



**NORTHUMBERLAND HILLS  
HOSPITAL**  
**BOARD OF DIRECTORS MANUAL**

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CATEGORY:	FINANCE	NUMBER: III-001
ISSUED BY:	FINANCE & AUDIT COMMITTEE	PAGE: 1 of 2
APPROVED BY:	BOARD OF DIRECTORS	
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**PREPARATION AND MONITORING OF  
ANNUAL CAPITAL AND OPERATING PLANS**

**Policy:**

The Chief Executive Officer (CEO) shall develop annual capital and operating plans and budgets in keeping with the guidelines issued by the Central East Local Health Integration Network (CE LHIN) and/or the Ministry of Health and Long-term Care (MOHLTC). Further the Hospital will engage the community on the Operating Plans, as appropriate.

**Purpose:**

To ensure timely preparation of annual capital and operating plans and to ensure sound financial management of the hospital. Capital and Operating Plans must:

- maintain the financial viability of the Hospital
- identify and quantify the resources required to deliver programs and services to the catchment area
- ensure that long-term operational and strategic plans are properly reflected in the various financial budgets and plans of the Hospital
- develop funding opportunities required to implement strategies using the Ministry of Health and Long Term Care (MOHLTC), CE LHIN and other sources
- ensure alignment with the Ministry and CE LHIN strategic priorities
- have an approved plan to base the evaluation of the CEO's performance in meeting financial objectives in the written board-approved plan.

**Procedure:**

1. The CEO shall:
  - develop and present operating and capital budgets to the Finance and Audit Committee on the date determined by the Finance and Audit Committee. The capital budget shall include all capital assets as defined in the "Capital Planning, Funding and Expenditures" policy.

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- provide monthly and quarterly reports to the Finance and Audit Committee that detail actual performance compared to the operating and capital budgets including utilization, forecasted results to year end and any major variance compared to budget.
- disclose all material changes to the Finance and Audit Committee as soon as they are known.

2. The Finance and Audit Committee shall:

- ensure that the Operating Plans makes effective use of resources and are consistent with the Strategic Plan.
- ensure that the final Operating Plans meet CE LHIN/MOHLTC guidelines to the extent possible.
- approve the Operating Plans and make a recommendation to the Board for final approval.

**References:**

Board Policy Capital Planning, Funding and Expenditures III-002

**Approved:**

November 30, 1998

March 2001

April 2002

May 2003

October 2008

May 2011