

3.2 Financial Condition and Operational Performance

Executive Limitations

Version Number	Description of Changes	Effective Date
1	Initial release	1997-11-26
2	Revision	2004-01-28
3	Revision	2007-10-24
4	Revision	2009-11-04
5	Revision	2012-03-28
6	Revision	2016-05-18
7	Comprehensive revision	2026-09-30

Purpose

To ensure that the actual, ongoing financial condition and operational performance of Hawkesbury and District General Hospital (HGH) remain sound, aligned with the Board's Ends, and free of fiscal jeopardy, and that expenditures, indebtedness, asset transactions, and performance indicators stay within the limits and obligations set by the Board and by HGH's accountability agreement with Ontario Health. This policy establishes the executive limitations within which the CEO must operate with respect to HGH's ongoing financial condition and operational performance.

Scope

This policy applies to the actual, ongoing financial condition, expenditures, indebtedness, asset transactions, statutory filings, and operational performance of HGH throughout the fiscal year. It is the monitoring counterpart to Policy 3.1 – Financial Planning / Budgeting and is to be read together with Policy 3.5 – Protection of Assets and Prioritization of Disbursements, Policy 3.15 – Risk Management, Policy 2.1 – Delegation to the CEO, and the Board's Ends policies. It guides the quarterly financial monitoring reviewed by the Finance and Planning Committee.

Monitoring: Quarterly (February, June, September, November)

Guiding Principles

3.2.0 With respect to the actual, ongoing financial condition and activities of HGH, the CEO shall not cause or allow the development of fiscal jeopardy, or a material deviation of actual expenditures and performance indicators from the priorities established in the Board's Ends policies.

3.2.0.1 Financial Health and Sustainability: The CEO maintains HGH's ongoing financial condition within the guardrails set by the Board, safeguarding the hospital's liquidity, solvency, and long-term sustainability.

3.2.0.2 Accountability-Agreement Compliance: The CEO ensures that HGH's operational performance meets the obligations, benchmarks, and reporting requirements of its Hospital Service Accountability Agreement (H-SAA) with Ontario Health.

Definitions

Current Ratio: The ratio of current assets to current liabilities; this policy maintains a floor of 1.5, consistent with Policy 3.1.

Fiscal Jeopardy: A financial condition that compromises HGH's ability to meet its obligations, maintain operations, or pursue its mission.

	Board of Directors Policy	V.7	Page 2/2
3.2 Financial Condition and Operational Performance Executive Limitations			

Hospital Service Accountability Agreement (H-SAA): The accountability agreement that, under the Connecting Care Act, 2019, HGH enters into with Ontario Health, setting out funding, performance, and reporting obligations, including the requirement to maintain a balanced budget position.

Key Performance Indicators (KPIs): The financial and operational performance measures, with benchmarks or corridors, established in the H-SAA and monitored by the Board.

Procedure

Accordingly, the CEO:

- 3.2.1** Shall not expend more funds than have been received in the fiscal year to date, unless the indebtedness guideline in 3.2.2 is met.
- 3.2.2** Shall not indebt the organization in an amount greater than can be repaid, by certain and otherwise unencumbered funds, within 60 days.
- 3.2.3** Shall not allow the ratio of current assets to current liabilities to fall below 1.5.
- 3.2.4** Shall not fail to settle payroll and debts in a timely manner.
- 3.2.5** Shall not allow any tax or other government-required payment or filing to be overdue or to be filed inaccurately.
- 3.2.6** Shall not make any single purchase or commitment for an operating expense or a capital asset greater than \$500,000 that was not included in the operating or capital budget of the current fiscal year except to the extent such expenditure or commitment is fully offset by a new revenue stream (for example, a new MOH funded program). Unbudgeted expenditures greater than \$100,000 will be reported to the Board of Directors at the next meeting following such expenditure.
- 3.2.7** Shall not purchase, encumber, or dispose of any real property.
- 3.2.8** Shall not allow HGH's key performance indicators to deviate from the benchmarks or corridors set out in the hospital's Hospital Service Accountability Agreement (H-SAA) with Ontario Health.

References

- ❖ *Connecting Care Act, 2019, S.O. 2019, c. 5 (Hospital Service Accountability Agreement)*
- ❖ *Public Hospitals Act, R.S.O. 1990, c. P.40, and Regulation 965*
- ❖ *Excellent Care for All Act, 2010, S.O. 2010, c. 14*
- ❖ *HGH Corporate By-laws (June 26, 2024)*
- ❖ *Hospital Service Accountability Agreement (H-SAA) between HGH and Ontario Health (current term)*
- ❖ *Guide to Good Governance (OHA) – 4th Edition — Chapter 3 (Monitoring Financial Performance; Ensuring Integrity of Information)*
- ❖ *Accreditation Canada – Governance Standards (HSO A1001:2022) — Standards 3.5.1, 3.5.5, and 3.5.6*
- ❖ *Policy 1.5 – Board Committee Principles and Structure (Finance and Planning Committee)*
- ❖ *Policy 3.1 – Financial Planning and Budgeting*
- ❖ *Policy 3.5 – Protection of Assets and Prioritization of Disbursements*
- ❖ *Policy 3.15 – Risk Management*
- ❖ *Policy 4.0 – Board's Ends*