

FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEE

Approval Authority: Board of Governors

Reports To: Board of Governors

Established: March 11, 2004

Amendments: 2009 Dec 11; 2013 May 10; 2013 Nov 29; 2014 Sep 24; 2016 Nov 25; 2017 Nov 20; 2020 Mar 18; 2023 Feb 2

1.0 Purpose

The Finance, Audit and Risk Management (FARM) Committee provides support to the Board of Governors in fulfilling its fiduciary responsibilities to ensure the financial and organizational viability of NOSM University.

2.0 Responsibilities

The Committee shall:

- a) oversee the integrity of the Corporation's financial affairs, audit, information technology and capital building resources;
- b) periodically review the Board policies related to financial and organizational viability and recommend changes as required to the Board for approval;
- c) review, guide and/or make recommendations to the Board concerning resource issues including:
 - i) the development of annual and multi-year capital and operating plans;
 - ii) expenditure forecasting/planning;
 - iii) major expenditures not foreseen in the approved annual budget;
 - iv) annual and long-range revenue projections;
 - v) financial stewardship principles/protocols (as appropriate);
 - vi) oversight on policy and investment matters related to advancement including investment and management strategies, endowments, trust accounts, and revenue generation;
 - vii) the Corporation's insurance;
 - viii) Quarterly or most recent financial reports; and
 - ix) implications of changes in legislation related to financial matters, labour and human resources, safety and physical plant operation.
- d) review, guide and/or make recommendations to the Board concerning all audit matters including:
 - i) review of audited financial statements and draft auditor's report;
 - ii) audit evaluation criteria;
 - iii) evaluation and appointment of auditor;

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- iv) auditor's management report;
 - v) audit fee;
 - vi) audit plan review;
 - vii) audit quality control processes;
 - viii) proposed evolving changes in accounting standards, major control deviations, fraud detection; and
 - ix) independence of other services provided by the external auditors.
- e) conduct in-camera meetings with auditors excluding managers and with managers excluding auditors;
 - f) periodically review the policies related to enterprise risk management and external relationships and recommend changes as required to the Board for approval;
 - g) receive and review from the other Board Committees and senior management any material risks identified by those committees in the course of pursuing their committee responsibilities;
 - h) be knowledgeable about risks¹ inherent in NOSM University's operations and oversee the performance of appropriate risk analysis. In particular, the Committee:
 - i) oversees management's risk management program;
 - ii) requires that appropriate programs and processes are put in place to protect against risk;
 - iii) expects management to identify unusual risks to the organization and develop plans to prevent and manage such risks;
 - iv) expects management to identify and assess the associated risks to the organization when reviewing and approving resource allocation decisions;
 - v) works with the President, Vice-Chancellor, Dean and CEO to reduce risks to the organization and promote ongoing quality improvement; and
 - vi) provides the Board with quarterly and annual updates on enterprise risk management assessments;
 - i) report back to the Board, on at least a semi-annual basis, the investment activity and performance, including compliance with the Investment Policy, with respect

¹ A risk is the "chance or possibility of danger, loss or injury. For health services organizations, this can relate to the health and well-being of clients, staff and the public; property; reputation; environment; organizational functioning; financial stability; market share; and other things of value."

Risk management is a systematic process of planning, organizing, leading, and controlling the activities of an organization in order to minimize the effects of risk on that organization, including financial, strategic, operational, and other risks.

- to endowments, trust accounts, and all other funds held for investments.
- j) have the ability to appoint any sub-committee to carry out any responsibilities assigned to the FARM Committee. The sub-committees will report to the FARM Committee;
 - k) perform an annual review of Committee performance; and
 - l) perform such other tasks as outlined in the corporate by-law or requested by the Board.

3.0 Composition

The voting members of the Committee shall consist of:

- i) The Treasurer of the Corporation, who shall serve as Chair;
- ii) The President, Vice-Chancellor, Dean and CEO, ex-officio (non-voting for Audit matters);
- iii) At least four (4) additional Governors; and
- iv) At least one (1) but no greater than two (2) non-Governor community members who have the appropriate skills and expertise.

The non-voting members of the Committee shall consist of:

- i) The Vice-President, Administration and Chief Operating Officer;
- ii) The Associate Vice-President, Finance and Administration;
- iii) The Director of Finance;
- iv) The Director of Planning and Risk;
- v) The University Secretary.

Observers:

- i) One (1) representative from OPSEU Unit 1 and one (1) representative from OPSEU Unit 2 who are invited as observers.

The Chair and Vice-Chair of the Board may attend meetings, however will hold ex-officio status and, in accordance with the Board By-Law, will not be required to vote or count in quorum.

The Chair and Vice-Chair of the FARM Committee shall be elected from the Governors annually.

At least one member of the Committee must be a financial professional and a minimum of one other member of the Committee must be financially literate.²

² Meaning of Financial Literacy -- An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. (OSC MULTILATERAL INSTRUMENT 52-110)

4.0 Reporting

The FARM Committee is accountable to and reports to the Board through the Chair of the Committee.

5.0 Term

Members shall be appointed annually by the Board of Governors.

6.0 Meetings and Quorum

The FARM Committee shall meet at least 4 times per year or at the call of the Chair.

A quorum shall consist of a majority of the voting members of the Committee.

The Vice-President, Administration and Chief Operating Officer and Director of Finance shall provide staff and resource support to the Committee.

Responsible Office: Vice-President, Administration and Chief Operating Officer/Finance

Review Period: Annually or as required

Next Review: 2023 02