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<b>SUBJECT</b>	Updated Audit Committee Terms of Reference
<b>SUBMITTED TO</b>	Governance Committee
<b>MEETING DATE</b>	November 24, 2020
<b>SESSION CLASSIFICATION</b>	Recommended session criteria from Board Meetings Policy: OPEN
<b>REQUEST</b>	Action requested - Recommendation to Board for approval  IT IS HEREBY RESOLVED that the Governance Committee recommends to the Board of Governors approval of the amended Audit Committee Terms of Reference.
<b>LEAD EXECUTIVE</b>	Karen Hakkarainen, Board Secretary
<b>SUPPORTED BY</b>	N/A

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#### PRIOR SUBMISSIONS

The subject matter of this submission has been considered previously by the Governance Committee on the following occasions:

1. [June 2, 2020](#) (OPEN SESSION)  
Action/Follow up: Presented for information.

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#### EXECUTIVE SUMMARY

Revisions have been suggested for the Audit Committee Terms of Reference in accordance with practice improvements being made by UBC's new Comptroller. This briefing will provide the Committee with details on the proposed changes and an opportunity for the Committee to provide feedback on them.

#### DISCUSSION

The Governance Committee is delegated authority from the Board to approve revisions to committee terms of reference, except where the revisions involve the delegation of authority to a committee. In those instances, Board approval is required. Since the proposed revisions to the Audit Committee terms of reference involve delegating authority from the Board to the Committee the Governance Committee is asked to review the proposed changes and recommend them to the Board for approval.

The proposed changes include the Board of Governors delegating authority to the Audit Committee for approval of the reports listed below. Each of these reports was previously received by the Audit Committee for information except for the Statement of Financial Information, which was not provided to the Audit Committee.

- Statement of Financial Information
- Research Single Audit Report
- Student Enrolment (FTE) Independent Auditor's Report
- US GAAP Financial Statements

- US William D. Ford Federal Direct Loan Program (DLP) Annual Audit Report

The revisions also provide for the financial statements listed below to be submitted to the Audit Committee for information. The American Foundation for UBC Financial Statements, UBC Foundation Financial Statements, and Hong Kong Foundation for UBC Financial Statements were previously submitted directly to the Board of Governors for information. The Neighbours' Fund Financial Statements are submitted to the Finance Committee for information but will now be provided to the Audit Committee as well.

- American Foundation for UBC Financial Statements
- UBC Foundation Financial Statements
- Hong Kong Foundation for UBC Financial Statements
- Neighbours' Fund Financial Statements

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## APPENDICES

1. Audit Committee Terms of Reference



## 1. MANDATE

- 1.1 Pursuant to section 27(2)(c) of the *University Act*, the UBC Board of Governors (the “**Board**”) has established a standing committee of the Board to address risk and audit-related matters (the “**Audit Committee**”).
- 1.2 The Audit Committee considers matters relating to internal and external financial reporting, internal and external audit processes and reports, enterprise risk management, and internal controls at UBC for the purposes of:
  - 1.2.1 providing recommendations to the Board where Board decisions are required or where the Audit Committee otherwise considers it desirable to make recommendations;
  - 1.2.2 making decisions on behalf of the Board where the Board has delegated authority to the Audit Committee to do so; and,
  - 1.2.3 considering any reports submitted for information and responding to any requests from the UBC administration for advice and input;(collectively, the “**Mandate**”).
- 1.3 Appendix A of these Terms of Reference sets out some examples of matters that fall within the Mandate. This list is provided for illustrative purposes only and is not intended to be exhaustive or constrain in any way the definition of the Mandate set out in section 1.2.

## 2. DELEGATED AUTHORITY

- 2.1 The Audit Committee hereby has the authority to make the following decisions on behalf of the Board:
  - 2.1.1 in consultation with the UBC President, to (i) approve decisions regarding the appointment and removal of the Chief Assurance & Risk Officer; and (ii) evaluate the performance of and approve the compensation package of the Chief Assurance & Risk Officer, all in accordance with the principles set out by the Institute of Internal Audit Standards and consistent with established UBC standards and practices;
  - 2.1.2 to approve the Enterprise Risk and Assurance Plan, which is the annual work plan for the portfolio of the Chief Assurance & Risk Officer;
  - 2.1.3 to instruct the Chief Assurance & Risk Officer;
  - 2.1.4 to review and approve the terms of engagement of and to appoint the External Auditor;
  - 2.1.5 to review and approve UBC’s quarterly financial forecasts;
  - 2.1.6 to authorize the UBC administration to submit the quarterly financial forecasts to the province as required for government reporting entities;
  - 2.1.7 to review and approve the following items:
    - Statement of Financial Information



- US Research Single Audit Report
- Student Enrolment (FTE) Audit
- US GAAP Financial Statements
- US William D. Ford Federal Direct Loan Program (DLP) Audit Report;

2.1.8 to approve amendments to, or repeal of, the Signing Bylaw approved by the Board of Governors on November 20, 2003 with respect to signing resolutions.

### 3. COMPOSITION

- 3.1 In addition to the ex officio members as required by the *Committee Meeting Rules and Practices*, the Audit Committee will have at least four members, all of whom are to be selected in accordance with the *Board Meeting Rules and Practices* and the *Committee Meeting Rules and Practices* as may be amended from time to time. Those additional members will include:
- 3.1.1 the Chair of the Finance Committee; and,
  - 3.1.2 at least three Governors who have been appointed by the Lieutenant Governor in Council.
- 3.2 In addition, at least two of the members of the Audit Committee must have financial experience and expertise.
- 3.3 In addition to the general quorum requirement of 35% as set out in the *Committee Meeting Rules and Practices*, it is required that a majority of the members present at a meeting of the Audit Committee have been appointed to the Board by the Lieutenant Governor in Council in order for quorum to be achieved.

These Terms of Reference were approved by the Board on June 16, 2020.



**APPENDIX A**  
**AUDIT COMMITTEE MANDATE**

Further to section 1.3 of the Audit Committee Terms of Reference, the following sets out examples of matters that fall within the Mandate:

- a) Board Policies for which responsibility has been assigned to the Audit Committee by the Governance Committee pursuant to its Terms of Reference
- b) processes and controls with respect to risks that may affect the reputation, financial position, resources or ability of UBC to carry out its objectives
- c) Enterprise Risk Management Program
- d) External Auditor Findings Reports and Updates
- e) Periodic litigation reports
- f) Development & Alumni Engagement Year-End and Audit Report
- g) risk assurance related to the Integrated Renewal Program
- h) Financial reports and statements, **including financial statements for the Neighbours' Fund, American Foundation for UBC, the UBC Foundation, and the Hong Kong Foundation for UBC**
- i) Internal Assurance, Risk Advisory, and Investigations Summaries Fraud Risk Management Program
- J) Payroll reviews
- k) Procurement modernization programs
- l) Student enrolment audits
- m) US-GAAP financial statements**

**APPENDIX B\***  
**BOARD POLICIES ASSIGNED TO AUDIT COMMITTEE**

<b>Policy</b>	<b>Name</b>
FM3	Cash Handling
FM8	Travel and Related Expenses
GA4	Records Management
SC10	Disaster Management
SC15	Internal Audit, Investigations, and Financial Whistleblower
SC16	Safety and Security Cameras
SC4	Environmental Protection Compliance
SC8	Investigations   Guidelines
SCI	Occupational and Research Health and Safety
UP1	Provision of Communication Services
UP7	Pest Control
xxNA	Entertainment   Expenditure Guidelines (repeal pending)
xxNA	Gifts   Expenditure Guidelines (repeal pending)
xxNA	Travel Assistance for Graduate Students (repeal pending)
xxNA	Travel Expenses — Recipients of Honorary Degrees (repeal pending)

\* For information only; was not included in TOR as approved