

Article VI: Audit and Risk Oversight Committee

- (a) The Audit Committee supports the NSCAD Board of Governors in the fulfillment of its stewardship responsibilities in the following areas: financial oversight, risk oversight, and monitoring the integrity of internal controls and management information systems.
 - (b) The Audit Committee shall be constituted as follows:
 - (i) Chair of the Board.
 - (ii) Vice-Chair of the Board.
 - (iii) At least three other Governors of the Board.
 - (iv) The President who is an *ex officio* member of the Committee does vote, and count in meeting requirements for a quorum.
 - (c) The Chair of the Audit and Risk Oversight Committee is not the Chair of the Board.
 - (d) A quorum for Committee meetings consists of four (4) voting members of the Committee.
2. The Audit and Risk Oversight Committee shall have the following responsibilities:
- (a) Financial Systems, Risk and Internal Controls Oversight.
 - (i) Review and approve financial and performance information provided to government and stakeholders;
 - (ii) Review the quality and accuracy of financial and performance information to ensure it accurately and completely portrays NSCAD's economic circumstances;
 - (iii) Review significant accounting accruals, reserves, judgments and estimates, and any accounting policy changes for reasonableness and appropriateness.
 - (iv) Regularly review information related to NSCAD's risks, and management processes to mitigate these risks, to assess whether NSCAD has appropriate systems in place to identify and manage risks.
 - (v) Ensure that the Board structure provides effective oversight of major risks and related mitigation systems.
 - (vi) Review NSCAD risk profile at least annually and be educated and aware of key warning signals that indicate problems (i.e. indicators of fraud, potential risks and exposure to the organization).
 - (vii) Regularly review NSCAD's internal control framework, including controls over financial reporting, information technology and data security, for adequacy and effectiveness. Such review will include audits of selected internal categories chosen by the committee, to be conducted by an internal or external auditor as appropriate.
 - (viii) Review all public reporting by NSCAD to ensure it represents a complete, accurate and balanced picture of NSCAD's performance and financial situation.
 - (b) External Audit Oversight
 - (i) Recommend the appointment and compensation of the external auditor.
 - (ii) Oversee the independence of the external auditor; the external auditor reports directly to

the Audit Committee.

(iii) Work with the external auditor to define the purpose of the audit, identify areas for review, review and approve the audit plan, and review audit results.

(iv) Review and pre-approve any non-audit related services to be provided by the external auditor.

(v) Meet with the external auditor at least twice per year.

(vi) Hold *in-camera* meetings with the external auditor

(c) Other Responsibilities

(i) Review the adequacy of NSCAD's insurance program, including Governors' and Officers' Liability insurance.

(ii) Review any legal pursuits/claims against NSCAD.

(iii) Monitor NSCAD's compliance with legislation, regulations, legislative mandate and public sector reporting requirements.

(iv) Set the ethical tone and ensure organizational ethics are maintained.

(v) Ensure that NSCAD establishes a formal safe disclosure policy, a code of conduct and a conflict of interest policy, and review the adequacy of the policies and the organization's adherence to them; make recommendations for changes to these policies to the Governance and Human Resources Committee of the Board.

(vi) Provide a direct link to provincial audit authorities such as the Auditor General's Office.

(vii) Review any proposed changes to the position of NSCAD's Chief Financial Officer.

3. Meetings and Organization

The Audit and Risk Oversight Committee:

(a) Has a meeting calendar and annual work plan for the year.

(b) Meets at least quarterly with pre-determined dates and agendas.

(c) May, at the request of the Committee Chair, require the external auditor, Controller, Chief Financial Officer and other NSCAD executives to attend Committee meetings in an *ex officio* and non-voting capacity.

(d) Holds special meetings as required.

(e) Will hold *in-camera* sessions immediately before and/or after the Committee meetings; these sessions will be structured by the Committee Chair.

4. Minutes and Reporting Responsibilities

A member of the administrative staff will act as the recording secretary for meetings of the Audit and Risk Oversight Committee. Minutes of the meeting will include highlights of major discussions and all recommendations, decisions and directives of the Committee.

A draft copy of the minutes of each meeting, approved by the Committee Chair, will be circulated to the Committee prior to the next Committee meeting (where practicable) for approval by the Committee.

The Chair of the Committee (or his/her designate) will present the Committee's report at the next scheduled Board meeting in such form and manner as required by the Board.

5. Confidentiality

All deliberations of the Committee, and all records, material and information pertaining to AROC obtained by a member of the Committee shall be considered confidential. Committee members shall maintain the confidentiality of such deliberations, and shall safeguard such records, material and information from improper access. At no time will any Committee member use or disclose or divulge any confidential personal information for personal gain or for the benefit of others.

6. Other

The Audit and Risk Oversight Committee will:

- (a) Annually review and receive approval from the Board of its Terms of Reference to ensure they meet the needs of the Board.
- (b) Annually assess its performance in carrying out its duties.
- (c) Through the Committee Chair, report regularly to the Board on the results of its activities in such manner approved by the Board.
- (d) Provide an orientation to new Committee members and ongoing training and development opportunities for its members.
- (e) May engage independent consultants as required to assist the Committee with its duties, subject to budgetary approval by the Board.

The Chief Financial Officer will be the senior administrator designated to support the work of the Audit Committee.