

Kemptonville District Hospital BOARD OF DIRECTORS POLICY	
Subject: AUDIT SUB-COMMITTEE – TERMS OF REFERENCE	Policy No.: 27
Policy Objective: To provide Terms of Reference to govern the Audit Sub-Committee of the Corporate Services Committee.	Date Approved: June 2024
	Review/Revision Dates:

Mandate	The Sub-Committee will exercise oversight of the audit of Kemptonville District Hospital (KDH). The Sub-Committee shall report, and make recommendations, to the Corporate Services Committee for all matters.
Duties and Responsibilities	<p>Financial Audit</p> <ul style="list-style-type: none"> • Review the Auditor’s performance and recommend appointment of Auditors and annual audit fees. • Review and recommend the external auditor for appointment or re-appointment. • Review with Auditor, and recommend the approval of the audit plan and the Auditor’s annual engagement letter. • At least annually, the voting committee members shall meet with the external auditor without management present. • Meet with external auditor and receive and review recommendations with respect to management with respect to the results of the Audit. • Oversee performance of the external audit as required, including ensuring the external auditor is receiving the assistance of management. • Review statements from the Auditor concerning their independence including addressing other factors that might compromise the external auditor’s independence and make recommendations to ensure independence. • Review and recommend the approval of the audited financial statements and related notes to the financial statements. • Recommend special review mandates or investigations to address any areas of concern within the Sub-Committee’s scope of responsibilities including retaining independent legal counsel and other professionals. • Review scope and fees associated with any authorized special review mandates.

	<ul style="list-style-type: none"> • Seek confirmation of compliance to generally accepted accounting principles and all new accounting, auditing and reporting standards. • Review the Auditor’s management letter and oversee the follow-up on any related audit recommendations or on other matters raised. <p>Status</p> <ul style="list-style-type: none"> • Ensure that KDH operations stay within the guidelines set out by CRA in order to maintain its non-taxable status and its eligibility for all funding to which it is entitled as a public hospital. The Committee may ask the independent auditors to make separate specific comment on this while discussing the results of the annual audit. • To be designated by the Canada Revenue Agency (CRA) as a hospital authority (according to CRA HST Memorandum 25.2 dated March 2009), an organization must operate a facility that meets all of the following criteria: <ul style="list-style-type: none"> ○ it is recognized as a public hospital by the government of the province or territory where it is located; ○ it is established and operated solely for a purpose other than profit; ○ it is operated for the purposes of providing medical or surgical treatment of the sick or injured; and ○ it provides and maintains in-patient beds and services.
Membership	<p>The Sub-Committee is composed of the following voting members:</p> <ul style="list-style-type: none"> • Treasurer of the Corporation who acts as the Chair • At least two additional directors and those directors shall not include officers or employees of the Corporation or any of its affiliates.¹ <p>The following individuals shall be guests of the Sub-Committee:</p> <ul style="list-style-type: none"> • CEO. • Chief of Staff or one physician recommended by the Medical Advisory Committee. • CFO. • Any further guests may attend the meeting at the discretion of the Chair of the Committee.
Term	Members shall be appointed annually by the Board.

¹ ONCA, s. 80(1), effective as of October 1, 2023 provides: *A corporation may have an audit committee comprising one or more directors and the majority of the committee must not be officers or employees of the corporation or any of its affiliates.*

Chair	The Treasurer of the Corporation will be the Chair of the Sub-Committee.
Frequency of Meetings	As necessary to oversee the audit of KDH each year.
Quorum	A majority of voting members shall constitute a quorum.
Resources	The Chief Financial Officer of the Hospital is the secretary of the Sub-Committee and attends all meetings. Other staff resources may be added at the discretion of the Chair.
Accountability	The Audit Sub-Committee is accountable to the Corporate Services Committee.

References

Ontario Hospital Association & Borden Ladner Gervais. (2024, January 19). Not-for-Profit Corporations Act, 2010 ("ONCA"): Updates to the OHA Hospital Prototype Corporate By-law.

Ontario Hospital Association. (2024, 01 24). Finance and Audit Committee Terms of Reference (updated January 2024). Retrieved from Ontario's Not-for-Profit Corporations Act: <https://www.oha.com/guidance-and-resources/accountability-and-governance/ontarios-not-for-profit-corporations-act>