

## Manual: Board of Directors

<b>Title:</b>	FINANCE AND AUDIT COMMITTEE	<b>No.:</b> CA-330
<b>Section:</b>	Board Committees	<b>Effective date:</b> 2024-06-25
<b>Issuing authority:</b>	Board of Directors	<b>Date of last revision:</b> 2022-06-21
<b>Approver:</b>	Board of Directors Thomas Soucy, Chairperson	<b>Date signed:</b> 2024-06-25

### PURPOSE

The Finance and Audit Committee (the “Committee”) assists the Board of Directors (the “Board”) of Vitalité Health Network (the “Network”) in fulfilling its responsibilities to ensure financial and organizational viability. It recommends measures related to the allocation of resources, including the adoption of an annual budget, and supervises financial performance on a continuous basis. It analyzes and informs the Board about the organization’s financial situation and the financial risks to which it is exposed. The Committee is also responsible for assisting the Board in fulfilling its oversight responsibility regarding the accurateness of financial reports by ensuring that appropriate internal control systems have been established by management and for supervising the external audit process. It also guides the Board on the investment of funds that fall under its fiduciary responsibility. Lastly, it supports the Board in its review of the follow-up to strategic directions, in accordance with the Network’s purpose and values (AC: 1.1.3, 1.1.5).

### Membership and operations

1. The Committee is comprised of at least two voting members from the Board, including the Treasurer, who serves as chair.
2. The Chairperson of the Board of Directors is a voting ex officio member and the President and CEO is a non-voting ex officio member.
3. The Committee operates within the guidelines governing Board of Directors Committees (CA-300).
4. The Committee meets four times a year according to a predetermined schedule and at the request of the Committee chairperson.
5. The Network’s auditors must be informed of the Committee members’ names.

1. The Committee must meet with the external auditor when appropriate to examine any matter that, in the opinion of the Committee or the auditors, should be brought to the Board's attention.

### Responsibilities

Subject to the Board's powers and responsibilities, the Committee has the following responsibilities.

### **Supervise performance and financial viability (AC: 3.5.6)**

The Committee:

6. Reviews the annual business plan, including fiscal assumptions, and makes recommendations to the Board;
7. Analyzes the Network's financial performance and reports on this at each Board meeting and ensures that the organization manages its activities in accordance with the budget allocated.
8. Reviews and recommends to the Board the plans made by management to bridge any gaps between the operational plan and actual performance, supervises their implementation, and reports back to the Board.
9. Examines and makes recommendations to the Board concerning accountability arrangements with the Department of Health.
10. Reviews and makes recommendations to the Board concerning the framework service agreement (FSA) between the Network and Service New Brunswick.
11. Analyzes and makes recommendations to the Board concerning financial reports that must be approved by the Board before being submitted to the Department of Health.

### **Ensure that resources or property are available and used effectively**

The Committee:

1. Ensures that resources management and appropriate distribution processes have been established by management (physical resources, property, assets, technology, equipment, etc.) to deliver the anticipated level of service required. (AC: 3.5.2);
2. Ensures that capital funds are available to maintain and replace facilities as well as other assets that are required to deliver services to clients and makes recommendations to the Board in this regard (AC: 3.5.3);
3. Ensures that property is used effectively;
4. Ensures that processes have been implemented by management to prevent asset depreciation due to lack of preventive maintenance or other;
5. Ensures that the Network has effective information management systems, including information security systems (AC: 3.5.8);
6. Ensures that the Network manages the flow of and access to information to maximize the quality of care provided to the user (AC: 3.5.9);

7. Ensures that the organization promotes environmental stewardship in its activities (AC: 3.5.10);
8. Works with the Network to ensure that it has a comprehensive stakeholder engagement plan, including communication plans (AC: 1.2.1);
9. Works with the Network to promote the value of the organization's services to all stakeholders (AC: 1.2.4);

### **Supervise risks to protect financial viability and assets**

The Committee:

1. Identifies, if applicable, the financial risks taken by the Network and ensures that they are understood by the Board;
2. Ensures that internal control systems have been established and implemented by management to manage these risks;
3. Monitors compliance with statutory and regulatory requirements;
4. Reviews policies and procedures related to the organization's financial and audit functions for recommendation to the Board;
5. Examines the effectiveness of the overall risk identification process related to financial reports, develops organizational risk management plans, and analyzes attenuation measures/strategies related to significant risks.

### **Supervise auditing (AC: 3.5.5)**

The Committee reviews the planning and results of external audit activities and the ongoing relationship with the external auditor.

1. Reviewing the external auditor's mandate and recommends it to the Board for approval;
2. Reviewing the annual external audit plan;
3. Obtaining assurance as to the independence of the external auditor;
4. Reviewing the non-audit services provided by auditor's firm or partners (including the estimated fees) and considering the repercussions on the independence of the external auditor;
5. Meeting periodically, and at least annually, with the external auditor without management being present;
6. Analyzing and recommending audited annual financial statements to the Board; taking into consideration changes, if any, in accounting principles and methods, important adjustments arising from auditing, compliance with accounting rules, and fulfillment of legal obligations;
7. Analyzing the management's evaluation of compliance with legislation, regulations, rules and contracts;
8. Reviewing the management's evaluation of the relevance and effectiveness of internal controls related to accounting and financial information systems, as well as recommendations from external auditors;
9. Obtaining certainty that management has set an adequate control environment focusing on the employee's responsibility in the management of public funds and has

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implemented appropriate policies and procedures for the auditing and protection of assets (e.g., insurance coverage, purchase authorization process, etc.);

10. Recommending the appointment of the external auditor to the Board.

**Investment management**

1. Establishes Network procedures for approving capital investments, including major equipment purchases (AC: 3.5.4);
2. The Committee conducts an annual review of the investment policy for those handling the Network’s funds and makes recommendations to the Board concerning any needed revisions;
3. It monitors the returns of the investment portfolio on a quarterly basis.

**Other**

The Committee:


1. Examines the policies and procedures for the review and approval of the President and CEO’s expenses;
2. Advises, on request, the Executive Committee on matters of a financial nature that the Executive Committee must handle between Board meetings;
3. Submits an annual work plan and expected results to the Board for approval.

Report

The Committee submits meeting reports to the Board and retains the minutes of its meetings.

**REFERENCE**

1. The criteria of the Accreditation Canada Governance standard (2022 edition) for the surveys are referenced in the document as follows: “(AC : 1.1.1).”

<b><u>Terms of Reference Reading and Understanding Record</u></b>	
 _____ Signature	2024-06-25 _____ Date
Return a signed copy to the committee chairperson following the first committee meeting in accordance with the annual schedule.	

<b>Supersedes:</b> Zone 1: _____ Zone 4: _____	Zone 5: _____ Zone 6: _____
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