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	Audit Committee – Terms of Reference		
Date Issued: October 2003 Date Review/Revised: Jun. 2004, Sep. 2006, May 2009, May 2011, Aug. 2013, Aug. 2014, Dec. 2015, Oct. 2016, November 2017, February 2020 Next Review Date: February 2023			
Owner: Board of Governors	Reviewer(s): Audit Committee	Approver: Board of Governors	
Cross Reference:			

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Purpose

The Board of Governors, among other responsibilities, is charged with providing oversight of the organization's financial condition, resources and enterprise risk management. The Audit Committee will assist the Board in the area of external audit quality and financial reporting quality as outlined in the specific duties outlined below.

Policy

Accountability

The Committee is accountable to the Board of Governors and shall submit reports of its meetings to the Board of Directors.

The Committee is a standing Committee of the Board of Governors

Members

The Committee consists of:

- (a) Not fewer than three Governors and not more than five Governors;
- (b) The members of the Committee shall be appointed by the Board of Governors and shall consist solely of non-employee Governors, all of whom meet the independence requirements, and are free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgement as a member of the Audit Committee;
- (c) Committee members may be removed by the Board of Governors;
- (d) The Chair of the Audit Committee will be the Treasurer of the Board;
- (e) All members shall be financially literate, or reach a strong level of financial literacy within a year of being appointed to the Committee, meaning having the ability to read and understand a set of financial statements that present a breadth and level of

complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by South Huron Hospital Associations financial statements.

- (f) Non-members: The Board Chair, CEO, CFO and external auditor have the right to receive notice of, attend and have voice at all Committee meetings; the Secretary to the Committee, who shall be either the Executive Assistant or his/her delegate.

South Huron Hospital Association's auditors shall be advised of the names of the Committee members and will receive notice of and be invited to attend meetings of the Committee, and to be heard at those meetings on matters relating to the Auditor's duties.

Meetings

Meet regularly, not less than two times per year, and at such other times as may be requested by the Chair. The external auditor or any member of the Committee may call a meeting of the Committee; and

Have the Chair of the Committee set the agenda and the annual timetable which shall then be circulated among the Committee members. Ordinarily the Chair will set the agenda in consultation with the CEO and the CFO

Quorum

A majority of members of the Committee constitutes a quorum.

The Committee Chair will be included in determining whether a quorum is present.

Responsibilities

The Committee is responsible for the following duties:

1. Reviewing the audit plan and preparation including:
 - a. The external auditors proposed scope;
 - b. The agreed to engagement letter and fees;
 - c. Assessing that they are receiving appropriate assistance;
 - d. Assessing any situation or implication which may impact the auditors independence; and
 - e. Discussing any changes to the financial or control systems during the year
2. Gaining reasonable assurance regarding the integrity of the Corporations's financial reporting and financial management, including audits and controls.
 - a. Receiving from the external auditors, reports on their review of the annual financial statements;
 - b. Reviewing the Corporation's audited financial statements prior to their approval by the Board;
 - c. Receiving from management a copy of the representation letter and any additional representations provided to the external auditors.
 - d. Recommending, when appropriate, approval of the audited financial statements to the Board of Governors

3. External Auditors
 - a. Review the external auditors audit findings report or management letter which may document weaknesses in the accounting or internal controls systems, external auditor recommendations and management's response and subsequent follow-up;
 - b. Ensuring their qualifications and independence;
 - c. Ensure that Auditor independence is not compromised by any factors such as the provision of non-audit services,
 - d. Approve remuneration, scope and terms of the engagement;
 - e. Review their performance annually
 - f. Review their audit plan, reports and recommendations;
 - g. Review unresolved significant issues or disagreements with management
 - h. Recommend to the Board of Directors the appointment of the external auditors annually, or if appropriate their removal.
4. Undertake due diligence to enable the Board to gain reasonable assurance that the Corporation's risk management system is effective.
5. Ensure the integrity of the Corporation's internal control and financial management information systems are in place.
 - a. Meet with the Auditor to consider any recommendations of the Auditor with respect to management, accounting systems and internal control issues
6. Review the terms of reference regularly and recommend any revisions to the Board of Directors.
7. Develop an annual work plan of goals and objectives that fulfil the responsibilities of the Committee.

Evaluation

Annually each Committee member will complete a committee self-assessment. The results of the self-assessment will be utilized to measure and improve committee effectiveness.

The Chair of the committee will receive completed forms and report results to committee members at the following meeting.

Related Documents - The following By-Laws shall be considered in addition to these Terms of Reference

- (a) Board and Committee Attendance 02-032
- (b) Board Governance Evaluation 02-023
- (c) Board of Director and Committee Member LOA 02-033
- (d) Code of Conduct 02-012
- (e) Confidentiality 02-010