

## Finance and Audit Committee Terms of Reference

### Role & Responsibility

#### Role

To advise and make recommendations to the UHN Board of Trustees or Michener Board of Governors on financial management, facilities and space management, information management/information technology and compliance oversight of the University Health Network (UHN), including The Michener Institute of Education at University Health Network, as well as establishing its annual internal and external audit plans and reviewing the resulting reports and recommendations.

#### Responsibilities

##### Finance

- a) Review the quarterly and annual financial statements and performance reports to ensure an understanding of business drivers and make recommendations to the Board of Trustees with respect thereto.
- b) Review and recommend to the Board of Trustees for approval and to monitor Operating and Capital Plans on an annual and multi-year basis as appropriate, including assessing the adequacy of the processes in place to develop the plans and the allocation of resources.
- c) Review the policies, processes and programs management has put in place to prepare, prevent and protect UHN from significant financial risk, including financial systems and resources.
- d) Advise the Board of Trustees with regard to donations, bequests, endowments, investments, and other funds of UHN.
- e) Advise the Board of Trustees on other financial matters as requested by the Board of Trustees.
- f) Review revenue and net contributions from alternate revenue generating initiatives.
- g) Receive reports and review material transactions with related parties, including funding dependencies and risks.
- h) Receive and review financial reports from UHN's Foundations (the "Foundations") and advise on the requirements from the Foundations to support the strategic capital and business plans of UHN.

##### Information Management/Information Technology (IM/IT)

- a) Review the policies, processes and programs that management has put in place to prepare, prevent and protect UHN from significant IM/IT security and business continuity risk.
- b) Review the multi-year IM/IT strategy and investment plan for IM/IT of the hospital and make recommendations to the Board of Trustees with respect thereto.
- c) Review IM/IT projects where UHN serves as a Transfer Payment Agency for the Ontario government or related agency (e.g. Ministry, LHIN, eHealth Ontario) and make recommendations to the Board of Trustees with respect thereto.
- d) Annually receive updates of UHN's progress against its IM/IT strategy including Partnership and Transfer Payment Agency projects.

##### Facilities and Space

- e) Provide oversight to ensure appropriate plans are in place to ensure the highest and best use of UHN facilities and space including oversight of UHN's master planning.
- f) Review on a timely and regular basis matters relating to building, property and infrastructure and major expenditures and funding thereof, including deferred maintenance and make recommendations to the Board of Trustees with respect thereto.

- g) Annually, review five-year rolling capital and cash flow forecast, to ensure affordability over time of approved capital budgets.
- h) Review the acquisition or disposal of owned and leased property for Hospital purposes and make recommendations to the Board of Trustees with respect thereto.

#### **Business Development and Commercialization**

- a) Provide oversight of the commercial development of intellectual property, technology transfer and industry liaisons including related policies and make recommendations to the Board of Trustees with respect thereto.
- b) Provide governance insight regarding the assessment of commercial opportunities in order to ascertain the value and degree of UHN's participation, including ongoing monitoring of commercial initiatives.

#### **Risk and Compliance**

- a) Review the policies, processes and programs that management has put in place to prepare, prevent and protect UHN from significant regulatory compliance risks and make recommendations to the Board of Trustees with respect thereto.
- b) Monitor compliance with all of the provisions of the Bond Trust Agreement, MaRS Lease, and the BMO Line of Credit.
- c) Monitor compliance with the Ministry of Health and Long Term Care (MOHLTC) Accountability Agreements.
- d) To develop and maintain an effective risk management structure to ensure that Board Committees and the Board are kept apprised of matters of significant importance related to risk.
- e) To oversee and monitor UHN's risk management program, with a view to ensuring that risk mitigation strategies are in place, and that identified risks are satisfactorily addressed.

#### **Investments**

- a) Make recommendations on the appointment of, monitor and report on the performance of Investment managers and providers of such other financial/investment services as considered appropriate.
- b) Review annually the continued appropriateness of the Investment Policy (the "Policy") and make recommendations to the Board of Trustees with respect thereto.

#### **Audit**

- a) Periodically review the relationship between UHN and the external auditors and make recommendations to the Board of Trustees regarding the annual appointment of auditors and their remuneration.
- b) Review the scope of the external annual audit, the annual audited financial statements and the external auditors' report, and make recommendations to the Board of Trustees with respect thereto.
- c) Annual assessment of the external audit firm and a comprehensive review of the external audit firm every five years.
- d) Review and approve internal audit plans, receive the internal audit reports and monitor management's resulting action plans.
- e) Review other audit matters as the Committee so determines.

#### **Other**

- a) Annually receive a litigation and insurance update, and assess the adequacy of UHN's insurance coverage.
- b) Review Banking Resolutions and the Signing Authorities & Delegations Policy and make recommendations to the Board of Trustees with respect thereto.
- c) Review contracts as specified in the Signing Authorities & Delegations Policy and make recommendations to the Board of Trustees with respect thereto.
- d) Review Pension Plan reports on a periodic basis to assess risks to UHN and make recommendations to Board of Trustees with respect thereto.

	<p><b>Other Sub-Committees</b></p> <p>The Finance and Audit Committee may at any time by resolution appoint any special or advisory committee, prescribe its terms of reference and name its Chair and Vice-Chair. The Finance and Audit Committee may also by resolution dissolve any special or advisory committee at any time. The Finance and Audit Committee may by resolution change the composition and duties of any sub-committee or, subject to any applicable legislation, dissolve any sub-committee and establish a new sub-committee or combine any sub-committees.</p> <p>a) Establish sub-committees as required, approve their Terms of Reference, and receive reports and review for recommendations.</p>
<b>Membership and Voting</b>	<p><b>Independent Trustees (Voting)</b> At least 5 Board members appointed by the Board of Trustees</p> <p><b>Ex-Officio Trustees (Voting)</b> Chair of the Board of Trustees President, President-elect or Past President of the Medical Staff Association</p> <p><b>Other (Voting)</b> Chair of the Boards of UHN's affiliated foundations as ex-officio members or delegate where approved by the Committee Chair.</p> <p><b>Ex-Officio (Non-Voting)</b> President and Chief Executive Officer Executive Vice President Technology and Innovation Vice President and Chief Financial Officer</p>
<b>Chair</b>	<p>Appointed by the Board of Trustees, the Chair of the Committee is responsible for reporting to the Board on behalf of the Committee on matters considered by the Committee, its activities and compliance with the Committee's Terms of Reference, and for making recommendation to the Board as appropriate.</p> <p>The Committee Chair is also responsible for the leadership of the Committee, including meeting schedules, the approval of agendas, presiding over meetings and determining committee work plans.</p>
<b>Frequency of Meetings and Manner of Call</b>	The Finance and Audit Committee shall meet at least 5 times per year
<b>Quorum</b>	Forty percent (40%) of Voting Members or 5 Voting Members, 3 of whom must be Independent Trustees
<b>Resources</b>	Vice President and Chief Financial Officer
<b>Reporting</b>	To the Board of Trustees
<b>Date of Last Review</b>	May 2019