

Category: BOARD POLICY – BOARD PROCESS	
Title: TERMS OF REFERENCE: Board of Directors	Reference Number: AB 101
Approved by: PHSA Board of Directors	Last Approved: September 17, 2020 Last Reviewed: September 17, 2020

I. INTRODUCTION

- A.** The Provincial Health Services Authority (PHSA) Board of Directors (the “Board”) has a primary responsibility to foster PHSA’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 PHSA 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, quality, 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 PHSA's business and to supervise Management, which is responsible for the day-to-day operation of PHSA. In supervising the conduct of the business, the Board, through the President and Chief Executive Officer (the “CEO”), will set the standards of conduct and demonstrate accountability for the quality of care provided by PHSA. This includes oversight of:
- services provided directly by PHSA; and
 - services provided 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 – The *Societies Act* requires that all directors: (a) act honestly and in good faith with a view to the best interests of the organization; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Additional common law fiduciary duties may apply.

II. COMPOSITION AND BOARD ORGANIZATION

- A.** The Board Chair is appointed by the Minister of Health and the remaining 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 or charter, 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 PHSA'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 PHSA's governance practices and ensure they meet the needs of Government, PHSA, and the public; and
 - iv) appoint the Officers of 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 in accordance with the Public Sector Employers' Council Guidelines;
- iv) reviewing the CEO's performance at least annually, against agreed upon annual objectives and directing any required human resources activity as it pertains to the employment of the CEO;

- v) working through the People & Governance Committee, approving those matters within the Board's mandate relating to employees, including:
 - a. the annual compensation policy/program for employees;
 - b. new benefit programs or material changes to existing programs;
 - c. all increases to employee compensation for groups of employees. For greater clarity, this requirement is not meant to capture the individual compensation adjustments deemed appropriate by the Human Resources department in the normal course of business given changes to an employee's role for temporary acting positions, additional duties, or other considerations which are determined on an individual basis, and
 - d. any planned exceptions to the Public Sector Employers' Council guidelines and compensation framework.
- vi) ensuring that Management has in place succession planning programs, including programs to train and develop Management; and
- vii) providing advice and counsel to the CEO in the execution of the CEO's duties.

B. Mission, Strategy and Plans

The Board has the responsibility to:

- i) participate with Management in the development of, and ultimately approve, PHSA's Mission, Vision, and Values;
- ii) participate with Management in the development of, and ultimately approve, PHSA's strategic plan, including identifying timeframes and responsibilities for achieving the goals and objectives, taking into consideration the mandate given to PHSA by the Ministry of Health;
- iii) approve annual capital and operating budgets that support the PHSA's ability to meet its strategic plan;
- iv) working with Management, establish clear benchmarks for performance and quality against which the strategic, operating and capital plans can be measured; and
- v) monitor PHSA's performance against the plans, including an ongoing environmental scan to identify changes and new challenges that might require adjustments to 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 Medical Staff are meeting practice standards while performing in programs offered by PHSA;
- iii) ensure the effectiveness and fairness of the annual credentialing process for the Medical Staff;
- iv) review and approve appointments, reappointments and privileges for Medical Staff as recommended by the Medical Advisory Committee, in consideration of PHSA's resources;
- v) provide oversight of the credentialed Medical Staff through the the Medical Advisory Committee and, if necessary or advisable, effect the restriction, suspension or revocation of privileges of any credentialed professional staff member as provided under the *Hospitals Act*, following recommendation by the Medical Advisory Committee;
- vi) approve Medical Staff By-Laws;
- vii) review and approve the PHSA Quality Improvement Plan, quality goals and performance indicators (using best practices and benchmarks) and monitor indicators of clinical outcomes, quality of care and service delivery, patient safety, satisfaction and organizational risk;
- viii) ensure the development of a process for identifying, managing, and monitoring organizational risks;
- ix) ensure policies are in place to provide a framework for addressing ethical issues arising from clinical care, education and research; and
- x) ensure management has plans in place to address variances from performance standards, including management of patient safety events, systemic or recurring quality of care issues, and complaints and concerns, and oversee the implementation of recommendations.

D. Financial and Risk Issues

The Board has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of PHSA's internal control and management information systems;
- ii) take reasonable steps to ensure Management identifies the principal financial and non-financial risks of PHSA 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;
- v) recommend appointment of external auditors and approve auditors' fees; and
- vi) ensure policies are in place on asset protection, procurement, borrowing, signing authority, resource planning, financial condition, and expense reimbursement.

E. Policies and Procedures

The Board has the responsibility to:

- i) approve and monitor compliance with all significant policies and procedures by which PHSA operates;
- ii) direct Management to ensure PHSA 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 is expected to be mindful that it operates within a highly public environment. The actions of PHSA 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 PHSA has in place a process to enable Management and the Board to communicate effectively with the Government, patients, employees, the medical staff, and the public generally and which encourages feedback from stakeholders and the community about the organization and its services;
- ii) provide oversight of PHSA's efforts to build meaningful partnerships with patients and families and to monitor and evaluate the PHSA's

- initiatives to build and maintain a culture of patient and family-centred care;
- iii) ensure the financial performance of PHSA is adequately and promptly reported to the Government and stakeholders;
- iv) ensure financial results are reported fairly and in accordance with public sector accounting standards;
- v) ensure timely reporting of any other developments that have a significant and material effect on the Authority; and
- vi) report regularly to the Government as required.

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 PHSA to carry out the duties of their office:
 - i) honestly and in good faith;
 - ii) with a view to the best interests of PHSA;
 - iii) with the care, diligence, and skill of a reasonably prudent person in comparable circumstances; and
 - iv) in accordance with PHSA's Bylaws.
- C.** Directors have common law duties and specific statutory duties and obligations under the *Societies Act*, under employment, environmental, and financial reporting laws as well as under the withholding provisions of taxation law.

Policy Created on: June 13, 2002				
Revision Dates:				
June 11, 2009	August 26, 2010	August 22, 2013	June 18, 2015	June 28, 2016
June 28, 2017	June 28, 2018	June 27, 2019	September 17, 2020	