TITLE:	External Audit and Non Audit Services		
Manual/Policy #:	MRHA Boards of Directors # IV-9	Division:	AGH / CPDMH
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1. **POLICY STATEMENT:**

   The Almonte General Hospital Corporation (including Fairview Manor and Lanark County Paramedic Service) and the Carleton Place and District Memorial Hospital ("the Corporations") believe that effective independent audits are both an important financial control measure and a key means of demonstrating accountability to stakeholders.

2. **SCOPE:**

   This policy applies to all professional services which are or may be rendered by the Corporations External Auditors.

3. **GUIDING PRINCIPLES:**

   N/A

4. **DEFINITIONS:**

   Auditor independence requires the External Auditor and their firm and members of their firm to be and remain free of any influence, interest or relationship which, in respect of the engagement, impairs the professional judgment or objectivity of the member, firm or a member of the firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member, firm or a member of the firm.

   Audit services include all professional services rendered by the Corporations External Auditor for the audit of the Corporations financial statements or services that are normally provided by the External Auditor in connection with Ministry of Health, 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 for both Corporations.

   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 are more consultative in nature.

   External Auditor performs an audit, in accordance with specific laws/rules, of the financial statements of a corporation, and is independent of the entity being audited. Users of these entities' financial information, such as banks, government agencies, and the general public, rely on the external auditor to present an unbiased and independent audit report.

Tax services include all professional services rendered by the external auditors for tax compliance, tax planning & advice, and tax recovery or resolution of tax disputes.

Other services include all professional services rendered by the External Auditor not considered to be audit services, audit related services, or tax services.

5. PROCEDURE:

External Auditor Engagement

The engagement of the External Auditors including associated fees must be approved annually by the Members of the Corporations. All audit and audit related services are considered to be included in this annual approval.

On an annual basis, the External Auditors must confirm its independence to the Allied Boards Finance, Resources and Audit Committee (FRAC) for audit and audit related services prior to performing the engagement.

Subject to meeting acceptable qualification standards and competitive fees, whenever possible, the External Auditors should be engaged to perform all audit and audit related services required by the Corporations.

Should another audit firm be considered to perform audit services, other than the External Auditors, the business rationale must be documented and approved by the Chief Financial Officer (CFO) and be approved by the Allied Boards, before the engagement begins.

A comprehensive formal review of the External Auditors (encompassing performance, independence, and potential partner rotation) will take place with FRAC at each 5 year interval. The FRAC can extend the External Auditors’ engagement or direct the CFO to establish a process to seek a new External Auditor.

Audit Engagement

All findings from the External Auditors work must be reported to the FRAC.

The FRAC will meet at least twice per year with the External Auditors to discuss the annual audit plan, the findings of the annual audits and any other matters raised by either the FRAC or the External Auditors. At least once per year, usually after the annual audits, the FRAC will meet with the External Auditors without the Senior Team present.

On a day-to-day- basis, the CFO will act as the liaison between the External Auditors, the Corporations and the FRAC.

Tax Services

Tax services are permitted provided that the independence of the External Auditors are not impaired.

Other Services / Prohibited Services

Other services must be specifically pre-approved on a case-by-case basis and only those services will be considered which would not:

- Impair the independence of the External Auditors

- Cause undue reputational risk to the Corporations
- Diminish competition on future procurement of other services
- Facilitate Management having significant undue influence over external audit reported results

Subject to obtaining pre-approval by the Allied Boards, the Senior Team may arrange the provision of other services. To ensure integrity of the External Auditors, the External Auditors are restricted from providing services to the Corporations when they act in a capacity where they could be reasonably be seen to:

- function in the role of management
- audit their own work, or
- serve in an advocacy role on behalf of the Corporations

The following other services are prohibited from being performed on behalf of the Corporations:

- Bookkeeping or other services related to the account records or financial statements;
- Financial information systems design and implementation including sign-off;
- Appraisal or valuation services, fairness opinions, or contribution in-kind reports;
- Actuarial services;
- Internal audit functions such as approving the overall audit work plan and/or the performance of audit procedures;
- Management functions (including via staff secondments) such as:
  - Authorizing, approving, executing or consummating a transaction,
  - Having or exercising authority on behalf of the Corporations,
  - Determining which of any recommendation of the External Auditors will be implemented,
  - Reporting in a management role to those charged with governance;
  - Internal control design and implementation including sign-off.
- Human Resource functions such as searching for candidates, negotiating compensation, or reference checking or testing;
- Broker-dealer, investment advisor, or investment banking services;
- Legal services and litigation support/expert services unrelated to the audit;
- Act as a Delegate of the Corporations CFO, for approval of the audit reports & special reports as requested by the Ministry of Health;
- Any other service that the FRAC determines is impermissible.

6. REFERENCES:

Chartered Professional Accountants Canada, Rule 204: Harmonized Rule of Professional Conduct

Trillium Health Partners IV-8 External Audit and Non Audit Services

7. APPENDICES:

N/A

EVALUATION

This policy will be reviewed every two years.