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Purpose

The purpose of the Resources & Audit Committee is:

1. To take all reasonable steps to ensure the effective utilization of William Osler Health System’s (Osler’s) financial, physical and information technology resources consistent with Board of Directors (Board) oversight and limitations; and
2. To review the Enterprise Risk Management Framework to the Board for review and approval, including the identification of material financial and non-financial risks, the internal controls and limitations to mitigate such risks, and assurance that such controls are functioning as intended.

3. To monitor the audit process and the engagement, independence, effectiveness, tenure, and any non-audit related services of the External Auditors, and to make recommendations thereon to the Board for review and approval, and to Members for review and approval at the Annual Meeting, as the case may be.

Responsibilities Related to Resources

The Committee shall:

1. Assist in fulfilling the Board's strategic responsibilities relating to financial health and operational sustainability, through review and by providing recommendations to the Board for approval;
2. Engage Management to complete all work, research and analysis, and to do all such other acts or things, as necessary or advisable, to assist the Committee in the preparation of its recommendations for presentation to the Board;
3. Take all reasonable steps to ensure the Operating Plan reflects the Strategic Plan, and make recommendation to the Board for review and approval of the Operating Plan;
4. Review the proposed budget for an ensuing fiscal year prepared by the Chief Financial Officer, and make recommendations thereon to the Board for review and approval;
5. Take all reasonable steps to ensure that processes are in place to rebuild Osler's capital position and reserves, and oversee debt level and obligations, and recommend to the Board annual review and approval of the Capital Plan;
6. Review capital and redevelopment projects for recommendation to the Board for review and approval;
7. Review, oversee or recommend to the Board for review and approval, as the case may be, resource issues, including short- and long-term forecasting and planning; performance of investment counsel; financial stewardship principles; and corporate and Director and Officer insurance;
8. Review and recommend annually the Hospital Services Accountability Agreement to the Board for review and approval;
9. Review quarterly financial statements and annual forecasts of Osler, and make recommendations for review and approval by the Board;
10. Review any litigation, claim or other contingency that could have a material effect on the financial position or operating results of Osler, and the manner in which such matters have been disclosed in the financial statements;
11. Review information technology, information services and Foundation reports, and provide an annual report to the Board therein;
12. Conduct an annual written Committee review, using performance comparisons based on hospital

sector and best practice benchmarks; and

13. Advise the Board with respect to donations, bequests, endowments and investments in respect to capital planning.

Responsibilities Related to Risk Management and Compliance

The Committee shall:

1. Recommend to the Board, for review and annual approval, the Enterprise Risk Management Framework, including the identification of material financial and non-financial risks (e.g., Financial Health; Infrastructure and Redevelopment; Information Technology; Cybersecurity; Privacy and Information Security); the internal controls to mitigate such risks; and assurance that the internal controls are effective and are being monitored;
2. Review quarterly compliance with the Board Expenses Policy and Procedure (or the equivalent), and Osler's Schedule of Authorities, and report to the Board on such review, and any recommendation arising therefrom, for review and approval by the Board;
3. Review Osler's processes, policies, compliance with, and internal controls over Osler's procurement and contract management policy, procedures and protocols (or the equivalent);
4. Make such enquiries and investigations into any aspect of Osler's activities and operations, and provide such reports thereon to the Board as the Board deems necessary;

Responsibilities Related to Audit

The Committee shall:

1. Oversee the annual audit process, including engagement of the External Auditors, the approval of fees, the discussion of scope of the audit, the written evaluation of External Auditor's independence and performance, and any recommended non-audit related service, by the Committee;
2. Meet In-Camera with the External Auditor and elected Directors on the Committee twice in each twelve-month period;
3. Request, as required, a special audit, review of procedures, an investigation, a special ad hoc committee of the Board, and make recommendations or reports, as the case may be, to the Board for review and approval;
4. The Committee shall meet In-Camera (without ex-officio Directors) for portions of meetings at which, in no particular order, the independence, effectiveness or tenure of the External Auditors; any non-audit related service(s) by the External Auditor; or independent assurance of the design or effectiveness of internal controls over material financial or non-financial risks, if or as applicable, are being deliberated upon. The Committee may select any Employee or Independent Advisor, if or as applicable, to be present during such session(s).

5. Undertake such other activities as may be authorized by the Board from time to time.

Leadership and Membership

The Board Chair, in consultation with the Governance & Human Resources Committee, and upon approval of the Board, shall appoint a Member of the Committee, who is an elected Member of the Board, to be Chair of the Committee (Committee Chair). The Committee Chair will be a Chartered Professional Accountant with financial expertise in areas including but not limited to accounting, reporting, auditing and risk management.

Members of the Committee shall include:

- a. A minimum of four (4) Directors, as appointed from among elected Members of the Board, including the Committee Chair;
- b. Community Members, as appointed by the Board;
- c. A Professional Staff Representative, and
- d. The President & CEO (CEO).

Financial Literacy

Financial literacy may be defined as the ability to understand and interpret financial statements that resemble the breadth and complexity of accounting issues that are generally comparable to the accounting issues that can reasonably be expected to occur within Osler's financial statements.

Within reasonable time, prior to or following the appointment of each Member of the Board, and no later than 18 months following appointment to the Resources & Audit Committee, all Members will be provided with an orientation on hospital finances as well as additional education if required.

Term

The term of appointment of Members of the Committee shall be for one (1) year, renewable up to three (3) years maximum, other than ex-officio Members (CEO), or at the request of the Board. Community Members shall serve for a term of one (1) year, renewable for a maximum of two (2) years, or at the request of the Board.

Management Resource and Other Support for the Committee

The Management resource for the Committee shall be the Executive Vice President, Chief Operating Officer and Chief Financial Officer (Lead).

Quorum

As set out in section 5.5 of [By-Law Number 1 Administrative By-law](#), for a meeting to be held, quorum shall constitute a majority of Members of the Committee, provided that at least a majority of the current Elected Directors are also present in person, or by telephone, video or other electronic means.

Accountability

The Committee is accountable to the Board.

Meeting Frequency

The Committee will meet at least five (5) times in each twelve (12)-month period or more often as the Committee Chair deems appropriate.

Notice of Meeting

Meetings of the Committee may be called by the Committee Chair, by two other Committee Members, or by the Board Chair by providing notice not fewer than two days before the meeting is to take place. Such notice shall be given by personal delivery or by electronic means to the address of the Member shown on the records of Osler.

The Committee Chair may choose to schedule meetings in advance for the full Board year, and such notice of the annual schedule constitutes due notice of any Committee meeting listed on that schedule. Despite the foregoing, meetings of the Committee may be held at any time without notice if all the Members are present; or those Members who are absent waive notice or signify their consent in writing to the Committee with respect to the meeting being held in their absence.

Attendance by Non-members

Attendance by non-members of the Committee will be at the discretion of the Committee Chair.

Committee Reporting to the Board

Unless extraordinary circumstances prevent it from doing so, the Committee shall report on its activities to the Board, orally or in writing, following each meeting of the Committee.

Minutes of Meetings

Minutes and written reporting of Committee meetings shall be made available at the next Committee meeting and will be shared with all Directors at the next scheduled meeting of the Board.

In-Camera Sessions

The Committee, at the Committee Chair's discretion, may meet In-Camera or with others, to discuss matters relevant to these Terms of Reference. In-Camera Sessions are minuted and are generally held for the following purposes: physician matters, employment matters, litigation, negotiation of material contracts, and some governance matters such as evaluation results. Depending on the topic discussed all members of the Committee including ex-officio members are required to participate during these sessions.

Informal Sessions of Independent Directors

Informal sessions of Independent (elected) Directors without Management, other employees or ex-officio Directors present shall be held at the completion of each Committee meeting. There are no agendas created or minutes taken for or at such sessions.

Access by the Committee

The Committee will have access to Osler's Management and to such documentation, personnel or resources as directed through the CEO and/or Director, Board Relations as the Committee determines necessary to fulfill

these Terms of Reference.

Committee Work Plan

The Committee Chair shall oversee the Director, Board Relations, in preparing a written work plan and calendar annually to take all reasonable steps to ensure that the annual and ongoing responsibilities of the Committee are scheduled and fully addressed. The plan shall be presented to the Committee for its approval. The Director, Board Relations, shall also maintain a rolling register of outstanding matters for completion.

Committee Orientation and Continuing Education

Members shall receive formal and scheduled orientation on the Committee's responsibilities and objectives, and ongoing continuing education as requested by the Committee.

Committee Evaluation

The Board and Committee shall annually review in writing, discuss, and evaluate the effectiveness and contribution of the Committee and its Members.

Terms of Reference Amendment and Review

To honor the spirit and intent of applicable law as it evolves, the authority to make minor technical amendments to these Terms of Reference is delegated to the Director, Board Relations, who will report any amendments to the Governance & Human Resources Committee at its next meeting.

The Terms of Reference will be evaluated by this Committee each year at its first meeting of the new Board cycle. Updates and revisions shall be recommended to the Board for review and approval.