TERMS OF REFERENCE: AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee, a standing committee of the Board of Governors, was established to assist the Board in fulfilling its financial accountability and oversight responsibilities. (Article 15, By-Law #1 of the Board of Governors).

Responsibilities

The Audit and Risk Management Committee shall:

1. AUDIT
    a. Recommend to the Board the appointment of the external auditor.
    b. Review the scope of the internal and external auditor's reviews of the College's internal controls, any significant findings and recommendations by the internal and external auditors and the responses of the College's staff to those findings and recommendations.
    c. Define the pre-approval process for all audit and non-audit services to be performed by the external auditor and review the external auditors' reports on independence.
    d. Review and approve annual or multi-year internal audit plans and on all proposed major changes to plans.
    e. Review and approve internal audit reports.
    f. Review and approve the external auditors' audit plan including areas of identified risk.
    g. Review with the external auditors the results of the audit and determine if there were any difficulties or disputes with management, any significant changes in the audit plan, any significant changes in accounting policies and any management estimates that required significant judgement.
    h. Have the right to make inquiries and call upon corporate officers of the College as the Committee deems necessary

2. ANNUAL FINANCIAL STATEMENTS
    a. Review and discuss the annual financial statements and related note disclosures with management and the external auditors.
    b. Seek assurance that the financial statements of Algonquin College are prepared in accordance with public sector accounting standards, which would include oversight of the selection of accounting policies used in the preparation of the financial statements, and consideration of all relevant alternatives.
    c. Review the annual draft financial statements and, where appropriate, suggest improvements in the financial information and, when accepted, recommend the final statements for approval by the Board.

d. Review draft financial statements and approve submission of year-end financial statement information to the Ministry of Training, Colleges and Universities.

3. RISK MANAGEMENT/INTERNAL CONTROLS
    a. Discuss with the College's corporate officers, the College's significant risks and the measures the officers have taken to monitor and manage these risks.
    b. Review with senior management the adequacy and effectiveness of controls and management and information systems, including accounting and budget controls, financial planning and computer operation, information technology (IT) and security.
    c. Review the President's biannual report on incidences of fraud.
    d. Review each June a summary of single/sole source procurement transactions over $100,000
    e. Oversee the College's system for monitoring compliance with legislative requirements.

4. OTHER DUTIES
    a. To review the Endowment Fund Investment reports.
    b. Evaluate the Audit and Risk Management Committee's performance in meeting its mandate through the periodic review of the terms of reference;
    c. Review and report on such other matters as may be assigned by the Board.

Membership

The Audit and Risk Management Committee shall be composed of five members of The Board of Governors: four external members and the Chair of the Board. The President of the College shall be a non-voting member of the Audit and Risk Management Committee.

Term of Appointment

Each Audit and Risk Management Committee member shall be appointed for a two year term and the term may be extended while the member continues as a Governor of the College.

Chair

The Governance Committee of the Board of Governors will bring forward an annual recommendation for the Chair of the Audit and Risk Management Committee.

Vacancy

The Board shall fill a vacancy on the Audit and Risk Management Committee by appointing a new external member to the Committee.

Meetings

Meetings shall be closed sessions. At meetings where the auditor is present, time should be allocated for the Committee to meet separately with the external auditor.

Frequency of Meeting

The Audit and Risk Management Committee shall meet at least twice each year or more often as is deemed necessary.

Calling Meetings

Any member of the Audit and Risk Management Committee or the external auditor may call a meeting of the Audit and Risk Management Committee to consider any matter he or she believes should be brought to the attention of the Committee or the Board.

Auditor's Attendance

The external auditor has the right to appear before and be heard at any meeting of the Audit and Risk Management Committee and shall appear before the Audit and Risk Management Committee when required to do so by the Committee.

Approved by the
Board of Governors
October 14, 2003
Revised XX XX XXXX