, Indigenous engagement, and reconciliation.

#### **2) Authority**

- a) The Committee is created by and is accountable to the Board, under the powers provided to the Board by *The University of Manitoba Act*.
- b) The Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties.

#### **3) Areas of Responsibility**

- a) **General audit oversight**
  - i) Provide an avenue of communication for the external auditors, administration, and the internal audit function with the Board.
  - ii) Review with the University’s general counsel or outside legal counsel legal matters that may have a material impact on the financial statements.
  - iii) Recommend to the Board the engagement of special audits or studies as the Committee deems necessary.
  - iv) Periodically meet with the internal auditor, external auditor, and administration in separate “*in camera*” sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee. It is understood that generally speaking, the internal auditor will be a part of the *in camera* sessions, unless the Committee decides otherwise.
- b) **External audit oversight**
  - i) Review annually the terms of engagement for the external audit, including the external auditors’ independence, and approve on behalf of the Board the appointment and fees of the external auditors.

- ii) Monitor the independence of the external auditor including review of other services provided to the University by the external auditor.
  - iii) Review the external auditor's proposed audit plan, scope and approach and ensure no unjustified restrictions or limitations have been placed on such plan.
  - iv) Discuss the results of the annual audit under Canadian generally accepted auditing standards, recommendations made by the external auditors to the administration, and any other matters that may be communicated to the Committee by the external auditors.
  - v) Review the annual financial statements and related financial report and determine whether they are complete and consistent with information known to Committee members and assess the reasonableness and appropriateness of presentation, accounting policies, management's assumptions and estimates, and adequacy of disclosure.
  - vi) Recommend approval of the audited financial statements and related external auditor's reports to the Board.
  - vii) Recommend approval of the Public Sector Compensation Disclosure Report and related external auditor's report to the Board.
- c) ***Internal audit oversight***
- i) Review and recommend to the Board for approval the internal audit charter to ensure that it accurately reflects the scope and mandate of the internal audit function, with a full review at least every three years.
  - ii) Review and recommend to the Board for approval the scope and mandate of the internal audit function and the annual internal audit plan.
  - iii) Review periodic reports received from the internal auditor, discuss recommendations set out in those reports, and ensure that administration responds to such recommendations in a timely manner.
  - iv) Approve the appointment and removal of the Director, Audit Services, as required.
  - v) Provide input and annually review and approve the performance appraisal and compensation adjustments of the Director, Audit Services, after considering the recommendation of the administrative officer to whom the Director reports administratively.
- d) ***Risk management oversight***
- i) Review and monitor the adequacy of the University's risk management framework, risk register, and identification and management of top risks.
  - ii) Review and recommend approval to the Board policies related to risk management.
  - iii) Discuss with administration, internal audit, and the external auditors the University's major risk exposures (whether financial, operational, or otherwise), the adequacy and effectiveness of the accounting and financial system, and the steps administration has taken to monitor and control such exposure.
  - iv) Receive regular reports from administration on areas of significant risk to the University, including but not limited to, legal claims, environmental issues, cybersecurity, health, safety, and other regulatory matters.
  - v) Monitor the effectiveness of the University's internal control system, including financial reporting and information security controls.
  - vi) Review the adequacy of the University's processes and controls to prevent

and detect fraud and financial irregularities, including, but not limited to, compliance with the *University's Safe Disclosure (Whistleblower) Policy and Safe Disclosure (Whistleblower) Procedure*.

- vii) Review whether the University has adequate disaster recovery and business continuity plans and processes in place.
- viii) Review the adequacy of insurance coverages maintained by the University to ensure that the University is not exposed to an unacceptable level of risk and recommend any required changes to the Board.
- ix) Review compliance with legislative and regulatory requirements.
- x) Periodically review issues relating to Board members' personal liability.
- xi) Keep the Board apprised of emerging risks and significant changes in risk management.

#### **4) Limits on Authority**

- a) The Committee functions in accordance with the *University of Manitoba Act* and the Board of Governors' bylaws.
- b) All Committee members must abide by *The Code of Conduct for Members of the Board*.
- c) The delegation of authority by the Board shall be limited as set out in these Terms of Reference. Notwithstanding the provisions set out in Section 3, the Committee shall bring to the Board for approval:
  - i) The financial statements of the University and related auditor's reports.
  - ii) Reports, information, and recommendations with respect to issues that, in the opinion of the Committee, present a material risk to the University.
  - iii) Recommendations with respect to information from the internal auditor and external auditors on controls or related matters, which the Chair of the Committee or the Committee may consider prudent or necessary.

#### **5) Reporting relationship with the internal auditor**

The Director of Audit Services reports functionally to the Committee, reporting directly to the Committee at each meeting. The Director shall report administratively to the Vice-President (Administration).

#### **6) Composition of Committee**

- a) ***Ex officio voting members***
  - i) The Board Chair
  - ii) The Board Vice-Chair
  - iii) The Chair of the Finance and Infrastructure Committee (or designate)
- b) ***Voting members appointed by the Board***
  - i) At least two and up to four Board Members who have experience in accounting, law, or risk management
  - ii) Two external members of the community who are Chartered Professional Accountants with audit and risk management experience
- c) ***Non-voting ex officio***
  - i) The President
- d) ***Non-voting internal resource persons***
  - i) The University Secretary as Secretary
  - ii) The Vice-President (Administration)

- iii) The Chief Financial Officer and Comptroller
- iv) The Director of Audit Services
- v) The Chief Risk Officer.

No member of the staff (academic or non-academic) nor any student of the University shall be eligible for appointment to this committee as voting members

**7) Chair and Vice-Chair**

- a) The Chair of the Committee shall be appointed by the Board from among the voting members of the Committee on recommendation of the Governance and Board Development Committee.
- b) The Vice-Chair of the Committee shall be appointed by the Board from among the voting members of the Committee on recommendation of the Governance and Board Development Committee.

**8) Term of Office**

- a) The term of office is for one year from June 1 to May 31. Members of the Committee shall continue until their successors are named, provided they continue to be members of the Board.

**9) Frequency of Meetings and Annual Work Plan**

- a) The Committee Chair, with the support of the Executive Committee, shall develop an annual work plan.
- b) The Committee shall meet at least four times during the year.
- c) The Committee shall have an annual work plan, maintained by the Secretary, for the purpose of ensuring the meeting agenda addresses all the responsibilities as outlined in these Terms of Reference.

**10) Reporting to the Board**

- a) The Minutes of the Committee will be available for review by all Board members on the Board portal.
- b) The Committee shall report regularly to the Board as it deems necessary with respect to its activities and decisions.

**11) Committee Process and Procedures**

- a) The Committee will function in accordance with the Board of Governors Bylaws, and in accordance with its Terms of Reference.
- b) The Committee will perform any such other function as assigned by law, *The University of Manitoba Act*, or the Board.
- c) The Committee will conduct an annual self-evaluation as developed by the Governance and Board Development Committee and report the results to that Committee for its review.
- d) The Committee shall review its Terms of Reference every three years and recommend any necessary changes to the Governance and Board Development Committee for its review.
- e) Quorum for meetings of the Committee is set at 50 percent plus one. Only voting members of the Committee shall be counted toward quorum.