

# AUDIT & PENSION COMMITTEE

## Terms of Reference

### 1. Authority

- a) The Board Audit & Pension Committee (the “Committee”) is created and responsible to the Board of Governors (the “Board”) of Concordia University of Edmonton (the “University”).
- b) The Vice President, Finance & Operations shall provide management support to the Committee.
- c) The Office of the University Secretariat shall provide administrative support to the Committee.
- d) The Committee shall function in accordance with the Bylaws of the Board of Governors, Section 13 “Board Committees”.

### 2. Mandate

Subject to Section 4, the Committee shall monitor, evaluate and make recommendations to the Board with respect to all auditing, financial reporting and internal control functions relating to the University. The Committee shall also monitor, evaluate and make recommendations to the Board of Governors with respect to the management and control of the Pension Plan of the University and its employees (the “Plan”).

In particular, the Committee shall:

#### 2.1 Audit Oversight

- a) Recommend to the Board the appointment of independent auditors on an annual basis;
- b) Recommend to the Board the proposed fees of the external auditor;
- c) Review and consider the independence of the auditor including review of other services provided to the University by the external auditor;
- d) Review the auditor’s proposed audit plan, scope and approach to ensure no unjustified restrictions or limitations have been placed on such a plan;
- e) Discuss the results of the annual audit under Canadian Standards for not-for-profit organizations and auditing standards, recommendations made by the auditors to the administration, and any other matters that may be communicated to the Committee by the auditors;
- f) Review the annual financial statements and determine whether they are complete and consistent with information known to Committee members and assess the reasonableness of presentation, appropriateness of accounting policies, and adequacy of disclosure;

- g) Annually meet with the 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;
- h) Recommend approval of the draft audited financial statements to the Board.
- i) Review internal audit plan, scope, and approach for year.
- j) Provide an avenue of communication among the auditors, administration, and the Board.

## 2.2 Pension Plan Oversight

On an annual basis or as determined by the Pension Committee Chair:

- a) Establish criteria for the selection, termination, and performance monitoring of investment manager(s) and other third-party service providers;
- b) Approve the selection or termination of investment managers and other third-party service providers;
- c) Review the performance measures established for measuring the performance of the investment managers and other third-party service providers;
- d) Determine the training needs through annual self-assessment and other means;
- e) Provide appropriate training and education to those involved in Plan governance, including Committee members;
- f) Provide oversight of the Plan’s financial management;
- g) Review investment manager structure;
- h) Approve third-party service provider agreements;
- i) Review and amend the Plan’s Statement of Investment Policies and Procedures (the “SIP&P”);
- j) Establish an appropriate asset mix for the Plan;
- k) Develop a policy for the payment of fees and expenses from the Plan fund and periodically assess the competitiveness and reasonableness of these fees and expenses;
- l) Make decisions relating to funding strategy based on advice of the Plan’s actuary;
- m) Delegate various tasks to service providers or staff of the University;
- n) Ensure actuarial valuations are prepared as required and assist in decisions on funding and contribution strategy; recommend Plan amendments to the Board and arrange for the preparation of such amendments.

## 2.3 Internal Controls

- a) Evaluate the effectiveness of the University’s internal control system, including financial reporting, accounting compliance and information security controls;
- b) Evaluate whether the University has adequate processes and controls to prevent and detect

- fraud;
- c) Review the adequacy of insurance coverages maintained by the University to ensure that the University is not exposed to an unacceptable level of risk;
- d) Ensure compliance with regulatory matters and with University governing documents; and
- e) Periodically review issues relating to Board members' personal liability.

## 2.4 Risk Management

- a) Identify, assess, and evaluate university-wide risks and opportunities, which are relevant to the University's objectives and can be used as a basis for decision making and accountability.
- b) Review the adequacy of insurance coverages maintained by the University to ensure that the University is not exposed to an unacceptable level of risk;
- c) Review policies, procedures, practices, and compliance pertaining to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording, and reporting risk.
- d) Review with management the major risk exposures, both financial and non-financial, in relation with the University's acceptable risk tolerance and the steps taken to monitor and control such exposures.
- e) Bring forward to the Board for final approval any reports, information, and recommendations with respect to issues, that, in the opinion of the Committee, may pose a material risk to the University.

## 2.5 Other Responsibilities

- a) Recommend to the Board the engagement of special audits or studies as the Committee deems necessary;
- b) Review any significant proposed changes in the position description of the University's Chief Financial Officer, the Vice President Finance & Operations;
- c) Review Terms of Reference at least every three years and recommend changes, if any, to the Board; and
- d) The Committee may seek approval from the Executive and Governance Committee to obtain advice and assistance from legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities.

## 3. Membership

- a) The members of the Committee shall be independent, i.e. have no material direct or indirect association with the organization, which could be reasonably perceived to interfere with the exercise of the member's independent judgement.

- b) The Committee shall consist of the Chair or Vice-Chair of the Board and at least two Board members. Other individuals, including associate members, may be appointed. At least one member (including associate members) shall also serve on the Finance Committee. The Chair of the Committee will be appointed by the Chair of the Board.
- c) The President & Vice Chancellor and Vice President Finance & Operations shall normally be invited to attend Committee meetings (or portions thereof).
- d) No member of the staff (academic or non-academic) nor any student of the University shall be a member of the Committee.
- e) Financial literacy is a prerequisite for service on the Committee. The majority of members of the Committee shall be capable of reading and understanding financial statements of the breadth and complexity of those of the University, and at least one member of the Committee shall have accounting or related financial management expertise. All committee members should possess an inquiring attitude, objectivity, independence and sound judgement.

## 4. Limits on Authority

Notwithstanding the provisions in Section 2, the Committee shall bring to the Board for final approval:

- a) The draft audited financial statements of the University and related Auditor's reports;
- b) Reports, information and recommendations with respect to issues that, in the opinion of the Committee, may pose a material risk to the University; and
- c) Recommendations with respect to information from the auditors on controls, or related matters the Chair of the Committee may consider prudent or necessary.

## 5. Reliance on Management and Experts

In contributing to the Committee's discharging of its duties under these Terms of Reference, each member of the Committee shall be entitled to rely in good faith upon:

- a) Any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a report made by such a person.

"Good faith reliance" means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by management or the expert is reasonable. Generally good faith reliance does not require that the member question the honesty, competency and integrity of management or the expert unless there is a reason to doubt the honesty, competency and integrity.

## 6. Limitations of Committee's Duties

In contributing to the Committee's discharging of its duties under these Terms of Reference, each member of the Committee shall be obligated only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these Terms of Reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject.

## 7. Meetings

The Committee shall meet a minimum of four (4) times per year, or more frequently as circumstances dictate. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting.

## 8. Annual Work Plan

The Committee will develop and approve an annual work plan to be provided to the Board for approval.