

## Terms of Reference<sup>1</sup>

### 1. General Purpose

The Audit Committee supports the NBCC Board of Governors (the Board) in the fulfilment of its stewardship responsibilities in the following areas: (a) financial oversight; (b) risk oversight; and (c) monitoring the integrity of internal controls and management information systems.

### 2. Specific Responsibilities

The Audit Committee has the following specific responsibilities:

#### 2.1. **Financial Systems and Internal Controls Oversight**

- 2.1.1. Reviews and approves the New Brunswick Community College's (the College) annual financial budget, results and related financial performance information provided to Government and stakeholders.
- 2.1.2. Reviews the quality and accuracy of financial and related performance information to ensure it accurately and completely portrays the College's economic circumstances.
- 2.1.3. Reviews significant accounting accruals, reserves, judgments and estimates, and any accounting policy changes for reasonableness and appropriateness.
- 2.1.4. Regularly reviews the College's internal control framework, including controls over financial reporting; information technology and data security; and capital infrastructure, for adequacy and effectiveness.
- 2.1.5. Reviews public reporting of the College's financial and related performance information including the College's annual report to ensure it represents a complete, accurate and balanced picture of the College's performance and financial situation.
- 2.1.6. Monitors the College's compliance with legislation, regulations, and public sector reporting requirements.

#### 2.2. **Risk Oversight**

- 2.2.1. Regularly reviews information related to the College's financial and operational risks, and management processes to mitigate these risks, to assess whether the College has appropriate systems in place to identify and manage risks.
- 2.2.2. Reviews the corporate risk profile at least annually and becomes informed and aware of key warning signals that indicate problems (i.e., indicators of fraud, potential risks, and exposure to the College) and related performance risk analysis information provided to Government and stakeholders.
- 2.2.3. Reviews the Directors and Officers' Liability insurance coverage.

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<sup>1</sup> Adapted from Crown Agency Audit Committees: A Good Practices Checklist, Crown Agencies Secretariat and Board Resourcing and Development Office, Province of British Columbia

**2.3. External Audit Oversight**

- 2.3.1. Recommends the appointment and compensation of the external auditor.
- 2.3.2. Oversees the independence of the external auditor; the external auditor reports directly to the Audit Committee.
- 2.3.3. Works with the external auditor to define the purpose of the audit, identifies areas for review, reviews and approves the audit plan, and reviews audit results.
- 2.3.4. Reviews audited annual financial statements and recommends their approval by the Board.
- 2.3.5. Follows up to ensure external audit recommendations are addressed in a timely manner.
- 2.3.6. Reviews and pre-approves any non-audit related services to be provided by the external auditor.
- 2.3.7. Meets with the external auditor at least twice per year.
- 2.3.8. Holds in camera meetings with the external auditor.
- 2.3.9. Periodically evaluates the quality and independence of the external auditor.

**2.4. Internal Audit Oversight**

- 2.4.1. Ensures the establishment of an internal audit function, either in-house or on a contracted-out basis.
- 2.4.2. Periodically evaluates the internal audit function, its mandate, how it is delivered and makes appropriate recommendations to the Board.
- 2.4.3. Ensures that the internal audit unit reports functionally to the Audit Committee and administratively to the Vice President Finance and Administration.
- 2.4.4. Ensures that the internal audit unit has adopted recognized standards (e.g., Institute of Internal Auditors International Professional Standards), as guidelines.
- 2.4.5. Reviews, contributes to and approves annual internal audit plans, and from time to time directs the Internal Auditor.
- 2.4.6. Reviews all findings and reports of internal audit.
- 2.4.7. Follows up to ensure internal audit recommendations are addressed in a timely manner.
- 2.4.8. Ensures internal audit has a direct channel of communication to the Audit Committee through the Audit Committee Chair.

**2.5. Strategic Matters**

- 2.5.1. Undertakes strategic discussions as appropriate and relevant to the Committee's purpose.

**2.6. Other Responsibilities**

- 2.6.1. Sets the tone for and ensures organizational ethics are maintained.

### 3. Membership and Quorum

- 3.1. Members of this Committee are independent of management (management includes the President and Chief Executive Officer (the President), Vice Presidents, Executive Directors, Deans and other persons fulfilling a senior management function) and have no direct or indirect material relationship with the College.
- 3.2. The Committee has a minimum of three (3) members, including the Committee Chair.
- 3.3. A quorum for Committee meetings consists of a majority of voting members of the Committee.
- 3.4. Members of the Committee are financially literate and at least one member has accounting or financial management expertise.
- 3.5. The Chair of the Audit Committee is not the Chair of the Board.
- 3.6. The Board Chair, or alternatively the Vice-Chair, is an ex officio member of the Committee but does not count in meeting requirements for a quorum.
- 3.7. The President may attend Committee meetings in an ex officio, non-voting capacity.
- 3.8. The Vice President Finance and Administration and Director of Finance will be the senior executives designated to support the work of the Audit Committee.

### 4. Meetings and Organization

The Audit Committee:

- 4.1. Has a meeting calendar and annual work plan for the year.
- 4.2. Meets at least quarterly with pre-determined dates and agendas.
- 4.3. Holds special meetings as required.
- 4.4. May, at the request of the Committee Chair, require the external auditor, internal auditor, or other corporate executives to attend Committee meetings in an ex-officio capacity.
- 4.5. Holds in-camera sessions either immediately before and/or after the Committee meetings; these sessions will be structured by the Committee Chair and are limited to Governors unless employee presence is requested.

### 5. Other

5.1. The Audit Committee:

- 5.1.1. Annually reviews budget related to Board responsibilities, costs of fiscal audit, Board development, Board and Committee meetings and Board association fees for reasonableness.
- 5.1.2. Annually reviews and receives approval from the Board of its Terms of Reference to ensure they meet the needs of the Board.
- 5.1.3. Annually assesses its performance in carrying out its duties.
- 5.1.4. Through the Committee Chair, reports regularly to the Board on the results of its activities in such manner approved by the Board.
- 5.1.5. Provides an orientation to new Committee members and ongoing training and development opportunities for its members.

5.1.6. May engage independent consultants, as required, to assist the Committee with its duties, subject to budgetary approval by the Board.

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