



Policy Title:

**TERMS OF REFERENCE – AUDIT/FINANCE  
COMMITTEE**

Category:

**Terms of Reference**

Committee Oversight:

*Governance*

Authorized by: Board of Directors

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Effective Date:

**September 2013**

Reviewed/Revised:

July 18, 2019

To be reviewed/revised:

July 2020

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**PREAMBLE**

This Terms of Reference shall apply to the Finance and Audit Committee (the “**Committee**”) of the Board of Hôtel-Dieu Grace Healthcare (the “**Corporation**”). All capitalized terms not defined herein have the meaning set out in the Corporation’s By-Law.

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**COMPOSITION**

1. Not fewer than three (3) elected Directors, one of whom will be Chair selected annually;
2. The Chief Executive Officer and Chief Financial Officer of the Corporation as ex officio non-voting members;
3. Other such persons as the Committee may appoint from time to time (any staff will be non-voting)

The ex officio Directors and any employees of the Corporation shall not, unless invited, be entitled to attend the Audit/Finance Committee’s portion of the meeting when the Committee is performing its audit functions.

The Fiscal Advisory Committee representatives shall only be entitled to attend the Audit/Finance Committee’s portion of the meeting when it is acting as the Fiscal Advisory Committee.

The Board shall strive to ensure that all members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one (1) member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

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**MEETINGS**

The Audit/Finance Committee will meet at least three (3) times yearly;

The external auditor, with any member of the Committee may call a meeting of the Committee as he/she determines necessary.

Meetings of the Committee are to be scheduled to take place on a regular basis, with opportunities for the auditors and senior management to meet separately with the independent members of the Committee.

The Committee may invite to its meetings any Director, member of management or such other persons as it deems appropriate in order to carry out its duties and responsibilities. The Committee may exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

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### **QUORUM**

Quorum for the Audit/Finance Committee will be based on the Directors only; however, community members will be eligible to vote.

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### **ROLES AND RESPONSIBILITIES**

The Audit/Finance Committee shall perform the following functions:

- (i) conduct the audit planning and preparation including:
  - a. review, with the auditors, the proposed scope of the current year's audit;
  - b. following the auditors' appointment at the Corporation's annual general meeting, review and approve the auditor's engagement letter including the audit fee and expenses;
  - c. assess whether appropriate assistance is being provided to the auditors by the organization's staff;
  - d. review control weaknesses detected in the prior year's audit, and determine whether all practical steps have been taken to overcome them; and
  - e. establishing a process for the recruitment of the auditors;
- (ii) determine whether the auditors can provide consulting services weighing in such factors as:
  - a. the benefits provided by the auditors' existing familiarity with the Corporation;
  - b. the extent to which the services enhance the accounting firm's ability to perform its audit; and
  - c. the accounting firm's ability to render such services at a lower cost;

- (iii) enquire about changes in the financial systems and control systems during the year;
- (iv) receive and review attestations under the Broder Public Sector directive;
- (v) receive and review the integrity and effect of policies regarding the financial operations, systems of internal control and reporting mechanisms and that they are in accordance with generally accepted accounting principles and provisions and their appropriateness to minimize potential financial risks;
- (vi) enquire into the major financial risks faced by the Hospital, and the appropriateness of related controls to minimize their potential impact;
- (vii) review the unaudited and audited financial statements of the Corporation whether interim or year end and report to the Board prior to the Board's approval thereof;
- (viii) receive and review and if appropriate be responsible for investigating disclosures made to the Audit/Finance Committee in accordance with the code of conduct policy;
- (ix) review audited annual financial statements, in conjunction with the report of the auditors, and obtain an explanation from management of all significant variances between comparative reporting periods;
- (x) recommend, when appropriate, approval of the financial statements to the Board;
- (xi) review the report of the auditors on the annual financial statements;
- (xii) review the auditor's post-audit or management letter which may document weaknesses in the accounting system or in the internal control systems and which contain recommendations of the auditors, and management's response and subsequent follow-up to any identified weaknesses;
- (xiii) if required, meet privately with the 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 Committee's attention;
- (xiv) review any problems experienced by the auditors in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management, or situations where management seeks a second opinion on a significant accounting issue;

- (xv) review the factors that might impair, or be perceived to impair, the independence of the auditors. Take, or recommend that the Board take, appropriate action to ensure the independence of the auditors;
- (xvi) monitor and evaluate the performance of the auditors;
- (xvii) meet privately with senior management (without the auditors being present) to ensure that management has no concerns about the conduct of the audit;
- (xviii) annually, recommend to the Board the appointment of the Corporation's auditors and any change of auditors;
- (xix) annually, recommend to the Board of Directors, the approval of the operating and capital budgets
- (xx) review and comment on the appropriateness, quality and integrity of the Corporation's financial organizational performance reporting, including benchmarking;
- (xxi) Insurance; the Committee shall study and recommend to the Board the types and amounts of insurance to be carried by the Corporation and review these annually;
- (xxii) Investments; the Committee shall: recommend and monitor Board investment policy; and advise the Board with regard to investments, borrowing and long-term financial forecasts;
- (xxiii) Benefits; review annual benefit renewal;

Shall perform duties that are assigned to it from time to time by the Board.

The Audit/Finance Committee shall also act as the Fiscal Advisory Committee as constituted in accordance with the *Public Hospitals Act* and shall perform the roles and responsibilities as outlined in the Committee Terms of Reference and report to the Finance and Audit Committee.