

Category: BOARD POLICY – BOARD PROCESS	
Title: TERMS OF REFERENCE: Board of Directors	Reference Number: AB 101
Approved by: PHSA Board of Directors	Last Approved: August 26, 2010 Last Reviewed: June 22, 2011

I. PURPOSE

- A.** The Provincial Health Services Authority Board of Directors (the “Board”) has a primary responsibility to foster the Authority’s short and long-term success consistent with the Board’s responsibility to the Government and the patients, employees, the medical staff, and the public the Authority serves.
- B.** The Board is a fully functioning governing body. Its role is fiduciary¹ and includes a wide range of interests and responsibilities typically associated with a governing body – strategic planning, risk management, organizational and management capacity, internal control, ethics and values, and communications with stakeholders.
- C.** The Board has the responsibility to oversee the conduct of the Authority's business and to supervise management, which is responsible for the day-to-day operation of the Authority. In supervising the conduct of the business, the Board, through the President and Chief Executive Officer (the “CEO”), will set the standards of conduct for the Authority. This includes oversight of:
- services provided directly by PHSA, or indirectly through
 - shared, purchased or consolidated services provided by third party public or private sector organizations,
- while assuring the advancement of PHSA’s mission, values, strategic directions, and organizational culture.
- D.** These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

¹ Fiduciary – This complex and flexible concept is most often described as a duty of loyalty and good faith, and is set out in most Canadian statutes as a duty to act honestly and in good faith with a view to the best interests of the organization.

II. COMPOSITION AND BOARD ORGANIZATION

- A.** The Board Chair and directors are appointed by the Government.
- B.** The Board operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself. The current spending authorizations are outlined in the Financial Signing Authority Policy in the Board Reference Manual.
- C.** Certain of the Board's responsibilities may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time.
- D.** The Board retains the responsibility for managing its own affairs including the responsibility to:
 - (i) annually review, in conjunction with the CEO, the skills and experience represented on the Board in light of the Authority's strategic direction, for the purpose of recommending the criteria and potential candidates who meet the criteria to the Government when appointing directors;
 - (ii) Implement an appropriate process for assessing the effectiveness of the Board, the Board Chair, committees and directors in fulfilling their responsibilities;
 - (iii) assume responsibility for the Authority's governance practices and ensure they meet the needs of Government, the Authority, and the public; and
 - (iv) appoint the Secretary to the Board.

III. DUTIES AND RESPONSIBILITIES

A. Human Resources

The Board has the responsibility for:

- (i) the appointment and succession of the CEO and monitoring the CEO's performance;
- (ii) approving terms of reference for the CEO;
- (iii) approving the CEO's compensation;
- (iv) reviewing the CEO's performance at least annually, against agreed upon annual objectives;

- (v) the Board works through the Governance & HR Committee in approving those matters within the Board's jurisdiction relating to employees, including:
 - a) the annual compensation policy/program for employees;
 - b) new benefit programs or material changes to existing programs;
- (vi) ensuring that management has in place succession planning programs, including programs to train and develop management;
- (vii) providing advice and counsel to the CEO in the execution of the CEO's duties; and
- (viii) through the Chair and CEO, taking reasonable steps to ensure harmony with related policies at the Ministry of Health Services.

B. Mission, Strategy and Plans

The Board has the responsibility to:

- (i) participate with management in the development of, and ultimately approve, the Authority's Mission, Vision, and Values;
- (ii) participate with management in the development of, and ultimately approve, the Authority's strategic plan, taking into consideration the parameters outlined in the Letter of Expectations with the Ministry of Health Services;
- (iii) approve annual capital and operating budgets that support Authority's ability to meet its strategic plan;
- (iv) working with management, establish clear benchmarks for performance against which the strategic, operating and capital plans can be measured; and
- (v) monitor the Authority's performance against the plans.

C. The Medical Staff

The Board has the responsibility to:

- (i) take reasonable steps to ensure that management, in consultation with the medical staff, develops and implements the necessary by-laws, structures, policies, and procedures to manage and monitor the Authority's provision of medical, diagnostic, treatment and continuing care services;

- (ii) take reasonable steps to ensure that management has systems in place to ensure physicians are meeting practice standards while performing in programs offered by the Authority;
- (iii) approve Medical Staff By-Laws; and
- (iv) receive regular reports from the Medical Advisory Committee.

D. Financial and Risk Issues

The Board has the responsibility to:

- (i) take reasonable steps to ensure the implementation and integrity of the Authority's internal control and management information systems;
- (ii) take reasonable steps to ensure management identifies the principal financial and non-financial risks of the Authority and implements appropriate systems and programs to manage these risks;
- (iii) monitor operational and financial results;
- (iv) approve annual financial statements, and approve release thereof by management; and
- (v) recommend appointment of external auditors and approve auditors' fees.

E. Policies and Procedures

The Board has the responsibility to:

- (i) approve and monitor compliance with all significant policies and procedures by which the Authority is operated;
- (ii) direct management to ensure the Authority operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
- (iii) review significant new policies or material amendments to existing policies.

F. Government and Stakeholder Communications

The Board must pay particular attention to the fact that it operates within a highly public environment. The actions of the Authority have a significant public impact and there is a need to ensure communications with the Government and patients, employees, the medical staff, and the public are effective and appropriate.

The Board has the responsibility to take reasonable steps to:

- (i) ensure the Authority has in place a policy to enable management and the Board to communicate effectively with the Government, patients, employees, the medical staff, and the public generally;
- (ii) ensure the financial performance of the Authority is adequately and promptly reported to the Government and stakeholders;
- (iii) ensure financial results are reported fairly and in accordance with generally accepted accounting principles;
- (iv) ensure timely reporting of any other developments that have a significant and material effect on the Authority; and
- (v) report annually to the Government on the Board's stewardship for the preceding year (Annual Report).

IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A.** The Board is responsible for directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.
- B.** Directors are under a fiduciary duty to the Authority to carry out the duties of their office:
 - (i) honestly and in good faith;
 - (ii) in the best interests of the Authority; and
 - (iii) with the care, diligence, and skill of a reasonably prudent person.
- C.** Directors have specific statutory duties and obligations under employment, environmental, and financial reporting law as well as under the withholding provisions of taxation law.

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