

1. Purpose

The purpose of the Audit, Finance and Risk Committee (the Committee) is:

- to assist the Saskatchewan Health Authority Board (the Board) in carrying out its roles and responsibilities related to matters of policy and procedures in the areas of audit, finance and risk management of the Saskatchewan Health Authority (SHA); and,
- to undertake other duties, as directed by the Board from time to time, to assist the Board in delivering exemplary governance practices.

2. Membership – Attendance

- 2.1. The Committee members and Chairperson of Committee will be appointed by the Board.
- 2.2. The Committee shall consist of a minimum of three (3) members of the Board.
- 2.3. The Committee shall be chaired by one of the appointed Committee members.
- 2.4. The Board Chairperson sits on the Committee as a voting member.¹
- 2.5. Where a vacancy occurs at any time in the Committee membership, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than three (3) members as a result of the vacancy.
- 2.6. A quorum for meetings shall be a majority of the Committee members entitled to vote.² Committee members may be present either in person or by telephone or other telecommunications device that permits all members participating in the meeting to speak to and hear each other.
- 2.7. The Committee may invite such members of management and staff of the SHA, as it may see fit from time to time, to attend meetings of the Committee, it being anticipated that there will be regular attendees from management who may be asked to leave the meeting before a vote is taken.³ As defined by Bourinot's Rules of Order and by virtue of the office and position, the Chief Executive Officer (CEO) may attend as ex-officio.
- 2.8. Committee members should have an understanding of the financial statements (including the underlying principles, practices, assumptions and estimates) as well as the scope and findings of audits.

3. Authority

- 3.1. Except where specifically so authorized by the Board, the Committee is not a decision making body.
- 3.2. The Committee is accountable to the Board and conducts its business through processes consistent with the governance philosophy and decision making model.
- 3.3. The Committee will provide effective oversight on matters of audit, finance and risk strategies and ensure compatibility in these areas with the SHA Strategic Plan.
- 3.4. The Committee members hold office by appointment from the Board and at the discretion of the Board.
- 3.5. The Committee will have direct communication channels with the Chief Audit Officer (CAO) and

¹ August 21, 2019 Public Meeting, Board Motion SHA 45-19

² General Bylaws, s. 16(8)

³ General Bylaws, s. 16(5)

external auditors to discuss and review specific issues, as appropriate.

3.6. The Committee, if and when it considers it appropriate and the Board as a whole approves, may institute, direct and supervise an investigation into any matter related to the mandate of the Committee, and may, for purposes of such investigation, retain the services of outside counsel or other professionals, as required.

4. Responsibility and Accountability

4.1 The Committee is responsible to assist the Board in interpreting the strategic plan by recommending to the Board the annual budget assumptions and recommending approval of the operating and capital budgets.

4.2 The Committee is responsible to monitor actual financial results to the annual approved budgets and will receive the monthly and/or quarterly unaudited financial statements and forecasts of year-end results for review on behalf of the Board. The unaudited financial statements and forecasts of year-end results will be provided to the Board by the Committee for information and reporting purposes.

4.3 The Committee provides oversight of the internal audit function of the SHA.⁴ The Committee will:

- 4.3.1 Review and forward the internal audit charter for approval by the Board.
- 4.3.2 Receive the annual internal audit work plan and strategy prepared by the CAO and approve on behalf of the Board. The Committee will ensure the annual internal audit work plan addresses significant risks and identified areas of importance. The work plan will be provided to the Board by the Committee for information.
- 4.3.3 Receive and review internal audit reports and support recommendations for improvements as identified by the CAO.
- 4.3.4 At least quarterly meet with the CAO without SHA management present to discuss the internal audit work plan and discuss concerns that should be brought before the Committee.
- 4.3.5 Make recommendations to the Board regarding the appointment or removal of the CAO.
- 4.3.6 Make recommendation to the CEO regarding the remuneration of the CAO in alignment with the out-of-scope compensation system.

4.4 The Committee provides oversight of the external audit function of the SHA. The Committee will:

- 4.4.1 Recommend to the Board for approval the annual appointment of the external auditor.
- 4.4.2 Review the external auditor's audit planning memo and strategy and recommend to the Board for approval.
- 4.4.3 Review the annual audited financial statements of the SHA and recommend to the Board for approval.
- 4.4.4 Review the external auditor's audit findings and conclusions memorandum and ensure management take appropriate actions on the findings.
- 4.4.5 Review and discuss with management new and pending accounting policies and

⁴ Accreditation Canada, Governance Standards s.3.4

standards, financial statement risks and significant estimates and judgments.

4.4.6 At least once annually, meet with the external auditor without SHA management present to discuss concerns that should be brought before the Committee.

4.5 The Committee is responsible to ensure that management has established a system of internal control and to inform the internal audit function.

4.5.1 It is management's responsibility to design and implement an effective system of internal control and audit function.

4.6 The Committee will assist the Board in understanding the principal risks for the SHA by monitoring management's systems, processes and reporting to:

4.6.1 Identify, monitor, manage and mitigate risks;

4.6.2 Ensure compliance with legal, ethical and regulatory requirements;

4.6.3 Ensure compliance with policies and procedures; and

4.6.4 Understand the SHA's incidences of losses of public money over \$500⁵ and the actions taken.

5. Function

5.1 The Committee will provide effective oversight of:

5.1.1 The financial reporting process;

5.1.2 The business risk process and adequacy of internal controls;

5.1.3 Relationships with the CAO and external auditor;

5.1.4 Financial compliance issues;

5.1.5 The internal audit function through monitoring compliance with the internal audit charter and internal audit plan; and

5.1.6 The major risks inherent to the business, facilities and strategic directions; and keep the Board apprised.

5.2 The Committee will meet with SHA management to:

5.2.1 Review policies with respect to internal control and plans for enhancements;

5.2.2 Review the reporting procedures related to audit activities;

5.2.3 Receive reports from the Vice President, Finance and Chief Financial Officer (VP Finance and CFO), the CAO and their staff;

5.2.4 Review the adequacy and appropriateness of the insurance program, including coverage for officers' and directors' liability;

5.2.5 Determine a recommendation to the Board on the annual appointment or re-appointment of the external auditor;

5.2.6 Consider the appropriateness of specific accounting policies and practices where there are major differences of opinion between management and the external auditors;

5.2.7 Consider, upon advisement, policies relating to compliance with laws and regulations, ethics, conflicts of interest, sensitive expenses and the investigation of misconduct and fraud;

5.2.8 Review pending and ongoing litigation in order to assess potential settlement costs;

5.2.9 Consider all matters of material consequence with respect to financial reporting, policies, business practices and management of the SHA's resources;

⁵ Ministry of Health: *Reporting and Recovery of Losses Policy for SCA and RHA's* (February 28, 2011).

- 5.2.10 Review internal audit costs and external audit fees; and
- 5.2.11 Review finance and accounting personnel succession planning within the organization.

5.3 The Committee shall meet with the CAO, external auditor and SHA management to:

- 5.3.1 Review the scope and extent of the annual audit;
- 5.3.2 Discuss any concerns about the operation of the SHA, and if appropriate, request that the external auditor extend the examination and report on areas in question;
- 5.3.3 Review the audited financial statements and the results of the external auditor's examination;
- 5.3.4 Discuss in detail, the recommendations of the external auditor with SHA administration; and
- 5.3.5 Discuss any matters that the external auditor thinks should be brought forward to the Committee or that the Committee wishes to discuss with the external auditor.

6. Commitment

- 6.1 The Committee will meet at a minimum on a quarterly basis in advance of a scheduled Board meeting.
- 6.2 Meetings of the Committee shall be held at the call of the Chairperson or at the request of a majority of members.⁶
- 6.3 The Chairperson will establish agendas for Committee meetings in consultation with the VP Finance and CFO.
- 6.4 The Chairperson will submit minutes, reports and any recommendations to the Board⁷ on a timely basis following any meeting of the Committee.
- 6.5 Annually, conduct an evaluation of the Committee, review its Terms of Reference and determine necessary revisions or recommendations to the Board, through the Governance & Human Resources Committee.
- 6.6 The Committee will meet in-camera for a portion of each meeting.

7. Resources

Administrative support will be provided by the Executive Assistant to the VP Finance and CFO.

DOCUMENT OWNER: Chairperson, Audit, Finance and Risk Committee

Approved by the Board: May 29, 2019

Revision History:

- September 26, 2024
- September 28, 2023
- September 28, 2022
- September 29, 2021
- August 19, 2020

⁶ General Bylaws, s. 16(7)

⁷ General Bylaws, s. 15(4)