

**TERMS OF REFERENCE  
NORTH ISLAND COLLEGE BOARD  
FINANCE AND AUDIT COMMITTEE**

**Purpose**

The Finance and Audit Committee is a standing committee of the Board established to assist the Board in meeting its financial accountability and oversight responsibilities and its statutory obligations under the College and Institute Act.

**Composition and Operations**

- A. The Committee is composed of at least three Board members, at least two of whom have been appointed by the Provincial Government. The Board will confirm appointments to the Committee. The Chair of the Committee will be appointed by the Chair of the Board. All appointments to the Committee are for a term of one year. Re-appointments are permitted.
- B. In order to fulfill their responsibilities, Committee members will be financially literate and sufficiently versed in financial matters to understand public sector accounting practices, budget development and major judgments involved in preparing financial statements. At least one member will have an accounting designation or a strong background in finance, accounting and/or auditing.
- C. A majority of members will constitute quorum.
- D. The President, the Vice President, Finance and College Services, the Director, Finance and the Executive Assistant to the Board will be resources to the Committee and will, as directed by the Committee, attend meetings of the Committee.

**Duties and Responsibilities**

Management is responsible for financial management and reporting, risk management and internal controls of the College. The Committee's role is one of oversight.

The Committee has the responsibility for:

*Financial Reporting*

- A. Recommend and deliver reports to the Board of Governors :

For approval:

- Annual consolidated budget
- Annual audited financial statements
- Annual financial information act requirements
- Appointment of auditors
- Appointment of investment manager
- Appointment of independent advisors as needed
- Financial policies and banking resolutions requiring Board approval

- Matters of acquisition or disposal of real property including facility leases

For information:

- Quarterly financial statements, reports and forecasts
  - Significant financial planning, management and reporting issues
  - Reports from auditors and administration on internal control issues, risk management and other matters within the mandate of the Committee.
- B. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
  - C. Review the quarterly financial statements prepared by management. Review of the statements will include discussion with management of results compared to budget and prior year results to provide assurance that the financial reports reflect the financial position of the College.
  - D. Review with management any other financial reports that require Board approval.
  - E. Meet with management prior to the presentation of the annual operating budget to the Board to review the proposed budget, including assumptions used in the preparation of the budget and ensure that potential risks have been identified and strategies developed to address those risks. Upon completion of the Committee's assessment of the budget and budgeting process, the Committee will be in a position to communicate its review and recommendation with respect to the budget to the Board of Governors.

### External Audit

- A. Recommend the appointment of the external auditor to the Board.
- B. Direct the external auditor to prepare an annual auditor's report and perform other audit services and oversee the audit by:
  - reviewing the terms and conditions of the audit engagement letter including the objectives and scope of the audit work;
  - reviewing materiality limits and areas of audit risk;
  - reviewing proposed staffing, timetable and fees for the audit; and
  - reviewing with the auditors the results of the annual audit examination including, but not limited to:
    - difficulties encountered or restrictions imposed by management during the annual audit;
    - significant accounting or financial reporting issues;
    - the auditor's evaluation of the College's system of internal accounting controls and procedures;
    - key management estimates material to the financial statements;
    - the post-audit or management letter containing any findings or recommendations of the external auditor including management's response and subsequent follow up to any identified internal accounting control weaknesses; and,
- C. Meet at least once annually with the External Auditor without management present.

### Risk Management

Periodically review and assess reports provided by management and the external auditor that provide information:

- about significant proposed changes in financial reporting and accounting policies and practices proposed by the College;
- on new or pending developments in accounting and reporting standards that may impact the College;
- confirming that the College's internal controls were assessed during the annual audit and are deemed sufficient to support production of accurate financial statements and reports; and
- on the external auditor's assessment of financial risks and uncertainties and the systems management uses to identify and manage risk and prevent financial mismanagement.

### Investment Management

Review and report annually to the Board of Governors on the compliance with the Long-Term Investments policy including but not limited to:

- an annual review of the Long-Term Investment policy;
- review of the performance of the investment manager to ensure that the investments are being managed in accordance with the Long-Term Investment Policy; and
- periodically recommend the (re-)appointment or replacement of the investment manager.

### **Accountability**

- A. The Committee will maintain minutes of all meetings and report to the regular or in-camera meetings of the Board of Governors as appropriate.
- B. The Committee will review its terms of reference at least once every three years and recommend any changes to the Board of Governors.

### **Timetable**

- A. The meeting schedule will be set in September for the year. Changes to scheduled meeting times will be approved by the Chair. Every effort will be made to ensure adequate notice of any change to the meeting schedule.
- B. Meeting will be held in the Boardroom of Komoux Hall unless another meeting location is scheduled in advance. Committee members may join the meeting by conference call.