

# **FANSHAWE COLLEGE BOARD OF GOVERNORS' POLICY MANUAL**

## ***CATEGORY B - BOARD PROCESS***

### ***TITLE:           AUDIT COMMITTEE TERMS OF REFERENCE***

POLICY NUMBER:           **B-07.10**  
EFFECTIVE DATE:           2019 10 03  
REFERENCE:                51203, 53404, 55101, 55801, 56101, 56201, 56401,  
                                  57101

### **MEMBERSHIP:**

1. The Audit Committee shall be composed of at least three Board of Governors' members appointed by the Board for a one-year term with voting rights. In addition, The Fanshawe College Foundation may appoint one Finance Committee member to the Audit Committee as an Observer. The Board Chair and the President will be ex-officio members.
2. Board members serving on the Audit Committee must have knowledge related to external financial audits and financial statements and must be external Governors.
3. The Board shall appoint a Committee Chair from amongst the Committee members appointed by the Board.
4. One Committee member shall also be a member of the Investment Committee.
5. The Corporate Treasurer of the Board shall be a primary resource to the Audit Committee.
6. The Internal Auditor will functionally report to the Audit Committee.

### **MEETINGS AND MINUTES:**

1. The Committee shall meet a minimum of four times per year or more frequently at the call of the Chair.
2. The Committee maintains minutes of its meetings.
3. In order to approve motions that relate to the Internal Audit function, quorum shall be at least one-half of the members, excluding ex-officio members, as defined above in MEMBERSHIP 1.

FUNCTION:

1. The Committee shall assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to the College's accounting and financial reporting processes, internal financial control structure, financial risk management systems, and their internal and external audit functions.
2. The Committee shall conduct the periodic selection process for an external financial auditor for the College and make a recommendation to the Board concerning the appointment of an external financial auditor and their compensation. In addition, the Committee shall pre-approve external audit and non-audit services (including the Audit Plan) when the cost is projected to exceed \$5,000, and review and assess the performance, independence, and objectivity of the external auditors (including a summary of adjusted and unadjusted amounts).
3. The Committee shall review, and if appropriate, recommend to the Board for approval the audited financial statements and interim financial reports of the College.
4. The internal and external auditors shall have direct and unrestricted access to the Committee and shall report directly to the Board via the Committee.
5. The Committee shall report to the Board at least annually on significant new developments in accounting principles and relevant rulings of regulatory bodies that affect the external financial audit or financial statements of the College that have been brought to the attention of the Committee by either the external auditor or management.
6. The Committee shall act as a Board Task Force assisting the Board in the regular review of Policy D-05 Financial Planning, D-10 Financial Condition, D-12 Capital Planning, D-15 Asset Policy, D-16 Insurance Policy, and D-17 Investment Policy.

The Committee shall oversee the Internal Audit function by:

- 7.1 reviewing and approving the internal audit charter on an annual basis;
- 7.2 reviewing and approving the risk-based internal audit work plan, and any subsequent significant changes to the plan;
- 7.3 reviewing internal audit's independence, objectivity and effectiveness, including reviewing internal audit's budget, resource plan and ensuring there are no unjustified limitations on internal audit activities;
- 7.4 reviewing internal audit reports, understanding significant findings identified and ensuring management is addressing issues raised where appropriate;
- 7.5 at each meeting, meet independently with Internal Audit (excluding ex-officio Governors of the Board of Governors and internal resources) to

allow for discussions of any matters that the Audit Committee or Internal Audit believe should be discussed privately;

7.6 annually evaluating the Internal Auditor, providing feedback to his or her supervisor on his or her performance and ensuring his or her compensation is consistent with appropriate College sector guidelines; and

7.7 approve senior management decisions regarding the appointment, replacement, removal or involuntary re-assignment of the Internal Auditor.

AUTHORITY:

1. The Audit Committee has the authority to meet independently with the College's internal audit function and external financial auditors.
2. The Audit Committee does not have authority to instruct the President or any other staff member other than to request through the President or to the internal audit function, information or administrative support required in the conduct of its established functions.
3. The Audit Committee has no authority to change or contravene Board policies.
4. The Audit Committee has no authority to spend or commit College funds.