NOSM UNIVERSITY

TERMS OF REFERENCE

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; 2024 Feb 21; 2025 Sep 24; 2026 Sep 23

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;

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 risks[1] 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 to

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[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.

Canadian Council on Health Services Accreditation. CCHSA's Accreditation Program, 5th Edition, 2006

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

To ensure the Committee can fulfill its mandate with both depth and breadth of insight, membership should reflect a diverse range of financial competencies and perspectives. This includes, but is not limited to, expertise in public sector finance, accounting, auditing, investment management, and financial oversight in complex organizational settings. Diversity of financial backgrounds enhances the Committee's ability to engage in informed discussion, balanced analysis, and sound decision-making on matters affecting the financial health and sustainability of NOSM University.

Financial Expertise Requirement:

At least three (3) members of the Committee must possess financial expertise, including:

- Two (2) financial professional (e.g., CPA or equivalent); and

One (1) financially literate member, as defined as follows: 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)

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 three (3) non-Governors community members who possess the appropriate skills and expertise.

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

i) The Vice-President, Finance and Operations;

ii) The Associate Vice-President, Finance and Administration;

iii) The Director, Budget and Audit Services;

iv) The Director, Enterprise Risk Management and Procurement;

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 Governor members annually.

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, Finance and Operations and Associate Vice President, Finance and Administration shall provide staff and resource support to the Committee.

Responsible Office: Vice-President, Finance and Operations/Finance
Review Period: Annually or as required
Next Review: November 2027