

3.1 Financial Planning and Budgeting

Executive Limitations

Version Number	Description of Changes	Effective Date
1	Initial release	1997-11-26
2	Revision	2003-09-24
3	Revision	2004-01-28
4	Revision	2004-06-23
5	Revision	2012-07-19
6	Revision	2016-05-18
7	Revision	2017-06-20
8	Comprehensive revision	2026-09-30

Purpose

To ensure that financial and budgetary planning at Hawkesbury and District General Hospital (HGH) remains aligned with the Board's Ends and the strategic plan, preserves the organization's financial viability, and does not expose HGH to unnecessary risks or fiscal jeopardy. This policy establishes the executive limitations within which the CEO must operate in financial planning and budgeting.

Scope

This policy applies to operating and capital financial planning and budgeting for any fiscal year, whole or partial. It is to be read together with Policy 3.2 – Financial Condition and Operational Performance, Policy 3.5 – Protection of Assets and Prioritization of Disbursements, Policy 3.15 – Risk Management, Policy 1.7 – Cost of Governance, and the Board's Ends policies, and it guides the work of the Finance and Planning Committee.

Monitoring: Annually (January)

Guiding Principles

3.1.0 Financial planning for any fiscal year, or the remaining part of any fiscal year, shall not deviate materially from the Board's Ends or risk fiscal jeopardy.

3.1.0.1 Alignment with Ends and Strategic Plan: Financial planning reflects the Board's Ends and the directions of the HGH strategic plan by allocating resources and establishing budget priorities accordingly.

3.1.0.2 Fiscal Sustainability and Prudence: Financial planning is one of the primary tools intended to preserve HGH's short- and long-term viability, within the risk-tolerance threshold established with the Board.

Definitions

Balanced Budget: A budget in which planned expenditures do not exceed the revenues reasonably projected for the fiscal year.

Board's Ends: The Board policies that define the results the organization is to achieve, for whom, and at what cost; they are the purpose that financial planning must serve.

Current Ratio: The ratio of current assets to current liabilities; this policy sets a floor of 1.5.

Fiscal Jeopardy: A situation in which planning or budgeting decisions compromise HGH's ability to meet its financial obligations or to pursue its mission.

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Procedure

Accordingly, the CEO:

- 3.1.1** Shall not allow budgeting that contains too little information to enable a credible projection of revenues and expenses, the separation of capital and operating items, the establishment of cash flow, and the disclosure of planning assumptions.
- 3.1.2** Shall not allow budgeting that plans, for any fiscal year, the expenditure of more funds than are conservatively projected to be received in that period, without the approval of the Board and subject to a final balanced budget unless such balanced budget requirement is waived by the Ministry of Health.
- 3.1.3** Shall not allow budgeting that would, at any time, reduce current assets to less than 1.5 times current liabilities.
- 3.1.4** Shall not allow budgeting that provides less for Board prerogatives during the year than is set out in Policy 1.7 – Cost of Governance.
- 3.1.5** Shall not allow Board approval of the operating and capital budgets without the prior review and recommendation by the Finance and Planning Committee and without first presenting to the Board the planning elements specified in paragraphs 3.1.1 to 3.1.4.
- 3.1.6** Shall not allow budgeting that fails to consider HGH's strategic priorities, the input of stakeholders and the community, or the risk-tolerance threshold agreed with the Board.
- 3.1.7** Shall not allow the resources fall below what is required in order to ensure satisfactory compliance with this Policy.

References

- ❖ ***Public Hospitals Act, R.S.O. 1990, c. P.40, and Regulation 965***
- ❖ ***Excellent Care for All Act, 2010, S.O. 2010, c. 14***
- ❖ ***Connecting Care Act, 2019, S.O. 2019, c. 5 (Hospital Service Accountability Agreement)***
- ❖ ***HGH Corporate By-laws (June 26, 2024)***
- ❖ ***Guide to Good Governance (OHA) – 4th Edition — Chapter 3 (Approving Operating and Capital Budgets; Monitoring Financial Performance)***
- ❖ ***Accreditation Canada – Governance Standards (HSO A1001:2022) — Standards 3.5.2, 3.5.3, and 3.5.4***
- ❖ ***Policy 1.5 – Board Committee Principles and Structure (Finance and Planning Committee)***
- ❖ ***Policy 1.7 – Cost of Governance***
- ❖ ***Policy 3.2 – Financial Condition and Operational Performance***
- ❖ ***Policy 3.5 – Protection of Assets and Prioritization of Disbursements***
- ❖ ***Policy 3.15 – Risk Management***
- ❖ ***Policy 4.0 – Board's Ends***