



## Audit Committee: Terms of Reference

Role	To assist the board of directors (the “ <b>Board</b> ”) of The Red Lake Margaret Cochenour Memorial Hospital (the “ <b>Corporation</b> ”) in the monitoring of the Corporation’s <sup>1</sup> financial reporting and disclosure. To oversee the effectiveness of the external financial auditing process.
Responsibilities	<ul style="list-style-type: none"><li>• To receive, from the auditor, the audit plan, the audited financial statements, and the audit opinion.</li><li>• To review the Corporation’s audited annual financial statements and recommend to the Board, accordingly.</li><li>• To annually review and make recommendations to the Board on the external auditor’s remuneration.</li><li>• To respond to all expressed concerns relating to any financial management irregularity. To ensure that practical steps are taken to address these concerns.</li><li>• To recommend to the Board the selection of the auditor, on an annual basis at the Annual Meeting.<ul style="list-style-type: none"><li>○ The auditor must be independent of the Corporation and any of its affiliates</li><li>○ Auditor vacancies must be filled immediately</li><li>○ Within the next business day, the Committee must notify the auditor in writing of their appointment</li></ul></li><li>• Approve material changes to accounting principles and practices as suggested by management with the concurrence of the external auditor.</li></ul>
Membership and Voting	<ul style="list-style-type: none"><li>• At least four voting Directors of the Board, one of which must be the Board Chair, provided that the majority of the Committee members must not be officers or employees for the Corporation or any of its affiliates.<sup>2</sup></li><li>• At least three of the voting Directors must be independent of the Resource and Planning Committee.</li><li>• 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</li></ul>

<sup>1</sup> Certain references to Hospital have been changed to Corporation where the reference is to the legal entity.

<sup>2</sup> ONCA, s. 80(1) provides that a corporation may have an audit committee and, if it does, the majority of the committee members must not be officers or employees of the corporation or of any of its affiliates.

	accounting issues that are raised by the Corporation’s financial statements
Chair	The Committee Chair will be a voting member of the Board, appointed by the Board Chair. The Committee Chair may NOT be the Board Chair.
Frequency of Meetings and Manner of Calls	<ul style="list-style-type: none"> <li>• As needed at the call of the Committee Chair.</li> <li>• Meetings may also be held at the call of the external auditor or a Committee member.<sup>3</sup></li> <li>• Notice of the time and place of Committee meetings shall be given to the external auditor.<sup>4</sup></li> <li>• 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>5</sup></li> </ul>
Quorum	Fifty percent of the voting members, provided a majority of voting members present are voting Directors
Resources	The Chief Financial Officer will be assigned to this Committee, as a resource. The CEO and the CFO shall provide the Committee with appropriate resources to perform its mandate.
Reporting	To the Board
Date of Last Review	June 2023

Resource:  
<https://www.ottawahospital.on.ca/en/about-us/our-leadership-team/board-of-governors/board-committees/committees-terms-of-reference/>

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

<sup>4</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>5</sup> ONCA, s. 80(2).