



RESOURCES, AUDIT AND FINANCE COMMITTEE

TERMS OF REFERENCE

1.0 PURPOSE

To review, monitor and advise the Board of Trustees (Board) whether the financial, capital, facility, and information technology resources are utilized effectively to achieve St. Mary's General Hospital (SMGH) strategic objectives.

To review the audited financial statements, auditor finding's, fiscal reporting process and internal control processes within St. Mary's General Hospital and to report to the Board of Trustees thereon.

The Resources, Audit and Finance Committee is accountable to the Board and fulfills these terms of reference using the Mission, Vision, and Values as guiding principles. This includes ensuring a lens and focus on equity.

2.0 RESPONSIBILITIES

Oversight for Resource Planning

- 2.1 Ensuring resource planning is aligned with the strategic objectives of the Board:
 - 2.1.1 Provide feedback about the appropriateness of the draft operational goals and the operating budget outlook.
 - 2.1.2 Approve operational goals.
 - 2.1.3 Review and recommend to the Board for approval the Annual Detailed Operating Budget.
 - 2.1.4 Review and recommend to the Board for approval the Hospital Annual Planning Submission (HAPS).
 - 2.1.5 Review and recommend to the Board for approval the Hospital Service Accountability Agreement (H-SAA).
 - 2.1.6 Review and recommend to the Board for approval the multi-year capital equipment plan and the multi-year Information Technology strategy and investment Plans.
 - 2.1.7 Review and recommend to the Board for approval the Capital Development and Renewal Plan; and
 - 2.1.8 Review and recommend to the Board for approve the annual quality improvement plan (QIP) following recommendation by the Quality committee. Review focused on resource needs and executive compensation.

Monitoring of Performance

- 2.2 Receive resource reports and monitor performance to key performance indicators for:
 - 2.2.1 Monthly financial statements and metrics.
 - 2.2.2 Information Technology.
 - 2.2.3 Engineering; and
 - 2.2.4 Other strategic projects as requested by the Board. Advise the Board accordingly.

Risk Management

- 2.3 Monitor risk management and risk mitigation plans.
 - 2.3.1 Not less than quarterly but as required, review the organization's risk management framework as set by the committee, and monitor committee level specific risks via the risk register.
 - 2.3.2 Receive reports on risk from the SJHS internal audit process that may also impact SMGH as a common risk across SJHS members.
 - 2.3.3 Annually receive a litigation and insurance update and assess the adequacy of SMGH coverage.
 - 2.3.4 As required, assess the implications to the resources of SMGH for issues/opportunities proposed by the President, Ontario Health West, the St. Joseph's Health System (SJHS) or other partners and ensure a risk mitigation strategy is in place.
 - 2.3.5 Review Business Continuity and Emergency Response plans after the completion of annual testing; and
 - 2.3.6 Review and recommend revisions to financial and investment resource policies as required.

Compliance

- 2.4 Monitor compliance.
 - 2.4.1 Receive reports that monitor compliance to debt covenants and cash flow.
 - 2.4.2 Receive reports and review attestations for legislative and regulatory requirements.
 - 2.4.3 If required, review and make recommendations on contracts as specified in the Signing Authority Policy; and
 - 2.4.4 Periodically, but no less than annually, evaluate whether the investment activities and processes continue to be consistent with meeting the strategic objectives set for the hospital.

2.4.5 Other reports as required.

Audit

2.5 Audit

- 2.5.1 To review with and recommend for approval each year, the Audit Planning Report prior to the start of field work by the external auditing firm.
- 2.5.2 To review, with the Auditors, the annual financial statements and the external Auditor's report and to discuss with them and with the Senior Administration of the Hospital the recommendations contained within the Management Letter.
- 2.5.3 To recommend compliance with or amendments to internal processes on the advice of the auditors or as a result of the independent investigative deliberations.
- 2.5.4 To receive reports on the external environment (such as new directives, bills, and acts, as they relate to 1.0 or 2.0 (i.e., the purpose and objectives of this committee), accounting frameworks, policies and system policy changes as well as accounting estimates, actuarial valuations etc.) and consider the impact of any changes or developments on the role and function of the Audit Committee.
- 2.5.5 To undertake an annual review of the performance of the Auditors and to make a recommendation to St. Joseph's Health System with respect to the Committee's satisfaction with the performance as a means of assisting the Board of Directors in their decision with respect to appointment or reappointment of the Auditors.
- 2.5.6 To recommend the approval of the Audited Financial Statements to the Board of Trustees and to draw to the attention of the Board any internal procedures which the Committee deems to put the Hospital at risk fiscally, and
- 2.5.7 To receive reports and review:
 - 2.5.7.1 financial risk and mitigating strategies,
 - 2.5.7.2 fraud risk and financial ethics reporting,
 - 2.5.7.3 attestation reports, and
 - 2.5.7.4 internal audit and control reports from management.

To report on these items to the Board of Trustees and to recommend approvals where appropriate.

Education

- 2.6 To request/receive relevant information about the sector for continuing education, to identify best practices for financial and operational improvement and to keep abreast of emerging issues about risk, risk management and fiduciary obligations.

3.0 MEMBERSHIP

The Resources, Audit and Finance Committee shall consist of:

- 3.1 Up to 6 Trustees of the Board, one of whom shall be the Treasurer of the Board and shall be Chair of the Committee, one of whom shall be the Chair of the Board.
- 3.2 At least one elected director/trustee committee member must have a professional accounting designation. All committee members must be financially literate, which is defined as the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are raised by the Entity's financial statements.
- 3.3 Up to 4 members of the Community at large (voting).
- 3.4 President (non-voting).
- 3.5 Chief of Staff or Vice President Medical, Programs and Quality (non-voting)
- 3.6 Resource persons may attend this committee as required (non-voting).

4.0 PROCEDURE FOR APPOINTMENT

- 4.1 The Chair of the Committee shall be appointed for a two-year term by the Board of Trustees upon the recommendation of the Mission & Governance Committee.
- 4.2 Other Board members shall be appointed (reappointed) for a term of two years by the Board of Trustees upon the recommendation of the Mission & Governance Committee.
- 4.3 The President shall be a permanent member.
- 4.4 Community members shall be appointed (reappointed) annually for a term of two years by the Board of Trustees upon the recommendation of the Mission & Governance Committee; and

It is desirable that membership changes be staggered, so that continuity of function is facilitated.

5.0 MEETINGS

The Resource, Audit and Finance committee would normally meet at a pre-determined time and place, with a minimum of 6 meetings per year.

6.0 RESPONSIBILITIES OF THE CHAIR

- 6.1 The agenda of the meeting shall be determined in advance with the assistance of the resource person and stated in the notice of meeting.
- 6.2 Provide a summary report from the Committee for the Board of Trustees at their next regular meeting.
- 6.3 Facilitate effective group interaction.

- 6.4 Ensure that the Committee establishes an annual work plan to carry out the committee's stated functions.
- 6.5 Ensure that Committee members are provided with the right information and education to carry out their functions.
- 6.6 Act as a liaison between other Board committees; and
- 6.7 Ensure that a quorum of 50% of the voting members are present at each meeting for the purpose of voting.

7.0 RESPONSIBILITIES OF THE RESOURCE PERSON

The CFO or designate will act as principal resource to the Committee. The resource person:

- 7.1 Assists the Chair in establishing the agenda.
- 7.2 Ensures that the agenda and minutes of meetings are distributed.
- 7.3 Ensures that minutes of meetings are recorded.
- 7.4 Provides information for ongoing monitoring of determined outcomes.
- 7.5 Presents key issues to the committee for discussion and decision.
- 7.6 Acts as liaison for Senior Administration; and
- 7.7 Assists the Chair in compiling reports, including monthly reports and specials reports.

8.0 RESPONSIBILITIES OF COMMITTEE MEMBERS

- 8.1 All Committee members will adhere to the Code of Conduct for Members of the Board of Trustees and Members of Board Committees as outlined in policy number 010-012.
- 8.2 Attending meetings.
- 8.3 Prepares for and actively participates in meetings and committee projects.

9.0 OTHER

- 9.1 The official copy of the minutes shall be kept in the Office of the President.

Approved: RP&U - November 1993
Reviewed: RP&U - September 2000; September 2001; October 2002; October 2003; September 2004; September 2005; September 2016; September 2017
Revised: Board of Trustees - September 2007; May 2009; November 2014; March 2015
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