



SUBJECT	Amendments to Terms of Reference – Audit Committee
SUBMITTED TO	Governance Committee
MEETING DATE	November 22, 2021
SESSION CLASSIFICATION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	REQUESTED – APPROVAL IT IS HEREBY RESOLVED that: <i>i.</i> the Governance Committee, under authority delegated by the Board of Governors, approve amendments to the Terms of Reference of the Audit Committee to remove reference to a quorum of 35%; and, IT IS FURTHER HEREBY RESOLVED that: <i>i.</i> the Governance Committee recommend to the Board of Governors the delegation of authority to the Audit Committee to approve the audited financial statements of the Neighbours Fund, as set out in the amended Terms of Reference attached.
LEAD	Karen Hakkarainen, Board Secretary
SUPPORTED BY	N/A

EXECUTIVE SUMMARY

The attached amendments to the Terms of Reference for the Audit Committee are intended to accomplish two objectives:

1. to update the general quorum requirement for the Committee from 35% to 51%; and,
2. to delegate to the Audit Committee the authority to approve audited financial statements of the Neighbours Fund.

The first of these decisions falls within the authority of the Governance Committee while the second falls within the authority of the Board of Governors. Should the amendments be approved, the changes to the quorum of the Committee will take effect immediately while the delegation of authority will be recommended to the Board for approval on December 7, 2021.

A quorum of 51% was set for the other standing committees of the Board in an amendment to the Committee Meeting Rules and Practices at the April 8, 2021 meeting of the Governance Committee. By removing specific reference to the 35% quorum in the Audit Committee Terms of Reference, the 51% quorum in the Committee Meeting Rules and Practices will apply. This change has been approved by the Audit Committee Chair.

The Comptroller has recommended to the Audit Committee, that rather than receive the audited financial statements of the Neighbours Fund for information, as the current Terms of Reference for the Committee would anticipate, that the Audit Committee should properly be approving these statements, which were prepared by the University. At its meeting in December 2021, the Board will receive a recommendation from the Audit Committee to approve these financial statements. For efficiency, delegated authority from the Board of Governors to the Audit Committee is recommended going forward.

APPENDIX

1. Amended Audit Committee Terms of Reference - Blackline



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; and,



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
- Neighbour's Fund Financial Statements

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 ~~December 3~~December 7, 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

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

Policy	Name
FM3	Cash Handling
SC10	Disaster Management
SC4	Environmental Protection Compliance
SC15	Internal Audit, Investigations, and Financial Whistleblower
SC8	Investigations Guidelines
SCI	Occupational and Research Health and Safety
UP7	Pest Control
UP1	Provision of Communication Services
GA4	Records Management
SC16	Safety and Security Cameras
FM8	Travel and Related Expenses
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