

**EXECUTIVE LIMITATIONS****BRD 230****Purpose and Scope**

1. This policy enables the Board of Directors of Northern Health (the “Board”) to:
  - a. Delegate signing authority to the President and Chief Executive Officer (the “CEO”) for the approval of financial transactions within Board approved criteria
  - b. Require internal controls to provide assurance that financial transactions are in compliance with Board approved policies and procedures
2. This policy applies to the financial signing authority of the Board and CEO of Northern Health (“NH”)
3. This Policy should be read in conjunction with the Terms of Reference for the President and Chief Executive Officer (BRD 130)

**Policy Statements and Principles**

1. The Board has the general and overriding power to enter into all financial transactions that are binding for NH
2. The CEO shall not knowingly cause or allow any organizational practice to occur, which violates legislation, commonly accepted business standards, or professional ethics, and shall only consider formal business relationships<sup>1</sup> that are in the best interest of NH as an independent organization
3. The Board has access to the Northern Health business account with the Canada Revenue Agency. This access is limited to the Board Chair and the Deputy Chair, in alignment with their role authority assigned in the Northern Health banking policy.
4. The restrictions to spending authority for the CEO and other personnel who have been delegated authority and responsibility are outlined in Appendix 1
5. The Board may authorize the CEO to approve financial commitments or obligations that are not normally within the authority of the CEO
6. The intentional unbundling of items to reduce the spending threshold is not permitted
7. Financial transactions spread over more than one year shall be valued based on the total contractual commitment for the duration of the contract or commitment
8. Prior to approval, the CEO shall bring to the attention of the Board any financial transactions within the CEO’s authority, regardless of value, that have a high risk factor,

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<sup>1</sup> Such as a Service Level Agreement or Memorandum of Understanding or any other formal agreement that may indicate an expression of willingness and intent to cooperate for mutually beneficial purposes.

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involve any controversial matter, or that may bring the activities of NH under public scrutiny

9. The Board authorizes the CEO to set travel expense reimbursement rates for excluded employee expenses, including but not limited to travel costs, per diem meal claims and mileage. Limitations should be set in consideration of Ministry of Finance Policy 10.0 Travel<sup>2</sup>. The Audit and Finance Committee is to be provided, as information, the NH Travel Expense Reimbursement policy at minimum annually or when a revision has been made.
10. The CEO is not authorized to approve financial transactions where the CEO has a conflict of interest or where there are reasonable grounds to believe that there may be or may be seen to be a potential conflict of interest. The CEO must not approve a transaction that might confer a personal benefit. This includes expenditures such as all expense reimbursement claims, conference fees, educational expenses, travel expenses, advances, membership fees, items that could be used personally, and items that are intended to be located within an individual's home.
11. The Chief Financial Officer ( the "CFO"), or the CFO's delegate, is authorized to approve financial transactions related to regulatory payments, utilities and payroll deductions without limit
12. The CFO will maintain a listing of all financial transactions greater than \$1 million and will report annually to the Audit and Finance Committee of the Board

## Designations

The CEO may designate limits of spending authority to the CFO, Senior Operating Officers, Vice Presidents, and other senior management staff with specific areas of responsibility. A Signing Authority Policy<sup>3</sup> outlining any such designated spending authorities will be maintained.

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<sup>2</sup> [http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/10\\_Travel.htm](http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/10_Travel.htm)

<sup>3</sup> DST 4-4-2-030

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## **APPENDIX 1**

### **Restrictions of Authority**

The CEO and any other personnel to whom authority and responsibility has been delegated, are restricted as to signing authority for the following<sup>4</sup>:

1. **Borrowing**
  - 1.1. Subject to approval by the Minister of Health, the Board must authorize any borrowing of funds on behalf of NH
  
2. **Real Property**
  - 2.1. Subject to approval by the Ministry of Health, the Board must authorize any purchase of real property and/or the mortgage, sale, transfer or change to the use of real property owned or administered by NH
  
3. **Capital Assets**
  - 3.1. Capital assets identified in the Board approved Capital Plan may be purchased
  - 3.2. Where urgent, to maintain operational services, the CEO may authorize additional capital asset purchases up to a unit cost of \$2,000,000.
    - 3.2.1. The CEO may consult with the Board Chair and if not available the Board Deputy Chair or Chair of the Audit and Finance Committee before proceeding with approval
    - 3.2.2. The CEO will report all such purchases, identify the source of funds, and provide the rationale for the purchases to the Audit & Finance Committee or the full Board at its next meeting, whichever comes first
  - 3.3. Subject to approval by the Minister of Health, capital leases for equipment used directly in the provision of health services (e.g. CT scanner) will be authorized by the Board. Capital Leases for non-patient care (e.g. photocopiers) do not require Minister of Health approval, but must be included in the Board approved Capital Plan for purchase to occur.
  
4. **Operating Expenditures**
  - 4.1. Routine operating expenditures within the Board approved Operating Budget may be authorized by the CEO or as designated in the Signing Authority Policy (DST 4-4-2-030)

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<sup>4</sup> The terms of the *Health Authority Act* and the Health Authority Financial Management Policy Guidelines are considered part of this policy

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- 4.2. The CEO is authorized to sign financial transactions subject to:
  - 4.2.1. The financial transaction not exceeding \$20 million
  - 4.2.2. The financial transaction is within Board approved operating budget; and
  - 4.2.3. Compliance with any other applicable policies, procedures or instructions issued by the Board
- 4.3 Financial transactions in excess of \$1 million that are not within the Board approved operating budget must be approved by the Board
- 4.4 In exceptional circumstances, financial transactions that are not within the Board approved operating budget but require urgent approval must be:
  - 4.4.1 Reviewed, prior to approval, by the CFO;
  - 4.4.2 Approved by the CEO.
    - a) The CEO must consult with the Board Chair and if not available the Deputy Chair or Chair of the Audit and Finance Committee before proceeding with approval; or
    - b) In the absence of the CEO, approved jointly by the Acting CEO and the CFO. The Acting CEO and CFO must consult with the Board Chair and if not available the Board Deputy Chair or Chair of the Audit and Finance Committee before proceeding with approval.
  - 4.4.3 And in both instances reported to the Audit & Finance Committee or the full Board at its next scheduled meeting, whichever comes first
- 4.5 Operating leases in excess of \$1,000,000 annually must be approved by the Board
- 4.6 Encumbrances on an individual Northern Health real property cumulatively in excess of \$250,000 must be authorized by the Board

## 5 Compensation and Benefit Programs

- 5.1 The Board reserves the authority to approve:
  - 5.1.1 The CEO's compensation
  - 5.1.2 The annual compensation plan for non-contract staff and new benefits programs or material changes to existing programs for non-contract staff
- 5.2 The CEO:
  - 5.2.1 Shall provide to the Board for approval an annual compensation plan that ensures that compensation and benefits for non-contract staff are consistent with the Health Employees Association of BC ("HEABC") compensation plans

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- 5.2.2 Shall provide to the Board an annual review to ensure compensation and benefits for non-contract staff are consistent with HEABC compensation plans for the skills employed
- 5.2.3 Shall not promise or imply lifelong employment to anyone
- 5.2.4 Shall not change his/her own compensation or benefits

## 6 Collective Agreements

- 6.1 Only the Board has the authority to ratify collective agreements.

## 7 Banking

- 7.1 The Board approves the appointment of the banking institution/s and the appointment of the signing officers for banking purposes<sup>5</sup>

## 8 External Auditor

- 8.1 The Board will appoint the external auditor

## 9 Non-Audit Services

- 9.1 The Board reserves the authority to approve all non-audit services to be undertaken by the external auditor (BRD 315)

## 10 Shared Services

- 10.1 The Board will authorize Northern Health to enter into shared services agreements

### 10.2 Agreements for shared services shall:

- 10.2.1 Work to balance the interests of NH with the interests of the overall health care system in British Columbia
- 10.2.2 Provide mutually beneficial opportunities to accomplish the goals set forth by each organization
- 10.2.3 Remain in effect until terminated in accordance with the terms of the agreement

### 10.3 The CEO shall put processes in place to ensure that:

- 10.3.1 The appropriate Memoranda of Understanding, Service Level Agreements and/or other documentation are in place that provide clarity regarding how business will be conducted between the shared services providers and NH
- 10.3.2 The agreements established with the shared services providers are in alignment with NH's mission, vision and values and Strategic Plan

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<sup>5</sup> See Banking Policy 4-4-6-040

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- 10.3.3 The agreements established with the shared services providers are in compliance with NH's administrative and financial policies
- 10.3.4 The shared services providers understand how they will relate to NH's governance and management structure
- 10.3.5 Harmonious working relationships are maintained with shared services providers and effective problem solving and conflict resolution processes are in place to ensure continuity of operations

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