

FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

1 Purpose

- 1.1 The Finance and Audit Committee (the “Committee”) is a standing committee of the Board of Governors of Alberta University of the Arts (AUArts). The Committee is responsible for overseeing the financial performance, internal controls, audit processes, and risk management. The Committee supports the Board in fulfilling its fiduciary duties by providing oversight and strategic guidance on the financial and audit functions of the University.

2 Duties

2.1 Audit

- a) Act as the Board's liaison with the Office of the Auditor General, including reviewing the audit plan, the annual letter of engagement and ensure there is a mutual understanding between the Committee and the auditors for the completion of the audit, the timing and extent of the audit work, materiality, audit risk and overall audit strategy.
- b) Review with the external auditor the results of the annual audit examination, discuss the results of the audit with the auditors and receive the auditors' report.
- c) Review and recommend to the Board AUArts' audited financial statements and annual report.

2.2 Financial Functions

- d) Review and recommend to the Board tuition and other fees, in accordance with provincial legislation and policy.
- a) Review and recommend to the Board the proposed operating budget of AUArts and ensure the annual budgets and financial objectives of the University align with the strategic objectives of the University.
- e) Review and monitor the University's operating budgets, financial results, and related risks on a quarterly basis.
- f) Provide guidance and recommendations to the Board relating to current and future facilities, land, buildings, and infrastructure that support the University's strategic objectives.

FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

2.3 Investment Functions

- a. Approve the Investment Policy Statement.
- b. Monitor the performance, risks and opportunities associated with investment of the University's operating and endowment monies on a quarterly basis.
- c. Review and recommend to the Board the annual distribution of surplus funds to the endowment funds.
- d. Review the appointment of, monitor the performance of, and take actions as appropriate, regarding external investment managers and advisors.
- e. Review, in accordance with the Investment Policy Statement the actual and expected risk-return profile of the investment programs; the continued appropriateness of the Investment Policy Statement, including the asset mix; and the cost effectiveness of the investment program.

2.4 Accounting System and Internal Controls

- a. Through discussions with management and the Auditors, obtain reasonable assurance that AUArts has implemented appropriate systems of internal control:
 - i. over financial reporting and that these systems are operating effectively;
 - ii. to ensure compliance with its policies and procedures and that these systems are operating effectively;
 - iii. to identify, monitor, mitigate and report significant financial or operational risk exposures and that these systems are operating effectively;
 - iv. Monitor that AUArts has an effective process in place that provides appropriate alignment of financial resources with strategic directions.

2.5 Risk Management

- a. Discuss with management the major risk exposures, both financial and non-financial, in relation to the University's acceptable risk tolerance and the steps management has taken to monitor and control such exposures.
- b. Annually receive the University's insurance summary report.

FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

3 Membership and Quorum

- 3.1 The membership of the Committee comprises a minimum of three Public Board members. The Board Chair and President and CEO are non-voting *ex-officio* members of the Committee and are not counted for the purposes of establishing quorum.
- 3.2 Internal Governors are not eligible to sit on the Committee.
- 3.3 The Committee Chair is appointed by the Board and recommends other Committee members for Board approval.
- 3.4 A simple majority of Committee members constitutes quorum for the Committee.
- 3.5 Each member of the Committee has one vote.

4 Authority and Accountability

- 4.1 The Committee has the authority to carry out its role and responsibilities, subject to any specific conditions or restrictions that are imposed on it by the Board. The Committee does not have decision-making authority except where, and to the extent that, such authority has been expressly delegated or assigned by the Board in these Terms of Reference or by a resolution of the Board.
- 4.2 Members of the Committee, for the purpose of performing their duties, will have the right, as a Committee, and with the approval of the Committee Chair, to inspect and discuss books and records of AUArts that relate to the financial position of the institution for the purpose of a Committee review.
- 4.3 Review and approve submitted expenses of the Chair of the Board. This responsibility is delegated to the Chair of the Committee.
- 4.4 The Committee is entitled to obtain external advice as considered necessary by the Committee to assist it in any matter or to carry out its duties.

5 Expected Conduct

- 5.1 It is important that each member of the Committee share their thoughts, concerns, and opinions and that those thoughts be held in confidence by the entire committee. It is also important that each member of the Committee hold the information provided in the strictest of confidence. The only exception to this is if the Board Chair expressly gives permission to disseminate information.

FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

6 Meetings

- 6.1 The Committee will meet in accordance with the schedule set by the Board or more often as required to fulfill its mandate. A member of the Committee may request a special meeting at any time.
- 6.2 The Committee shall record and maintain official minutes of their meetings for audit and internal use only.

7 Resources

- 7.1 The Committee is a Standing Committee of the Board and will be provided with the resources necessary to carry out its responsibilities.

8 Review

- 8.1 The terms of reference will be reviewed yearly.

Implementation Date: October 30, 2019

Revisions: October 21, 2025