

Document Name: Audit and Risk Committee Terms of Reference

Executive Officer: Vice-President (People, Finance and Operations)

Approval Authority: Board of Governors

Date Document Approved: June 2026

Mandatory Review Date: June 2029

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AUTHORITY

The Audit and Risk Committee is established by the Board of Governors pursuant to section 18 (c) of the *Carleton University Act* and made a committee pursuant to section 8.02 of the *Carleton University By-law No. 1* (“the By-Law). The Committee operates under the authority of, and is accountable to, the Board of Governors.

MANDATE

The Audit and Risk Committee reviews and assesses recommendations and reports on the financial and internal controls and risk exposures of the University. The Committee's functions include review of external audit, internal audit and the Enterprise Risk Management (ERM) Framework and program, including oversight of risk identification, assessment, appetite, treatment, monitoring, and reporting across the University.

The Committee supports the Board of Governors in fulfilling its responsibility for enterprise risk oversight and in fostering a strong risk management culture aligned with the Enterprise Risk Management Policy, including alignment of risk management practices with the University’s strategic objectives, risk appetite, and applicable legal and regulatory requirements.

Specifically, the Audit and Risk Committee shall oversee the following areas:

1. Financial reporting processes to confirm transparency and integrity of financial reports;
2. Enterprise Risk Management Policy and Framework, including the process to identify, evaluate and mitigate enterprise risks as well to confirm it meets the needs of the University;
3. Effectiveness of internal and external audit functions; and

4. Implementation of internal and external audit and enterprise risk recommendations.

DUTIES AND RESPONSIBILITIES

A. Financial Management and Reporting

In support of its mandate, the Committee shall oversee the integrity, transparency, and reliability of the University's financial management and reporting processes.

The Committee will:

- a. Review the quality and integrity of the University's financial statements and financial disclosures, ensuring fairness of their presentation in accordance with applicable accounting standards provided to the Board of Governors;
- b. Assess the appropriateness of significant accounting policies, estimates, and judgements used in the preparation of financial statements;
- c. Monitor the clarity and completeness of financial reporting, including disclosures relating to financial risks, contingencies, and uncertainties;
- d. Review management representations regarding the accuracy and completeness of financial information;
- e. Ensure that financial reporting processes support informed decision-making and align with the University's financial stewardship responsibilities and applicable accounting standards;
- f. Consider the consistency of financial reporting with the University's risk profile, internal controls, and enterprise risk disclosures; and
- g. Review any significant issues or concerns arising in relation to financial management and reporting and ensure appropriate follow-up or escalation to the Board, as required.
- h. Receive reports on significant audits or reviews of the University conducted by external parties, including governments, granting agencies, or regulators, and review any findings indicating material issues or irregularities

B. External Audit

In support of its mandate to oversee the external audit, the Committee will perform the following functions annually:

- a. Consider and recommend to the Board of Governors (the Board), the appointment of External Auditors;
- b. Review and recommend the approval of the annual audit letters of engagement, management, independence and scope of services as presented by the External Auditors to the Board of Governors;

- c. Review and recommend to the Board, approval of the annual audit fees and a list provided by the External Auditors describing their fees for other audits and non-audit services for the previous fiscal year;
- d. Review and recommend to the Board for approval the External Auditor's audit plan, scope of examination and the nature of the level of support provided by administration;
- e. Review and recommend to the Board for approval the draft annual Audited Financial Statements and financial report, as to the fairness of presentation, acceptability of accounting principles, and adequacy of disclosure;
- f. Review and recommend to the Board for approval the draft annual Audited Pension Plan Statements as well as reviewing significant findings or recommendations submitted by the External Auditor or Pension Committee;
- g. Assess the completeness of the work performed by the External Auditors, the lead partner, and report the results of this assessment to the Board;
- h. Review material observations and recommendations made by the External Auditors during the audit and ensure that there is a process in place for response and/or correction of these matters as required; and
- i. Meet privately with the External Auditor lead partner to confirm and assess that the audit function is independent, has the capacity, capabilities and cooperation to perform the audit plan and has ability to facilitate the provision of an independent report.

In support of its mandate to oversee the external audit, the Committee will perform the following functions, as required:

- a. Review the engagement of the External Auditors. Normally, a request for proposals for external audit services would be issued every five years;
- b. Review and pre-approve any proposed engagements of the External Auditor's for non-audit work, in accordance with the [Use of External Auditor for Non-Audit Services and Related Fees Policy](#). The Committee will ensure compliance with the parameters set out in the Policy, including approval thresholds, monitoring of aggregate non-audit service fees, and restrictions necessary to maintain auditor independence. The Committee has the authority to approve or deny the engagement of the External Auditor for non-audit services;
 - i. Receive and review periodic reports on non-audit services and related fees to monitor compliance with Policy requirements and maintain oversight of auditor independence.
 - ii. Where permission for non-audit work is required between regularly scheduled meetings of the Committee and time is of the essence, the Chair of the Committee has the delegated authority to complete the necessary review and pre-approve following the procedures noted above

and in the Use of External Auditor for Non-Audit Services and Related Fees Policy, where the proposed non-audit work does not entail a total fee in excess of \$50,000. The Chair will report the outcome of any such action to the Committee at its first scheduled meeting following such review. Notwithstanding the ability to use delegated authority, the Chair of the Committee may choose to consult with the Committee and/or engage its members in decision-making on these matters.

C. Internal Audit

In support of its mandate to oversee the internal auditing process, the Committee will perform the following functions:

- a. Annually review and approve the annual internal audit plan, three-year work plan of the internal audit function, and cost structure presented by the Administration and the Internal Auditors;
- b. Receive reports for each internal audit with a synopsis of the results found and management's response and plan for implementation of the recommendations;
- c. Receive a report (usually twice per year) on the status of implementation of all outstanding audit recommendations; and
- d. At least annually, meet privately with the Internal Auditor lead partner to confirm and assess that the internal audit function is independent (free of conflicts), has the capacity, capabilities, and cooperation to perform the audit plan and has ability to facilitate the provision of an independent report.
- e. Issue request for proposals for internal audit services, normally every five years.

The Committee will perform the following functions as needed:

- a. Examine and report on any matters referred to the Committee by the Executive Committee of the Board; and

D. Enterprise Risk Management

In discharging its responsibilities, the Committee shall oversee the implementation and effectiveness of the University's Enterprise Risk Management Framework, which supports the identification, assessment, treatment, monitoring, and continuous improvement of enterprise risks, in alignment with the [Enterprise Risk Management Policy](#). The Committee will perform the following functions:

- a. Review and recommend to the Board of Governors, the Enterprise Risk Management policy and framework for the University, typically every five years;
- b. Review and recommend to the Board of Governors the University's Risk Appetite statements, ensuring alignment with the University's strategic objectives, enterprise risks and risk management practices;

- c. Periodically review the continued appropriateness of the Risk Appetite, including consideration of changes in the University's risk profile, external environment, and strategic priorities;
- d. Ensure that appropriate systems are in place to identify, assess, and mitigate significant business risks, and assess their effectiveness.
- e. Monitor and assess the adequacy and effectiveness of the University's systems of internal control in supporting compliance with legal, ethical, and regulatory requirements
- f. Annually meet with the Associate Vice-President of Risk Management to confirm that the function has the capacity and capabilities to perform the work plans, and sufficient organizational authority to facilitate the provision of complete, accurate and timely reports to the Committee;
- g. Receive reports from management on the Enterprise Risk Assessment and on areas of significant enterprise risk to the University at regular intervals throughout the year, with timely updates on emerging risks and issues of concern as they arise;
- h. Monitor adherence to the approved Risk Appetite by reviewing reports on key enterprise risks and associated mitigation strategies, including areas where risk exposure exceeds or is trending outside of approved tolerance levels;
- i. Review insurance coverage annually to ensure all risks are addressed adequately and appropriately;
- j. On an annual basis, confirm that material risks are being delegated to and addressed by the appropriate committee(s) of the Board;
- k. the Committee will monitor, receive updates and report on key developments and material risks within the Committee's mandate, including in areas such as:
 - i. Cybersecurity
 - ii. Compliance & Regulation Legal Requirements
- l. At least twice per year, review with General Counsel the following:
 - i. any legal matters that could have a significant impact on the financial statements and contingent liability, and
 - ii. compliance with applicable laws and regulations and inquiries received from regulators or government.
- m. Per the [Whistleblowing, Financial Fraud Prevention and Reporting Policy](#), receive annual reports of suspected fraud that may result in significant financial or reputational impact.
- n. Ensure that Committee Chair provides timely reports to the Executive Committee on risks of significant material impact on the University to support effective Board oversight and decision-making.

E. Information Technology and Digital Strategy

The Committee will oversee and regularly review the integrity, sufficiency and resilience of the University's digital and information technology assets, infrastructure, governance and risk mitigation systems to ensure that they

continue to support the University's strategic direction and major operational needs, including in relation to:

- a. Cybersecurity and implementation of other major information technology projects implementation; and
- b. Monitor the adoption, governance and risk management of artificial intelligence (AI) and emerging digital technologies.

F. Other Duties and Responsibilities

The Committee shall:

- Make recommendations for Board approval on matters within its mandate; and
- Escalate any significant issues, risks, or matters requiring Board attention in a timely manner.

Review no less than every two years, the Committee's mandate, and recommend changes to the Governance Committee and Board, as necessary.

Perform such functions as may periodically be assigned to the Committee by the Board of Governors or the Executive Committee.

MEMBERSHIP

Committee Members

The Committee shall be comprised of up to eleven (11) members appointed by the Board, and shall include the following as *ex-officio members*:

- Board Chair
- Board Vice-Chair, and
- President and Vice-Chancellor.

Only those members of the Committee who are community-at-large or alumni members shall be entitled to vote.

All Committee members shall be financially literate in that they shall have the ability to read and understand financial statements, accounting practices and policies of a complexity comparable to the financial statements of the University.

The Executive Committee should strive to ensure that the Committee includes at least one member with expertise in digital strategy, cybersecurity, or emerging technologies (including AI).

All members of the Committee shall serve a one-year term which may be renewed by the Executive Committee.

Executive Support

The Vice-President (People, Finance and Operations) and the University Secretary and Chief Governance Officer report to and support the Committee in submitting reports, providing advice, and making recommendations in line with its mandate.

Standing Invitations

The Provost and Vice-President (Academic), the Vice-President (Research, Innovation and International), the Associate Vice-President (Financial Services) and Chief Financial Officer, Associate Vice-President (Risk Management), Associate Vice-President (Information Technology Services) and Chief Information Officer and General Counsel have a standing invitation to attend meetings of the Committee.

Secretary

- a. The University Secretary and Chief Governance Officer (Secretary) or their designate shall be the Secretary of the Committee.
- b. The Secretary will prepare, in consultation with the senior team and the Chair of the Committee, the meeting agenda and all documentation in support of items of business minutes of meetings, and will keep records of the Committee's business.

PROCEDURE :

Quorum:

Quorum for meetings shall consist of one-half the number of voting members of the committee plus one, present in person, by teleconference or by videoconference, at least one of whom must be the chair or vice-chair of the Committee.

Meeting:

The Committee meets in closed session. Where matters before the Committee are of a particularly confidential or sensitive nature, the Committee may move in camera. The Committee meets a minimum of three times per year.

Meetings are held in accordance with the [Appendix A of the By-law](#).

Minutes and Reports:

Minutes of the meeting prepared by the Secretary will normally be approved at the next regular meeting of the committee.

The Committee Chair or Vice-Chair will report to the Board of Governors on its activities following each meeting.

Revisions and Approvals:

- 599th Board of Governors Meeting, December 1, 2016, approved amended terms of reference for Audit and Risk Committee.

- 614th Board of Governors Meeting, March 28, 2019, approved revised terms of reference for Audit and Risk Committee to include Enterprise Risk Management.
- 632nd Board of Governors Meeting, October 4, 2022, approved revised terms of reference for Audit and Risk Committee removing appendix with protocol for pre-approval of non-audit services, and related fees, provided by the External Auditor which became a stand-alone policy.
- 652nd Board of Governors Meeting, June 4, 2026, approved revised terms of reference.