

<b>Manual</b>	Board of Directors	<b>TERMS OF REFERENCE</b>
<b>Section</b>	<b>Terms of Reference</b>	
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<b>Date</b>	<b>O: 25/09/2018</b>	<b>Version Number: 8</b>
	<b>R: 12/18/2023</b>	<b>Reference #: 8228</b>
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## TERMS OF REFERENCE: FINANCE & AUDIT COMMITTEE

### Purpose and Scope

The Board Finance & Audit Committee shall act as a forum for the Board of Directors (the “Board”) to review and discuss the financial affairs of business for the Corporation.

### Functions

#### *Objectives/ Responsibilities*

1. Review and recommend to the Board for approval a detailed annual budget for capital and operating revenues and expenditures for the ensuing fiscal year;
2. Review the detailed financial statements on a timely basis and report thereon to the Board accordingly;
3. Advise the Board where required with regard to donations, bequests, endowments, and investments;
4. Recommend to the Board the types and amounts of insurance to be carried by the Corporation and review these annually;
5. Risk
  - Review specific organizational risks and mitigation strategies, as assigned annually by the Board of Directors through the Integrated Risk Management program, with a particular emphasis on areas where the residual risk remains high;
  - Review any other risks and mitigation strategies the committee believes are necessary under their mandate;
6. Recommend to the Board appropriate investment policy for the management of the Corporation’s funds, and monitor and report quarterly on the control and management of these investments;
7. Review the banking arrangements of the Corporation, and recommend revisions to the Banking Resolution from time to time;
8. Meet with the Auditor and review the annual audited financial statements and Auditor’s report

Board of Directors	Version #: 8
Terms of Reference: Finance & Audit Committee	Reference #: 8228

prior to the annual meeting of the Corporation;

9. Receive at any one of its meetings any written report and recommendations of the Auditor;
10. Through the Chief Executive Officer, send a copy of the excerpt on the discussion of the audit from the Board Finance & Audit Committee's minutes to the Auditor;
11. Review, with the external auditors, the proposed scope of the current year's audit, the engagement letter, fees, and expenses;
12. Review the integrity and effectiveness of policies regarding the financial operations, systems of internal control, and reporting mechanisms of the Corporation and that they are in accordance with generally accepted accounting principles and practices;
13. Review the audited annual financial statements in conjunction with the report of the external auditor and obtain an explanation from management of all significant variances between comparative reporting periods;
14. Meet privately with the external auditors (without the presence of management) with regard to the adequacy of the internal accounting controls and similar matters, and review management responses to ascertain whether there are concerns that should be brought to the Board Finance & Audit Committee's attention;
15. Recommend appointment, monitor and evaluate the performance of the external auditor;
16. Receive and approve business cases and plans for special projects and partnership proposals; and
17. Approve competitive procurement for \$5 Million or more, non-competitive contractual arrangements for \$2.5 Million or more and consulting non-competitive services of \$1 Million or more.

#### *Membership and Voting*

The membership of the Board Finance & Audit Committee will be:

- At least three (3) elected Directors (voting), one of whom shall serve as committee chair
- Chair of the Board (voting);
- President and CEO (non-voting);
- Chief Financial Officer (non-voting);
- Executive Vice President and Chief of Clinical Programs (non-voting);
- Medical Staff Association Appointee (non-voting); and
- such other individuals as the Board may from time to time appoint,

Provided however that the majority of committee members must not be officers or employees of the Corporation or any of its affiliates.

Board of Directors	Version #: 8
Terms of Reference: Finance & Audit Committee	Reference #: 8228

At least one elected Director committee member must have a professional accounting designation. All committee members must be financially literate, which is defined as the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are raised by the Corporation's financial statements.<sup>1</sup>

### *Meeting Frequency*

The Board Finance & Audit Committee will meet quarterly at minimum, or more often as required at the call of the committee chair. Meetings may also be held at the call of the external auditor or a committee member.<sup>2</sup>

Notice of the time and place of committee meetings shall be given to the external Auditor.<sup>3</sup> The external Auditor shall be entitled to attend committee meetings and to be heard, and shall attend every committee meeting if requested to do so by a committee member.<sup>4</sup>

### *Quorum*

A quorum shall be a majority of the voting members.

### *Terms of Office*

This will be a standing committee of the Board. Membership and terms of office will be reviewed annually.

## **Accountability / Responsibility**

### *Reporting Relationship*

The Board Finance & Audit Committee will report to the Board.

## **Definitions**

None applicable to this Terms of Reference.

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<sup>1</sup> ONCA, have an even number of independent and non-independent members. ONCA does not delineate between voting and non-voting. Consider adding to your numbers of independent members OR make the non-voting members guests to ensure technical compliance with ONCA.

Board of Directors	Version #: 8
<b>Terms of Reference: Finance &amp; Audit Committee</b>	Reference #: 8228

<sup>2</sup> ONCA, s. 80(3) provides that the auditor or a member of the audit committee may call a meeting of the committee.

<sup>3</sup> ONCA, s. 80(2) provides that the corporation shall give the auditor notice of the time and place of any meeting of the audit committee. The auditor is entitled to attend the meeting at the expense of the corporation and be heard, and shall attend every meeting of the committee if requested to do so by one of its members.

<sup>4</sup> ONCA, s. 80(2).