1. Authority
   a. The Audit and Risk Management Committee (the "Committee") is created by and responsible to the Board of Governors (the "Board") of the University of Manitoba (the "University").
   b. The Vice-President (Administration) shall provide management support to the Committee.
   c. The Director of Audit Services shall serve as a resource person to the Committee.
   d. The University Secretary shall serve as a resource person on governance matters to the Committee.
   e. The Committee shall function in accordance with the Code of Conduct of the Board.

2. Composition of Committee
   a. Voting Members appointed by the Board (seven members):
      i. the Chair of the Board, by virtue of office
      ii. the Vice-Chair of the Board, by virtue of office
      iii. the Chair of the Finance, Administration and Human Resources Committee, by virtue of office
      iv. two Board members who have experience in accounting, law or business administration
      v. two members of the community who are Chartered Accountants and/or have senior executive experience
      vi. the Chair and Vice-Chair are appointed annually by the Board of Governors on recommendation of the Governance and Nominating Committee
   b. Non-Voting Member: the President
   c. Non-Voting University Officials:
      i. the University Secretary - as Secretary
      ii. the Vice-President (Administration)
      iii. the Comptroller
      iv. the Director of Audit Services
      v. the Director of Risk Management
   d. No member of the staff (academic or non-academic), nor any student of the University, shall be eligible for appointment to this committee.
   e. A majority of Committee members shall form a quorum and no business shall be transacted at a meeting unless a quorum is present. All questions shall be decided by a majority vote.
   f. The external auditor will be invited to meetings of the Committee at times when they are reporting to the Committee.

3. Mandate of the Committee

   Subject to Section 4, the Committee shall monitor, evaluate and make recommendations to the Board with respect to all auditing, financial reporting, and internal control functions relating to the University.

   In particular, the Committee shall:

   i) External Audit Oversight
      a. recommend to the Board the appointment of independent auditors on an annual basis;
b. approve the proposed fees of the external auditor;

  c. review and consider the independence of the external auditor including review of other services provided to the University by the external auditor;

  d. review the external auditor's proposed audit plan, scope and approach and ensure no unjustified restrictions or limitations have been placed on such plan;

  e. discuss the results of the annual audit under Generally Accepted Accounting Principles ("GAAP") and auditing standards, recommendations made by the external auditors to the administration, and any other matters that may be communicated to the Committee by the external auditors;

  f. review the annual financial statements and determine whether they are complete and consistent with information known to Committee members and assess the reasonableness of presentation, appropriateness of accounting policies, and adequacy of disclosure;

  g. recommend approval of the draft audited financial statements to the Board.

ii) Internal Audit Oversight

  a. review and recommend to the Board on the scope and mandate of the internal audit function and the annual internal audit plan;

  b. review periodic reports received from the internal auditor, discuss recommendations set out in those reports, and ensure that administration responds to such recommendations in a timely manner;

  c. formally approve the appointment and removal of the Director, Audit Services;

  d. annually review and approve the performance appraisal and compensation adjustments of the Director, Audit Services, after considering the recommendation of the administrative officer to whom the Director reports administratively.

iii) Internal Controls and Risk Management Oversight

  a. consider the effectiveness of the University's internal control system, including financial reporting and information security controls;

  b. receive regular reports from administration on areas of significant risk to the University, including but not limited to, legal claims, environmental issues, health, safety, and other regulatory matters;

  c. discuss with administration, internal audit and the external auditors the University's major risk exposures (whether financial, operational, or otherwise), the adequacy and effectiveness of accounting and financial system, and the steps administration has taken to monitor and control such exposure;

  d. consider whether the University has adequate processes and controls to prevent and detect fraud;

  e. consider whether the University has adequate disaster recovery and business continuity plans and processes in place;

  f. review of the adequacy of insurance coverages maintained by the University to ensure that the University is not exposed to an unacceptable level of risk;

  g. ensure compliance with regulatory matters and with University governing documents;

  h. periodically review issues relating to Board members' personal liability.

iv) Other Responsibilities

  a. provide an avenue of communication among the external auditors, administration, the internal audit function and the Board;

  b. review with the University's general counsel or outside legal counsel legal matters that may have a material impact on the financial statements;

  c. recommend to the Board the engagement of special audits or studies as the Committee deems necessary;

  d. periodically meet with the internal auditor, external auditor and administration in separate "in camera" sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee. It is understood that generally speaking, the internal auditor will be a part of the in camera sessions, unless the Committee decides otherwise;

  e. perform such other function as assigned by law, The University of Manitoba Act or the Board;
f. review its Terms of Reference at least every three years and recommend changes, if any, to the Board.

4. Limits on Authority

Notwithstanding the provisions set out in Section 3, the Committee shall bring to the Board for final approval:

a) the financial statements of the University and related auditor's reports;

b) reports, information and recommendations with respect to issues that, in the opinion of the Committee, may pose a material risk to the University; and

c) recommendations with respect to information from the internal auditor and external auditors on controls, or related matters the Chair of the Committee or the Committee may consider prudent or necessary.

5. Reporting Relationship with the Internal Auditor

The Director of Audit Services reports functionally to the Committee, reporting directly to the Committee at each meeting. The Director shall report administratively to the Vice-President (Administration).

6. Frequency of Meetings and Calendar of Business

The Committee shall meet at least four times during the year. The Committee shall have a calendar of business, maintained by the Secretary, for the purpose of ensuring the meeting agenda addresses all of the responsibilities as outlined in these Terms of Reference.

7. Term of Office

Term of office is one year from June 1 to May 31.

8. Reporting to the Board

The Committee shall regularly report to the Board with respect to its activities and decisions.