Purpose

- To review the adequacy and effectiveness of:
  - the operating and capital planning processes;
  - the presentation and integrity of the Hospital's financial statements, including applicable accounting and financial reporting principles and policies; and,
  - processes and structures for managing risk, including internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations;
- To monitor financial performance against plans, and,
- To oversee the qualifications, independence and performance of the external auditors.

Responsibilities

Financial Reporting

- Review the annual financial statements of the Hospital and:
  - approve the draft statements for delivery by management to the auditors
  - recommend the audited statements for approval by the Board.
- Review with management and the external auditor significant accounting principles and disclosure issues, including complex or unusual transactions, judgmental areas (such as reserves or estimates), significant changes to accounting principles and alternative treatments.
- Review interim financial performance, including the financial statements, key financial indicators, the quarterly financial forecast, and management’s discussion and analysis of the quarterly financial information, including comparisons to prior years and to budget.

Human Resources

- Recommend and periodically review policies to provide a framework for the recruitment, retention, health and safety of physicians, employees and volunteers.
- Review and monitor human resource cost driver performance indicators (i.e. overtime, sick time, employee turnover rates) on a quarterly basis

Technology Investments

- Review and recommend to the Board actions to be taken to ensure a strong Clinical Information System is in place at the Hospital
- Review and monitor the implementation (including costs) of advancements in information technology
Risk Management and Control

- On a quarterly basis, receive and review reports on high risk areas and mitigating strategies relevant to financial and resource management of the Hospital.
- Ensure, through periodic review and understanding of the risks of fraud and error in the Hospital, that the internal policies, procedures and practices pertaining to financial matters and risk are adequate for the safeguarding of the Hospital’s assets, the mitigation of risk and for the regular reporting of its financial position and performance.
- Review with the external auditors any internal control weaknesses identified and determine whether effective steps have been taken to overcome them.
- Review, evaluate and recommend to the Board any changes required for the Hospital’s insurance policies.
- Obtain management’s confirmation that all statutory filings and requirements have been met.

Audit Activities

- Recommend to the Board the appointment or re-appointment of the Hospital’s external auditors and the annual audit fee;
- Review the overall scope of the external audit, including the audit plan, external auditor independence, audit materiality and areas of identified risk.
- Review audit findings and their disposition by management and report thereon to the Board.
- Pre-approve all audit and non-audit services to be performed by the external auditor, including the approval of the auditor’s annual engagement letter.

Operating and Capital Budgets

- Review, evaluate and recommend to the Board operating budget plans (that is, Hospital Accountability Planning Submission – HAPS) prepared by management.
- Review, evaluate and recommend to the Board the acceptance of the Hospital’s service accountability agreements with the Central East Local Health Integration Network.
- Receive the recommendations and/or advice of the Fiscal Advisory Committee relating to the operating budget and plans through the CEO / CFO.
- Review, evaluate and recommend to the Board capital budget plans prepared by management. This shall include annual capital budgets and longer-term life cycle plans.
- Collaborate with the Northumberland Hills Hospital Foundation and Auxiliary to ensure alignment of fundraising strategies and the Hospital’s capital budget plans.
- Review, evaluate and recommend to the Board proposals and/or business cases relating to regional and shared services for administrative and support services.
- Review, evaluate and recommend to the Board business cases and financial impact analysis for regional, integration and network initiatives for clinical services.

Membership

- A minimum of five (5) elected board members, of which two shall hold the positions of Board Chair or Board Vice Chair and Vice Chair of the Committee
- A maximum of 4 community members
- Chief Executive Officer (ex-officio) (non-voting)
All members must be independent and financially literate, as such terms apply to audit committees.

The Chief Financial Officer, Chief Nursing Executive and Senior Vice President, Operations, shall attend all meetings of the Committee.

**Meetings and Quorum**

The Committee shall meet five times between the period of September to May or at the call of the Chair.

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. 50% plus 1 of the voting members of the Committee shall constitute a quorum.

**Reporting**

The Committee, through its Chair, shall report to the Board following each meeting with respect to its activities and with such recommendations as are deemed desirable in the circumstances.

(R) October 2008
(R) February 17, 2009
(R) September 24, 2009
(R) August 18, 2010
(R) August 28, 2011
(R) August 29, 2012
(R) September 25, 2013
(R) August 13, 2014
(R) February 25, 2015
(R) August 19, 2015
(r) August 19, 2016
(r) September 5, 2017
(r) September 27, 2018
(R) August 20, 2019
(R) September 29, 2021

R) – revised
(r) - reviewed