Finance, Audit and Risk Committee

Terms of Reference

1. PURPOSE

The Finance, Audit and Risk Committee (FARC; referred to hereafter as the Committee) oversees the financial health of Yukon University (referred to hereafter as the University) by ensuring that appropriate controls and accountabilities exist with respect to finance, auditing and areas of material risk.

2. MEMBERSHIP

The Finance, Audit and Risk Committee shall consist of up to five (5) members of the Board of Governors (Board; referred to hereafter as the Board) and the University President all of whom shall be voting members.

A minimum of one member of the Committee must have an accounting designation or extensive and related financial experience.

All members of the Committee must be financially literate and able to read and understand the University's financial statements or must be able to become financially literate within a reasonable period following their appointment to the Committee.

3. MEETINGS

In addition to the regular Committee meetings set out in the Board Bylaws, the Committee shall strive to coordinate its meetings to accommodate the major decisions of the Yukon University Pension Committee and, at least once annually, invite the Yukon University Pension Committee to present on matters of joint importance.

4. RESPONSIBILITIES

The Committee is responsible for overseeing the financial affairs of the University with respect to all auditing, financial reporting, internal systems and control functions, budget approvals, investment of the University's endowment funds, risk management, and other internal and external audit functions and activities at the University.

The Committee shall report and make recommendations to the Board regarding these and other related matters.

The Committee shall also consider other matters that are delegated to the Committee by the Board, including special examinations as may be required from time to time, and if appropriate retain special counsel of experts to assist.

Specifically, the Committee has the following responsibilities:

4.1. Financial Reporting

- Review, understand and recommend for approval the University's annual financial statements to the Board.
- Review and approve changes in accounting policy.
- Review significant transactions for reasonableness.
- Review, understand and approve on behalf of the Board the annual financial statements for the Yukon University Pension Plan.
- Meet with the external auditor to:
    - review the audit plan, including approach to evaluating internal control prior to the annual audit;
    - review the audit findings report, including the audit report;
    - monitor and assess the auditor's performance; and
    - review the auditor's dealings with management and follow-up with management on any areas requiring corrective action.

4.2. Internal Controls

- Through discussions with management and the External Auditors, obtain reasonable assurance that the University has implemented appropriate systems of internal control by:
    - reviewing financial reports and ensuring that the systems used to generate financial reports are operating effectively;
    - compliance with University finance policies and procedures; and
    - identifying, monitoring, recommending mitigations to administration and reporting significant financial or operational risk exposures to the Board.

- Receive and review regular enrolment reports, monitor trends, and in consultation with Senate, set and establish enrolment limits as required.

- Review Senate decisions requiring Board approval, and specifically within this context, approve on behalf of the Board the establishment of scholarships, bursaries and other awards as may be recommended by Senate except where it decides to refer the matter to the Board for further consideration.

4.3. Risk Management

- Review and understand the significant risks facing the University.
- Gain reasonable assurance as to the process followed in setting risk tolerances and appetites for the University in strategic direction priorities and goals, including the appropriate involvement of the Board in this process.
- Oversee the University's risk management framework and gain reasonable assurance that effective processes are in place to identify, assess, monitor, report on, and manage material risks, and to promote a healthy risk culture throughout the University.
- Coordinate the allocation of risk oversight responsibilities among Board committees and receive reports regarding significant institutional risks.
- Receive regular reports from management on the levels of insurance coverage along with an assessment of the adequacy thereof.
- Review issues that have the potential to impact student health, safety and wellness.
- Receive regular reports regarding technology and digital risks, including but not limited to generative artificial intelligence, cybersecurity, privacy, information management, and other emerging risks that could materially affect the University.

4.4. Investment Governance

- Review, approve, and monitor compliance with investment policies in relation to invested assets of the University and make recommendations for approval to the Board as applicable.

4.5. Pension Governance

- Gain reasonable assurance that the pension plan is sustainable, including reviewing Actuarial reports and forecasts of pension funding positions periodically.
- Review and monitor compliance with governance level pension policies, including a Statement of Investment Principles and Policies (SIPP) with risk tolerances and parameters.

- Consider and consult on significant strategic or risk-related issues related to pensions, including working with the Pension Committee, and making recommendations for approval to the Board as applicable.
- Receive reports from the Pension Committee, providing input while respecting the Pension Committee's responsibility to deal with pension investment management, selecting and monitoring advisors and managers and stewarding these funds on behalf of the beneficiaries.

4.6. Budgeting and Financial Plans

- Review periodic budget targets and gain reasonable assurance that the University is achieving its strategic direction priorities with regard to financial resources and related matters.
- Review interim financial performance of the University on at least a quarterly basis.
- Review and recommend for Board approval the University's annual operating budget and review yearly budget projections.
- Review and recommend to the Board for approval, tuition fees, ancillary fees and any other mandatory fees for students.
- Review the funding/financing element of the University's annual and/or multiyear capital budget.
- Review the University's debt management program and policies as required.
- Review and recommend to the Board new external debt obligations.

4.7. Compliance with legal, regulatory and policy requirements

- On an annual basis, review:
    - material litigation and any other legal matters that could have a significant impact on the financial statements or the University's reputation;
    - compliance with applicable laws and regulations; and
    - conflict of interest disclosures.
- Review and follow-up with management to ensure corrective action is taken for items identified in audit reports from funding agencies.
- Review and recommend to the Board the execution of contracts which meet the criteria for Board approval under the Document Execution/Contract Signing Authority Policy approved by the Board.

- Provide oversight of the University's non-academic misconduct system and related policies and procedures to ensure they promote student health and safety.

5. RESOURCES

The Vice-President, Finance and Administration and the Director of Finance shall serve as primary resources to the Committee and are permitted to attend any Committee proceeding unless they have a conflict of interest or are excluded through an *in-camera* motion. The Chair may, at their discretion, invite guests to attend as resources on specific matters before the Committee. The President or Vice-President, Finance and Administration may identify other University employees to serve as resources on specific matters, with the consent of the Chair of the Committee.

The Committee has the authority, with the consent of the Chair of the Board, to retain external, professional advisors as the Committee deems necessary to carry out its responsibilities.