

**BOARD OF DIRECTORS
TERMS OF REFERENCE**

1. PURPOSE

- A.** Island Health has a primary responsibility to foster short and long-term success consistent with the Board’s responsibility to the Government and the interest-holders¹ Island Health serves.
- B.** The Board is a fully functioning governing body. Its role is fiduciary² and includes a wide range of interests and responsibilities typically associated with a governing body – performance monitoring, strategic planning, quality, enterprise risk management, organizational and management capacity, internal control, ethics and values, and communications with interest-holders.
- C.** The Board has the responsibility to oversee the conduct of Island Health’s business, the major part of which is the quality and operation of the health care delivery system, but which also includes assessing and improving the health status of the population.
- D.** The Board is also responsible for supervising management, which is held accountable for the day-to-day operation of Island Health. In overseeing the conduct of the business, the Board, through the Chief Executive Officer (the “CEO”), will set the standards of conduct for Island Health.
- E.** These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

2. COMPOSITION AND BOARD ORGANIZATION

- A.** The Board Chair and directors are appointed by the Government.

¹ Interest-holders include patients/residents/clients/consumers/employees/medical staff/affiliates/funded agencies/foundations/auxiliary/volunteers/government representatives/unions/associations/and the educational sector.

² 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.

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- B.** The Board operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself.
- 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.

3. DUTIES AND RESPONSIBILITIES

A. The Quality of the Health Care Delivery System

The Board has overall responsibility for the quality of the health care delivery system for the people of Island Health with a goal to deliver the highest possible quality of health care within available resources (ie, human resource, financial, physical infrastructure).

- i. in pursuing this goal, the Board will strive to ensure care is respectful, safe, accessible, appropriate, effective, equitable and efficient and delivered by capable staff and medical staff in an efficient and sustainable system.
- ii. the Board will monitor key indicators of performance which reveal how well Island Health is doing in achieving its goal and which will assist in determining policies and priorities for improving care.

As part of the province's commitment, the Board will also play a role in:

- i. monitoring the health status and the key determinants of health for the people of Island Health.
- ii. appropriate to its role, and in cooperation with the province and other Health Authorities, implement programs to improve the health of the people of Island Health.
- iii. advocating for healthy public policy.

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B. Governance

The Board retains the responsibility for managing its own affairs including, but not limited to, the responsibility to:

- i. annually review, in conjunction with the CEO, the skills and experience represented on the Board in light of Island Health's strategic direction, for the purpose of recommending the criteria and potential candidates who meet the criteria to the Government when appointing directors;
- ii. on the recommendation of the Chair, appoint, determine the composition of, and set the mandate for, Board committees;
- iii. implement an appropriate process for assessing the effectiveness of the Board, the Board Chair, committees and directors in fulfilling their responsibilities; and
- iv. assume responsibility for Island Health's governance practices and ensure they meet the needs of Government, the Authority, and other interest-holders.

C. Human Resources and Compensation

The Board has the responsibility for:

- i. the appointment and succession of the CEO and monitoring the CEO's performance;
- ii. approving the Job Description for the CEO;
- iii. approving the CEO's compensation within parameters set by the Public Sector Employers Council;
- iv. reviewing the CEO's performance at least annually, against agreed upon annual objectives;

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- v. approving certain matters relating to all employees as required, including:
 - a) the annual compensation policy/program for employees;
 - b) new benefit programs or material changes to existing programs;
- vi. ensuring succession planning programs are in place, 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 CEO, ensuring harmony with related policies at the Ministry of Health.

D. Vision, Purpose, Values, Risk, Strategy and Plans

The Board has the responsibility to:

- i. participate with management in the development of, and ultimately approve, Island Health's Vision, Purpose and Values;
- ii. Oversee the enterprise risk management framework and obtain assurance the framework is operating effectively to identify and manage strategic risks;
- iii. participate with management in the development of, and ultimately approve, Island Health's strategic and annual plans, taking into consideration the parameters outlined in the Mandate Letter from the Minister of Health and other related government mandates;
- iv. approve annual capital and operating budgets which support Island Health's ability to meet its strategic plan;

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- v. working with management, establish clear benchmarks for performance against which the strategic, operating and capital plans can be measured; and
- vi. monitor Island Health's performance against its plans.

E. The Medical Staff

The Board has the responsibility to:

- i. ensure management, in consultation with the medical staff, develops and implements the necessary bylaws, structures, policies, and procedures to manage and monitor Island Health's provision of medical, diagnostic, treatment and continuing care services;
- ii. ensure management has systems in place to ensure physicians are meeting accepted practice standards while performing in programs offered by Island Health;
- iii. approve Medical Staff appointments, privileges & reappointments;
- iv. approve Medical Staff Bylaws and recommend to the Minister;
- v. review Medical Staff governance structures to ensure the process for credentialing and privileging submissions includes the review and approval of the Local Medical Advisory Committees and the Medical Advisory Committee and this process is reviewed at least annually; and
- vi. receive regular reports from the Medical Advisory Committee.

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F. Financial Factors

The Board has the responsibility to:

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

G. Policies Review/Compliance

The Board has the responsibility to:

- i. approve and monitor compliance with:
 - (a) Island Health's strategic plan (Vision, Purpose, Values, goals and strategic priorities);
 - (b) the President & CEO's roles, responsibilities and performance;
 - (c) Island Health's Operating and Capital plans;
 - (d) the policies by which the Board governs itself; and
 - (e) other such policies and procedures which the Board, from time to time, determines it should approve and monitor;
- ii. review and approve new policies or material amendments to Island Health's existing policies within Board purview which:
 - (a) will significantly impact the way services are delivered in a community or group of communities;

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- (b) will impact the strategic direction of Island Health;
 - (c) require significant capital investment or operational change; and
 - (d) are high profile and may cause public concern; and
- iii. direct management to ensure Island Health operates at all times within applicable laws and regulations and to the highest ethical and moral standards.

H. Government and Interest holder Communications

The Board must pay particular attention to the fact it operates within a highly public environment. The actions of Island Health have a significant public impact and there is a need to ensure communications with the Government and interest-holders are effective and appropriate.

The Board has the responsibility to:

- i. Oversee the enterprise risk management framework and obtain assurance the framework is operating effectively to identify and manage strategic risks;
- ii. ensure Island Health has in place a policy to enable management and the Board to communicate effectively with the Government, interest-holders and the public generally;
- iii. ensure the financial performance of Island Health is adequately and promptly reported to the Government and interest-holders;
- iv. ensure financial results are reported fairly and in accordance with generally accepted accounting principles;
- v. report annually to the Ministry of Health and the public on the Board's stewardship for the preceding fiscal year; and

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- vi. ensure timely reporting of any other developments which have a significant and material effect on Island Health.

4. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A.** The Board is responsible for directing management through the President and CEO 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 Island Health to carry out the duties of their office:
 - i. honestly and in good faith;
 - ii. in the best interests of Island Health;
 - iii. with the care, diligence, and skill of a reasonably prudent person; and
 - iv. direct the President and CEO to ensure Island Health operates at all times within applicable laws and regulations and to the highest ethical and moral standards.
- 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.