

Policy Title: Financial Accountability and Risk Management

Policy Approver: Board of Governors
Policy Holder: Board of Governors
Category: Board Policy
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Next Review: November 2020

Policy Statement

The Yukon University Board Responsibilities policy states that the Board will focus on overall direction, policy and performance of the University. The Finance, Audit and Risk Committee assists the Board with these responsibilities as required.

Approval Statement

With the consent of the Board of Governors and approval of the Chair of the Board of Governors, this policy is hereby deemed in effect the 17th day of June, 2017.

Chair, Board of Governors

Date

Purpose

The purpose of the Finance, Audit and Risk Committee is outlined in the Yukon College Actⁱ (the then Act) as follows:

“Finance and audit committee

7.1

(1) The board shall appoint a finance and audit committee of the board

(a) to assist the board in fulfilling its responsibilities with respect to audits, financial reporting, corporate control systems, risk management and related matters; and

(b) when requested by the board or when in the opinion of the committee it would be appropriate to do so, to make recommendations to the board regarding any matters described in paragraph (a);

(2) The finance and audit committee shall include

(a) the president and the University's director of administrative services or, if there is no director of administrative services, the person holding the most equivalent office, who shall be members by virtue of their offices; and

(b) at least three other members of the board but no more than 5 voting members”.

(Act to amend the Yukon College Actⁱ, May 14, 2009)

In addition to the minimum standards outlined in the Yukon College Actⁱ, the Board of Governors has also included the responsibilities of governing risk assessment and management in the Committee's duties and responsibilities.

Scope and Limitations of President

Not applicable

Information and Monitoring Requirements

- Financial Reports in accordance with the schedule as specified in Financial Reports in Appendix 1
- Annual Financial Statements
- Annual Audit Report from the University Auditor
- Annual Risk Management report

Addendum 1: Terms of Reference for the Finance, Audit and Risk Committee

Pursuant to the Yukon College Act¹ the following terms of reference are established:

Composition

- a) Committee members will have or will develop a working familiarity with finance and accounting practices and preferably at least one Committee member will have accounting or related financial management expertise.¹
- b) Members will normally be appointed for their term on the Board. Vacancies will be filled by nominations from the Finance, Audit and Risk Committee and will be from suitable qualified and interested Board members. The President and the Chief Administrative Officer shall be ex-officio members. The appointment of the Committee Chair is the responsibility of the Board Chair as per Board Policy BOG-02 Board Member Responsibilities. A minimum of two appointed Board members must be present in order to carry out the business of the Finance, Audit and Risk Committee.
- c) The Chair of the Finance, Audit and Risk Committee shall be the Board representative on the Pension Committee and report to the Board on pertinent matters raised at the Pension Committee.
- d) The Secretary to the Board will be secretary to the Finance, Audit and Risk Committee.

Meetings

- a) Meetings of the Finance, Audit and Risk Committee will usually take place one day before each scheduled Board of Governors meeting.
- b) A representative of the University Auditor will be asked to attend one or more Committee meetings annually, preferably in person.

Procedures

¹ All members should be financially literate and at least one member should have accounting or related financial management expertise. Financial "literacy" signifies the ability to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement, and the ability to ask probing questions about the corporation's financial risks and accounting. "Expertise" signifies past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background that results in the individual's financial sophistication.

Pension Committee

- (a) The Finance, Audit and Risk Committee shall meet with the Pension Committee at least once annually to receive advice on:
- The assumptions used by the Actuary in valuations of the Pension Plan
 - The performance of all contracted services including the investment manager, the custodian and the consulting actuary
 - The appointment of any of the contracted service providers for the Pension Plan
 - The appointment of the auditor for the Pension Plan. If the auditor has been contracted on a multi-year basis, an annual discussion on this appointment will not be necessary and this discussion will occur within six months after the expiry of the auditor's contract
 - The approval of the audited financial statements for the Pension Plan
- (b) The Finance, Audit and Risk Committee shall meet with the Pension Committee at least once annually to receive advice and make recommendations to the Board on the following:
- The investment policy of the Pension Plan (Statement of Investment Policy and Procedures – SIPP)
 - Any change in the funding (contribution rates) of the Pension Plan, recognizing that these may require ratification by the Union and/or all plan members
 - Any change in benefit levels provided by the Pension Plan, recognizing that these may require ratification by the Union and/or all plan members.

Annual Financial Statements

The Committee will review the annual financial statements and reports and recommend their approval or disapproval to the Board of Governors. The Committee will provide an explanation if it cannot recommend approval. The review must include:

- (a) determining whether appropriate accounting methods are being applied;
- (b) discussing with management and with the University Auditor:
- all proposed changes in accounting policy,
 - the import and presentation of all large risks or uncertainties,

- compliance with accounting standards,
 - significant adjustments arising out of the audit process and related party transactions, and
 - all estimates or judgments of management that may be material to financial reporting;
- (c) questioning separately management and the University Auditor regarding significant financial reporting, recording or presentation issues discussed during the fiscal period and the manner of their resolution, and
- (d) examining the audited financial statements in conjunction with the report of the University Auditor, which may include determining whether the statements:
- properly reflect the significant accounting policies selected,
 - reflect estimates and other financial statement elements that are reasonable and consistent,
 - adequately disclose all major transactions and issues,
 - disclose all post-year-end significant events, and
 - are understandable, relevant, reliable and comparable.

Financial Reports

- (a) On behalf of the Board of Governors, the Committee will review the financial reports including capital expenditures and related information. Financial reports will be provided in the format and schedule as specified by the Finance, Audit and Risk Committee.
- (b) The Finance, Audit and Risk Committee is responsible for reviewing and, where appropriate, reporting to the Board, with recommendations, on the following:
- Annual capital budget
 - Annual administrative/program budget
 - Report on all revenue contracts and details of those contracts \$750,000 and over
 - Approval of policy with respect to account write-off's
 - Auditor's reports
 - Any matter of financial policy or procedure directed to the Committee by either the Board of Governors or the Chair of the Board.

- Annual report.

University Auditor

The Committee will oversee the external audit process, including:

- (a) determining whether the performance of the external auditor is satisfactory, effective and meets the requirements of Yukon University and as necessary oversee the selection of the University Auditors.
- (b) reviewing the audit plan with the University Auditor and management;
- (c) meeting with the University Auditor in the absence of the President and/or the Director Finance and Administrative Services.
- (d) determining whether management has provided full and open disclosure to the University Auditor's inquiries;
- (e) reviewing problems experienced by the University Auditor in performing the audit, including any restriction imposed by management and all significant accounting issues on which there was a disagreement with management;
- (f) reviewing the post-audit or management letter containing the recommendations of the University Auditor and reviewing management's response and subsequent follow-up to any significant identified weakness.

Accounting System and Internal Controls

Through discussions with management and the University Auditor, the Committee will obtain reasonable assurance that Yukon University's accounting systems are reliable and internal controls are adequate. For this purpose, the Committee may wish to direct the University Auditor's examinations to particular areas and may request the auditors to undertake special examinations.

The Committee will review the evaluation of internal controls by the University Auditor, including any recommendations for improvement of Yukon University's accounting procedures and internal controls, together with management's response.

Other Responsibilities

The Committee will:

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Page 7 of 9		Revised: December 2014

- (a) review the status of pending or threatened material litigation;
- (b) ascertain whether Yukon University's financial results and conditions satisfy the criteria for lenders, material agreements, applicable laws and insurers;
- (c) before public disclosure, review any formal financial reports on the condition or results of Yukon University;
- (d) draw to the attention of the Board of Governors all financial matters of which the Committee has knowledge, and which may materially affect the current or future financial position of Yukon University;
- (e) confirm that appropriate policies and procedures are in place for monitoring compliance with applicable laws and ascertain their adequacy and the levels of compliance;
- (f) review Policy BOG-09 Finance Audit and Risk Committee in advance of the scheduled Governance Committee review;
- (g) review and approve or disapprove a three-year budget forecast (operating and capital) to the Board of Governors for approval;
- (h) review such other matters that the Committee or the Board of Governors deems advisable or timely;
- (i) monitor the Risk Management policy and Risk Management plan.

Approval Authority

On behalf of the Board of Governors, the Finance, Audit and Risk Committee has authority as follows:

- To approve or disapprove matters pertaining to the Pension Plans as listed below:
 - The assumptions used by the Actuary in valuations of the Pension Plan;
 - The performance of all contracted services including the investment manager, the custodian and the consulting actuary;
 - The appointment of any of the contracted service providers for the Pension Plan;
 - The appointment of the auditor for the Pension Plan;
 - The approval of the audited financial statements for the Pension Plan.
- To oversee the external audit process as listed in this policy under University Auditor.

Accountability

The Committee will report its discussions to the Board of Governors by distributing the minutes of its meetings, and where appropriate, by oral report to the Board of Governors with respect to every major matter considered since the last meeting. All Board members shall receive a copy of the agenda and back up materials and are invited to attend any/all Committee meetings.

ⁱ the then Act