



TERMS OF REFERENCE

FINANCE AND AUDIT COMMITTEE

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 oversee the qualifications, independence and performance of the external auditors; and,
- To monitor financial performance against plans.

Responsibilities

Risk Management and Control

1. Ensure, through periodic review and understanding of the risks of fraud and error in the Hospital, that the internal policies, practices and procedures 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.
2. Review with the external auditors any internal control weaknesses identified and determine whether effective steps have been taken to overcome them.
3. Review, evaluate and recommend to the Board any changes required for the Hospital's insurance policies.

Audit Activities

4. Recommend to the Board for recommendation for approval by the members of the Hospital the appointment or re-appointment of the Hospital's external auditors and the annual audit fee;
5. Review the overall scope of the external audit, including the audit plan, external auditor independence, audit materiality and areas of identified risk.
6. Review audit findings and their disposition by management and report thereon to the Board.
7. 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.

Financial Reporting

8. Review the annual financial statements of the Hospital and:
 - a) approve the draft statements for delivery by management to the auditors
 - b) recommend the audited statements for approval by the Board.

9. 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.
10. 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.

Operating and Capital Budgets

11. Review, evaluate and recommend to the Board operating budget plans (that is, Hospital Accountability Planning Submission – HAPS) prepared by management.
12. Review, evaluate and recommend to the Board the acceptance of the Hospital's service accountability agreements with the Central East Local Health Integration Network.
13. Review the recommendations and/or advice of the Fiscal Advisory Committee relating to the operating budget and plans.
14. 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.
15. Collaborate with the Northumberland Hills Hospital Foundation and Auxiliary to ensure alignment of fundraising strategies and the Hospital's capital budget plans.
16. Review, evaluate and recommend to the Board proposals and/or business cases relating to regional and shared services for administrative and support services.
17. Review, evaluate and recommend to the Board business cases and financial impact analysis for regional, integration and network initiatives for clinical services.

Other

18. At least annually, review, evaluate and update, as necessary, these terms of reference, and conduct a review of the performance and effectiveness of the Committee.
19. Obtain management's confirmation that all statutory filings and requirements have been met.
20. Undertake any special assignments, as may, from time to time, be requested of it by the Board.

Membership

The Committee shall consist of at least five members, including ex-officio members. At least three of the members shall be elected members of the Board, one of whom shall be appointed by the Board as Chair of this Committee.

All members must be independent and financially literate, as such terms apply to audit committees.

The Chief Executive Officer and Chief Financial Officer shall attend all meetings of the Committee.

The Board Chair is an ex-officio member of the Committee.

Meetings

The Committee shall meet as many times per year as necessary to carry out its responsibilities but in no event will the Committee meet less than once per calendar quarter.

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. 51% of the then members of the Committee shall constitute a quorum.

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board. The Committee may conduct business by calling and holding meetings in person or via teleconference.

Minutes of Meetings

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board.

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.

Prior to the approval by the Directors, the Committee shall report to the Board on the annual financial statements.

- (R) October 2008
- (R) February 17, 2009
- (R) September 24, 2009
- (R) August 18, 2010
- (R) August 28, 2011