

Audit Committee Terms of Reference

Preamble

The Audit Committee is established by the Board of Directors to oversee all material aspects of the corporation's financial reporting, risk management, and external audit of the annual financial statements.

Reporting Relationships

The Committee reports to Board of Directors.

Chair

Appointed by the Board of Directors from among the voting Directors

Voting Membership

- A maximum of three voting Directors including the Committee Chair
- A maximum of four Non-Director Community Members, each of whom will be appointed annually on a one-year term to a maximum of four years Board Chair or one of the Vice Chairs as delegated by the Board Chair

Ex-officio Non-Voting Membership

- None

Resources (non-members)

- President & CEO
- CFO
- Annually appointed as required

Responsibilities and Accountabilities

The responsibilities of the Audit Committee pertain to the governance oversight of the following areas:

1. Key Legislation

Legislation that may pertain to the area(s) of this committee's responsibilities includes, but is not limited to, the following:

- 1.1. Ontario Not-for-Profit Corporations Act of Ontario, 2010
- 1.2. Pension Benefits Act
- 1.3. Public Hospitals Act
- 1.4. Income Tax Act, R.S.O. 1990, c. I.2
- 1.5. Taxation Act, 2007, S.O. 2007, c. 11

1.6. Personal Health Information Protection Act, 2004, S.O. 2004, c. 3, Sched. A

1.7. Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. F.31

2. Governance

2.1. Apply sound governance practices and tools to achieve effective governance

2.2. Monitor the Committee's own effectiveness through a regular evaluation process

3. External Audit

On behalf of the Board, carry out governance tasks related to the external audits of GRH Corporation and the KW Pension Plan, including the following:

3.1. Provide recommendation to the Board regarding the appointment or reappointment of auditor by the members at the annual members' meeting

3.2. Annually review and make recommendations to the Board on the external auditor's remuneration and ensure the auditor's independence

3.3. Review the audited financial statements of the corporation before they are approved by the Directors Provide oversight of the annual audit process and make recommendations to the Board accordingly

3.4. Meet with the external auditor and receive and review recommendations with respect to management, accounting systems, and internal control issues

3.5. At least annually, the committee members shall meet with the external auditor without management present

3.6. Review management's response to internal control recommendations of the external auditor and oversee implementation of internal control recommendations

4. Risk Management

4.1. Ensure that appropriate policies, processes, resources and tools are in place to effectively manage risks and in accordance with the Board's Integrated Risk Management (IRM) Policy. Risk management tools may include, but not limited to, the IRM program, internal audit, and privacy impact assessments

4.2. Oversee the management of this Committee's assigned risk group in accordance to the risk management framework in the Integrated Risk Management Policy

Quorum

A majority of the voting members will constitute quorum.

Voting

Each voting member including the Committee Chair and Board Chair shall have one vote

Meeting Frequency

The Audit Committee will meet at least 3 times per year. Additional meetings may be arranged at the call of the Chair, the Auditor or a member of the Audit Committee.

Notice of the time and place of committee meetings will be given to the external auditor. 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.

Meeting Procedures

Refer to Sub-section 4.2 – 4.9 of Corporate By-law, 2022