CENTRAL WEST LOCAL HEALTH INTEGRATION NETWORK

FINANCE AND AUDIT COMMITTEE - TERMS OF REFERENCE

1.0 PURPOSE:

To oversee all material aspects of financial reporting, internal controls and the audited financial statements of the Central West LHIN.

The Committee supports the Board in fulfilling its oversight responsibilities in the following areas:

1. Financial Planning and Reporting
2. Financial Risk Management
3. Audits

The primary responsibility for the financial reporting, financial risk management and internal controls of the Central West LHIN is vested in management and is overseen by the Board.

2.0 DUTIES:

The Committee shall operate in a manner consistent with the regulation as provided by the Local Health System integration Act, 2006 (reg.417/06). (Addendum A).

2.1 Financial Statements and Other Financial Reporting:

a) The Committee shall make recommendations to the Board on the following:

- The selection and implementation of accounting policies as recommended by management and used in the preparation of financial statements and reporting;
- Any significant proposed changes in financial reporting and accounting policies and procedures, including any new or pending accounting standards;
- The Quarterly Report to the Ministry of Health and Long-Term Care
- The annual audited financial statements;
- The annual procurement report
- Variance reporting and relevant actions to be taken by management.
- The annual LHIN operating plan and budget

b) Review financial performance of LHIN's operations and monitor to ensure it is operating within its approved funding.

2.2 Financial Risk Management

The Committee shall, as a component of the LHIN's ERM process:

- Review the assessment of the LHIN's financial risk management policies and processes as assessed by management;
- Have a clear understanding of the risk of fraud and error in the LHIN and review management's response to these risks;
- Oversee management's establishment of an adequate system of internal controls and risk management systems to mitigate the risks facing the LHIN and to ensure a strong internal control environment exists;
- Consider the potential risk of management's override of controls or other inappropriate influence over the reporting process;
- Enquire into the condition of the books and records and the adequacy of resources committed to the accounting function and internal controls and,
- Review annually and make recommendations for any changes in delegated signing authority.
- Review the report on compliance with statutory filing requirements

2.3 Audits:

The Committee shall exercise oversight in the following areas and make recommendations to the Board on:

- The annual engagement of the external auditors, as per the Memorandum Of Understanding between LHINs and the Ministry of Health & Long Term Care;
- The review of the auditor's planning report of the annual audit including but not limited to:

  i. engagement letter;
  ii. objectives and scope of the audit work
  iii. materiality limit;
  iv. areas of audit risk;
  v. staffing;
  vi. timetable; and
  vii. proposed fees

- The findings of the year-end audit with the auditor and discuss the auditor's report including the appropriateness of accounting policies, underlying estimates and any internal control weaknesses;
- The timely implementation of actions taken by management in response to audit recommendations;

- The approval of the audited financial statements.
- Review and approve any internal audit plans that may be deemed necessary including nature and scope of specific internal audit projects to be carried out, receive the reports and recommendations.
- Whom a health service provider should appoint as its auditor to audit its accounts and financial transactions, if the LHIN directs the service provider under section 21 of the ACT to have such an auditor.

2.4 Other:

The Committee shall:

- Review the Terms of Reference for the Committee in September of every year and make recommendations to the Board as required.
- Develop an Annual Work Plan.

3.0 COMPOSITION AND PROCEDURES:

3.1 Membership and Term of Office

- The Finance and Audit Committee shall be comprised of a minimum of four (4) Members of the Board
- The Board Chair will develop, on an annual basis, the proposed Finance & Audit Committee membership, taking into consideration each potential Member's experience, background and interests for approval by the Board as a whole.
- The Chair of the Committee shall be appointed by the Board Chair with input from the Board Members.
- All Committee Members shall be "financially literate" and at least one Member shall have accounting expertise (designation).

- Consistent with 'Roberts Rules of Order':

  - The Chair of the Board and the CEO shall be Ex-Officio Members of the Committee.
  - The Chair of the Board, when present, counts for the purposes of Quorum and can vote.
  - The CEO, when present, does not count for the purposes of Quorum, and cannot vote.
  - Community Members appointed to Committees by the Board, count for the purposes of Quorum and can vote at the Committee Meeting.

3.2 Accountability

- The Committee is accountable to the Board of Directors;
- The Committee Chair has the responsibility to make periodic reports to the Board of Directors, as requested, on financial matters relative to the Central West LHIN;
- The Committee will run its meeting in accordance with the Local Health Systems Integration Act, 2006, and the Board's bylaw on public meetings.

3.3 Meetings and Quorum

- Meetings of the Committee shall be held at least quarterly (four times per year) or at the call of the Chair;
- Minutes and relevant documentation of meetings shall be communicated to the Board of Directors;
- A quorum shall be 50% +1 of the Members entitled to vote;
- Meetings shall be open to the public with reasonable notice

3.4 Reporting

- The Committee shall maintain an open, effective and transparent communications process for reporting on all matters related to the mandate of the Finance and Audit Committee to the Board of Directors.

3.5 Evaluation

- The Committee shall conduct and present to the Board an annual evaluation of the performance of the Committee and its members as well as its fulfillment of its duties under the mandate delegated by the Board of Directors.
- The process shall be consistent with the LHIN evaluation framework.

4.0 AMENDMENT

Date of Approval by Board of Directors:	Wed., October 25, 2017
Date of Last Review by Committee:	Mon., September 25, 2017
Date of Previous Review by Committee:	Mon., September 26, 2016
Date of Previous Approval by Board of Directors:	Wed., September 28, 2016

ONTARIO REGULATION 417/06 made under the
LOCAL HEALTH SYSTEM INTEGRATION ACT, 2006
Made: August 22, 2006
Filed: August 29, 2006
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COMMITTEES OF THE BOARD OF DIRECTORS OF A LOCAL HEALTH INTEGRATION NETWORK

Required committees:

1. The board of directors of every local health integration network shall establish, by by-law, the following committees:

1. Audit Committee.
2. Community Nominations Committee.

Accountability:

2. The committees listed in section 1 shall report to and be accountable to the board of directors of the local health integration network.

Duties of committees:

3. (1) The Audit Committee of a local health integration network shall review and provide advice and recommendations to the board of directors of the network on,

(a) the network's obligations with respect to appropriate accounting and financial reporting;
(b) whom the network should appoint annually as its auditor;
(c) the annual audit plan of the network;
(d) the audited financial statements of the network;
(e) appropriate risk management activities; and
(f) whom a health service provider should appoint as its auditor to audit its accounts and financial transactions, if the network directs the service provider under section 21 of the Act to have such an auditor.

(2) The Community Nominations Committee of a local health integration network shall,

(a) give notice to the public of vacancies on the board of directors of the network;
(b) inform the public about the objects and role of the network;
(c) identify potential appointees to the board of directors of the network through a local community nomination process; and
(d) recommend to the board of directors of the network potential appointees to the board of directors of the network.

Made by: pris par :
Le ministre de la Santé et des Soins de longue durée,
GEORGE SMITHERMAN
Minister of Health and Long-Term Care
Date made: August 22, 2006.
Pris le : 22 août 2006.