

## FINANCE & AUDIT COMMITTEE

### TERMS OF REFERENCE

ISSUED BY:	KGH Board of Directors	BOARD APPROVED:	December 8, 2016
AUTHORIZED BY:	KGH Board of Directors	COMMITTEE REVISED:	
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**Role:** The Finance & Audit Committee is responsible to the Board of Directors for providing oversight and advising the Board on the financial performance of the hospital, capital, information management strategy, integrated enterprise risk, and redevelopment projects.

**Reporting Relationship:** The Board of Directors

### 1.0 GENERAL RESPONSIBILITIES

The Committee shall:

- 1.1 recommend an annual work plan to the Board based on following terms of reference;
- 1.2 present a mid-year and year-end report to the Board;
- 1.3 annually review, confirm, and recommend revisions to the Board policies for which they have oversight responsibility;
- 1.4 ensure principle based decision making guides all committee discussions and decision-making; and
- 1.5 other duties as assigned by the Board.

### 2.0 FINANCE

- 2.1 Ensure policies are in place to provide a framework for the management of hospital investment assets;
- 2.2 Review and provide input on the Hospital Annual Planning Submission (HAPS) and internal operating and capital budgets;
- 2.3 Review and recommend to the Board the Hospital Services Accountability Agreement (H-SAA); ensure oversight of performance, compliance with annual operating/capital budgets and other financial targets and annually confirm and recommend to the Board a set of key performance indicators relative to the financial position;
- 2.4 Regularly review the hospital's financial statements;
- 2.5 Review financially related elements of bargaining mandates as brought forward by management;
- 2.6 Review financial impact of sick, vacation and WSIB;

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- 2.7 Monitor debt obligations and repayment planning;
- 2.8 Recommend and approve, according to board policy, capital and unbudgeted operating expenditures that exceed management's spending authority;
- 2.9 As prescribed by Board policy, approve/recommend the financial aspects of proposed business cases, contracts and transactions related to operations; and
- 2.10 Recommend the signing authority and signing officers and approval of the Board authorized trust accounts.

### **3.0 AUDIT**

- 3.1 Assess and review all aspects of the relationship with external auditors and recommend reappointment, or replacement of the external auditors including remuneration;
- 3.2 Review scope of the external annual audit and recommend the annual audited financial statements and the external auditors' report;
- 3.3 Receive the internal audit reports and monitor management's resulting action plans;
- 3.4 Review and confirm the appropriateness and effectiveness of the internal control processes including key policies;
- 3.5 Confirm the type and amounts of insurance carried by the hospital.

### **4.0 PROPERTY, FACILITIES & DEVELOPMENT**

- 4.1 Review capital redevelopment proposals, project financing and funding strategies; and
- 4.2 Review facilities, property and infrastructure as it relates to capital expenditures planned for the hospital.

### **5.0 INFORMATION TECHNOLOGY**

- 5.1 Review periodic reports from management related to major projects of information management technology functions, including regular financial reporting.
- 5.2 Review processes in place to safeguard patient confidentiality

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#### 6.0 KGH STRATEGY PERFORMANCE TARGETS

6.1 Ensure progress on KGH strategy and annual corporate plan by reviewing assigned performance indicators.

#### 7.0 INTEGRATED RISK MANAGEMENT

7.1 Ensure robust process for integrated risk management framework; and

7.2 Monitor and report on the integrated risk domains assigned to this committee which include:

- o Financial
- o Compliance
- o Physical Assets
- o Information Technology

**Membership:** Every Committee member must be financially literate. Individuals are financially literate if they have the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Hospital's financial statements.

The voting members of the committee shall be composed of:

- i) at least four (4) elected directors, one of whom is a Chartered Professional Accountant (CPA)
- ii) Board Chair, ex-officio
- iii) Up to (2) external members with specific skill sets that will support the work of the committee
- iv) KGH Patient Experience Advisor

The ex-officio, non-voting members of the committee shall be:

- i) President and Chief Executive Officer
- ii) President, Medical Staff Association

Staff resources to support the Committee and administrative support will be determined by the Board Chair, CEO and Committee Chair.

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**Term:** Members shall be appointed bi- annually by the Board of Directors, based on their respective board terms.

**Chair:** Shall be appointed annually by the Board.

**Quorum:** At least 50% of the voting members constitute a quorum.

**Vacancies:** To be filled by the Board of Directors as appropriate.

**Meetings:** The Committee will meet at least eight (8) times per year at the call of the Committee Chair.

**Rules of Order:** Any questions of procedure at or for any meetings of the Corporation, the Board, the Medical or Professional Staff, or any committee, which have not been provided for in the KGH Bylaws or by the Act or by the Public Hospitals Act or Regulations or the Medical Staff Rules shall be determined by the Chair of the meeting in accordance with the rules of procedure adopted by resolution of the Board.