

<p style="text-align: center;"><i>North Simcoe Muskoka</i> LOCAL HEALTH INTEGRATION NETWORK RÉSEAU LOCAL D'INTÉGRATION DES SERVICES DE SANTÉ <i>de Simcoe Nord Muskoka</i></p>	Policy:	Finance & Audit Committee Charter
	Number:	1-GEN-070
Approved by: Board Chair	Manual:	Governance
Signature: <i>Original signed by R. Rosen</i>	Section:	I - General
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Purpose

To act on behalf of the Board of Directors in overseeing all material aspects of financial management and reporting, internal controls, and the annual audit of the financial statements.

Key Oversight Duties

The Finance and Audit Committee shall exercise oversight in the following areas, and make recommendations to the Board, as appropriate:

1. Budgets and Financial Reporting

- The annual operating budget;
- Multi-year financial plans and projections;
- Financial reports prepared for the Board and / or government agencies;
- Management's plans to address variances and risk issues
- Other financial information e.g. the annual report, for consistency with the financial information in the audited financial statements and other audit and ministry reports.

2. Management of Financial Resources

- The processes for managing the LHIN's financial resources and associated risk, including the LHIN's risk monitoring and mitigation processes.
- The NSM LHIN Provider Service Accountability Agreements in consultation with the Health Services Committee, as appropriate

3. Risk Management

- The LHIN's quarterly reports including the enterprise risk report and the mitigating risk strategies
- The potential for risk of fraud and error in the LHIN, including the risk of management's override of controls, and management's response to these risks.
- The adequacy of systems of internal controls and risk management.
- The LHIN's insurance coverage including Director's liability, facility and assets insurance

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Key Audit-Related Roles

The Finance and Audit Committee will have the responsibility to perform the statutory requirements of the Audit Committee as referred to in the LHSIA 2006 and the related regulations.

4. Audit-Related Activities

- Recommend to the Board of Directors the approval of the audited financial statements.
- Pre-approve all audit and non-audit services to be performed by the external auditor, including:
 - The auditor's annual engagement letter;
 - Objectives and scope of the audit work;
 - Materiality limits;
 - Areas of audit risk;
 - Staffing, timetable and proposed fees.
- Review the external auditor's independence reports.
- Review the following with the external auditor:
 - the annual financial statements and related note disclosures
 - the results of the audit including, if any:
 - difficulties or disputes with LHIN management
 - significant changes in the audit plan
 - significant changes in accounting policies
 - management estimates that required significant judgment
 - internal control weaknesses and steps taken to overcome them
- Monitor the adequacy and timely implementation of actions taken by management in response to audit recommendations.
- Recommend to the Board of Directors the appointment of the external auditors, and their remuneration.

Additional Duties

a. Accountability

- The Committee is accountable to the Board of Directors and shall maintain and foster open communications between members of the Committee, the Board, Board Chair and CEO.
- The Committee will run its meetings in accordance with the Act and the Board's bylaw on public meetings.

b. Membership

- The Finance and Audit Committee shall be comprised of three Board members and the Board Chair, the majority of whom should have experience in financial management and related areas.
- Committee members and the Committee Chair shall be recommended by the Board Chair and approved by the Board.

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c. Meetings and Quorum

- The Committee shall meet at least three times each year. The Committee may choose to hold additional meetings, if considered necessary, to carry out its responsibilities effectively.
- At meetings where the external auditor is present, time shall be allocated for the Committee to meet separately with management and with the external auditor.
- Minutes and relevant documentation of meetings shall be communicated to the Board of Directors.
- A quorum at all meetings shall include a majority of Committee members who are Board Directors.

d. Term of Office

- Committee members shall serve for a term of one year and may be reappointed by the Board, provided that no term of office may exceed the term of any applicable Order-in-Council appointment.

e. Committee Performance

- The performance and effectiveness of the Finance and Audit Committee and its individual members shall be assessed as part of the Board's annual evaluation process.

f. Amendment

- This charter shall be approved initially and amended by the Board periodically.

g. Other

The Committee shall:

- Develop, review and update annually a committee work plan which is informed by and supports achievements of the Board's objectives for the LHIN;
- Conduct or authorize investigations into matters within the Committee's scope of responsibilities, including retaining independent professionals as required;
- Periodically carry out other activities as may be requested by the Board of Directors.

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Local Health System Integration Act, 2006 (Excerpt)

Part IV – Funding and Accountability

Funding of health service providers

19. (1) A local health integration network may provide funding to a health service provider in respect of services that the service provider provides in or for the geographic area of the network. 2006, c. 4, s. 19 (1).

Terms and conditions

(2) The funding that a local health integration network provides under subsection (1) shall be on the terms and conditions that the network considers appropriate and in accordance with the funding that the network receives under section 17, the network's accountability agreement and the prescribed requirements, if any. 2006, c. 4, s. 19 (2).

Assignment of agreements

(3) The Minister may assign to a local health integration network the Minister's rights and obligations under all or part of an agreement between the Minister and a health service provider, including an agreement to which a person or entity that is not a health service provider is also a party. 2006, c. 4, s. 19 (3).

Exception

(4) Despite subsection (3), the Minister shall not assign to a local health integration network an agreement for the provision of funding for services by a person described in subsection 2 (3) that the Minister has entered into under the authority of paragraph 4 of subsection 6 (1) of the *Ministry of Health and Long-Term Care Act* or subsection 2 (2) of the *Health Insurance Act*. 2006, c. 4, s. 19 (4).

Termination date

(5) In an assignment under subsection (3), the Minister may provide that the agreement, or the part of it assigned, terminates on the earliest of,

- (a) the date set out in the agreement;
- (b) the date that the network and the health service provider enter into a service accountability agreement; and
- (c) the date, as the Minister specifies, that the network and the health service provider have to enter into a service accountability agreement. 2006, c. 4, s. 19 (5).

Accountability of health service providers

20. (1) A local health integration network and a health service provider that receives funding from the network under subsection 19 (1) shall enter into a service accountability agreement, as defined in Part III of the *Commitment to the Future of Medicare Act, 2004*. 2006, c. 4, s. 20 (1).

No restriction on patient mobility

(2) A local health integration network shall not enter into any agreement or other arrangement that restricts or prevents an individual from receiving services based on the geographic area in which the individual resides. 2006, c. 4, s. 20 (2).

Community care access corporations

(3) Subsection (2) does not apply to any agreement between a local health integration network and a community care access corporation that requires the latter corporation to deliver services in the area in which it is approved to provide services. 2006, c. 4, s. 20 (3).

Audit

21. A local health integration network may, at any time, direct that a health service provider that receives funding from the network under subsection 19 (1) engage or permit one or more auditors licensed under the *Public Accounting Act, 2004* to audit the accounts and financial transactions of the service provider. 2006, c. 4, s. 21.

Information and reports

22. (1) A local health integration network may require that any health service provider to which the network provides funding or proposes to provide funding under subsection 19 (1) provide to the network the plans, reports, financial statements and other information, other than personal health information as defined in subsection 31 (5) of the *Commitment to the Future of Medicare Act, 2004*, that the network requires for the purposes of exercising its powers and duties under this Act or for the purposes that are prescribed. 2006, c. 4, s. 22 (1).

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