

ISSUED BY: Board of Directors
AUTHORIZED BY: Board of Directors
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CATEGORY: Part IV – Ensure Financial Viability
SUBJECT: **EXTERNAL AUDIT AND SERVICES**

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Purpose and Application

- To set out broad principles of the scope and nature of the services offered by the External Auditor to the Hospital
- To detail the responsibilities of Hospital management and the Audit Committee pertaining to the External Auditors.
- To establish principles and controls designed to provide reasonable assurance that the external auditor maintains independence to ensure objectivity and integrity is maintained and effective and independent audit(s) are achieved.
- To outline approvals that is required for all services provided by the Hospital's external auditors.

Policy

The Audit Committee of the Board of Directors is responsible for the appointment, compensation and oversight of the work performed by the independent auditor.

The Audit Committee shall consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as familiarity with the Hospital's business, people, culture, accounting systems, risk profile and other factors, and whether the service may enhance the Hospital's ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

As part of this responsibility, the Board is required to pre-approve upon recommendation from the Audit Committee, all services in excess of the set threshold performed by the independent auditor to assure that they do not impair the auditor's independence. All non-audit services to be provided in excess of \$100,000 by the independent auditor shall be pre-approved by the Board. The Board elects to delegate pre-approval authority to the CEO for any one or more individual services for which estimated fees do not exceed \$100,000.

Monitoring Procedures

The CEO shall report to the Audit Committee with respect to compliance with this policy, the nature of actual services provided by the independent auditor as well as the associated fees.

It should be noted that incumbent auditors are required to report all services provided to the organization as part of their annual independence letter and regular reporting to the Audit Committee, regardless of the size of the fees.

Definitions

1. Audit Services include all professional services rendered by the Hospital's External Auditor for the audit of the Hospital's year-end financial statements or services that are normally provided by the external auditor in connection with MOHLTC, NELHIN, and other statutory & regulatory filings or engagement. This includes analysis and interpretation of accounting principles and their application along with advice on accounting policies. An Independent Auditor's Report is issued.
2. Audit-related Services include all assurance and related services (e.g. reviews, specified audit procedures, etc.) that are reasonably related to the performance of the audit of the financial statements other than those reported as audit services. These services could include:
 - a. Reporting on "Other Vote" programs
 - b. Reporting on operational programs and services
 - c. Consultations with respect to accounting treatment of specific transactions
 - d. Reporting on effectiveness of internal controls.
3. Services may include business case analysis, financial projections, in-depth internal audits and other non-attest engagements.