



Institut sur la gouvernance
d'organisations privées et publiques

Audit and Finance Committee Charter

August 2017

Audit and Finance Committee Charter

Purpose

The Audit and Finance Committee is established by the Board of Governors in accordance with section xx of the by-law.

Its role is to:

- Oversee the integrity of accounting and financial results, the quality of internal controls, and the identification of and means to deal with risks;
- Analyze and recommend policies and processes for financial activities to the Board of Governors;
- Perform any other task delegated by the Board of Governors;
- Recommend the appointment of an external auditor to ensure that the financial report accurately reflects the college's situation;
- Report on its work and conclusions to the Board of Governors.

Mandate

Concerning oversight of financial information

- Revise budget forecasts to reflect the strategic plan.
- Review and recommend the annual financial report prepared in accordance with generally accepted accounting principles.
- Review the accounting treatment of significant or unusual transactions and the effect of the main risks and uncertainties.
- Review and recommend the financial management reports.
- Review internal and external financial communication projects and ensure the accuracy of the financial information.
- Review and recommend the annual report.
- Promptly inform the Board of Governors of any operations or management practices that it does not consider sound or that do not comply with laws or the college's by-laws and policies.

Concerning audits

- Review the external auditor's audit approach.
- Review internal control reports and ensure recommendations are implemented.
- Review the internal audit plan.
- Review the accounting principles and methods applied at the college and any major changes thereto.
- At least annually, review compliance with laws, by-laws and policies.
- Ensure that expenditures by members of the Board of Governors and senior management comply with allowable expense rules.

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Concerning financing

- Review financing policies, cash management, and fund balances.
- Review medium- and long-term planning of capital and operating activities.
- Review financial performance indicators.

Concerning financial risk analysis

- Review and oversee the integrated financial, environmental, compliance and legal risk management process.
- Review, with the institution's legal advisors, the status of any litigation and manage the associated risks.

Concerning procurement and contract management

- Obtain reasonable assurance that the college is obtaining the best return on its investment.
- Ensure compliance with applicable laws, rules and procedures.
- Advise the Board on good procurement and contract management practices, for example, supplier rotation.
- Solicit outside independent advice in the most complex cases.

Composition

- The Committee consists of not less than three but no more than five members, the majority of whom are independent governors.
- Committee members are appointed annually by the Board of Governors.
- Committee members must have sufficient financial literacy to understand the accounting methods and practices applicable to the institution.
- The Chair or Vice-Chair of the Board of Governors are ex-officio members but do not chair the Committee.
- The Board of Governors appoints the Committee chair and members from among its members.
- The Director General and Academic Dean are not members of the Committee. However, the Director General may participate as an observer and/or resource person, if necessary.

Operation

- The Committee must hold at least three meetings per year.

- A majority constitutes a quorum.

- The Committee must draft a work plan on an annual basis to define its priorities and objectives.

- The Committee must submit a written annual report on the implementation of its work plan in the past year.

- A report must be prepared after each meeting and submitted to the Board of Governors by the Committee chair or the chair's representative.

- Committee members have a one-year mandate that may be renewed by Board decision.

- Unless they resign, are removed from office or cease being a governor, members must fulfill their duties until a successor is duly appointed by the Board of Governors.

- The Committee must review its mandate, responsibilities and duties every three years or sooner if needed and recommend any changes to the Board of Governors for adoption.

- The Committee must conduct a self-assessment of its operation, including compliance with its mandate, in the manner agreed with the Board of Governors and submit the results to the Board, which may review or amend the Committee's mandate and composition.

Committee powers

- The Committee may meet with the external auditor without management's presence to discuss certain aspects of its report, in particular and where applicable, as it applies to governance, material risks, internal controls and other measures that management has taken to control these risks or any other matter within its purview.
- The Committee may, with the approval of the Board of Governors, retain the services of external experts and consultants for assistance in the performance of its duties.
- When it deems it appropriate, the Committee may convene managers, employees or the auditor.
- In exceptional circumstances, the Committee may call a special meeting of the Board of Governors to submit any file it deems appropriate.

The following policies, by-laws and programs may be placed under the purview of the Audit and Finance Committee:

- Policy or general by-law concerning financial management
- By-law concerning procurement, services and construction contracts
- Policy concerning rights and royalties
- Policy concerning tuition, housing and other student fees
- Pricing policy on facilities open to the public, third-party services, room and equipment rental
- Donation and sponsorship policy
- By-law concerning the delegation of financial decision-making powers