

**BRIEFING NOTE**  
**Toronto Central Local Health Integration Network**  
**Finance and Audit Committee Meeting**  
**April 22, 2015**

**Agenda Item 1 & 2 – Welcome & Call to Order**

The Toronto Central Local Health Integration Network (TC LHIN) welcomes the public to its open Board Finance and Audit Committee meeting. Please refer to A Guide to Open Meetings of the Toronto Central Local Health Integration Network (LHIN).

Link:

<http://torontocentrallhin.on.ca/~media/sites/tc/New%20media%20folder/Board%20and%20Governance/Guide%20to%20Open%20Meetings.pdf>

**Agenda Item 3 – Approval of Agenda**

**Agenda Item 4 – Approval of Minutes of the Meeting held on January 28, 2015**

To be posted to website once approval by Committee.

**Agenda Item 5 - Declaration of Conflict(s)**

The Committee member(s) shall at this time in the meeting declare any conflict(s) of interest in accordance with the LHIN Conflict of Interest Policy.

**Agenda Item 6 – Q4 Reports – Health Service Providers**

TOPIC: TC LHIN's Health Service Providers (HSPs) Operation Transfer Payment Funding

**PURPOSE OF THIS AGENDA ITEM**

To provide the Finance and Audit Committee with the 4th Quarter 2014-15 HSPs Operation Transfer Payment Funding.

## BACKGROUND:

The HSPs' Operation Transfer Payment Funding report summarizes the 4th Quarter financial results for HSPs operation transfer payment funding.

A total of \$4.76BN HSPs operation transfer payment was funded by the Ministry of Health and Long-Term Care. Approximately 99% of the funding is non-discretionary. The other 1% is discretionary funding and is derived from urgent priority funds, community sector investment funding, and surplus reallocation in which TC LHIN has limited or full discretion to allocate the funds.

## HSP OPERATION TRANSFER PAYMENT FUNDING RESULTS

The 2014-15 HSP transfer payment budget was \$4.62BN at the beginning of the year, based on the Ministry LHIN Performance Agreement (MLPA). The total transfer payment for HSP operations increased to \$4.76BN during the year; ending with a positive variance of \$139M, which was primarily due to the timing of the Ministry's funding announcements.

TC LHIN is at a balanced position at the end of the year for the HSPs' operations. The total HSP funding received (\$4.76BN) from the Ministry is equal to the total funding distributed (\$4.76BN) to Health service providers.

TOPIC: Toronto Central LHIN's Health Service Providers (HSPs) Total Discretionary Fund Summary

## PURPOSE OF THIS AGENDA ITEM

To inform the Finance and Audit Committee on TC LHIN's HSPs Total Discretionary Fund allocations at a summary level for 2014-15

## BACKGROUND:

A total of \$31.2M in discretionary funding was allocated to HSPs in 2014-15. Allocation decisions were based on the 2014-15 investment approach approved by the Board in April 2014 and focuses on TC LHIN's five strategic priorities.

A breakdown of the \$31.2M by strategic priorities across the three funding sources for discretionary funds is summarized below:

1. Urgent Priority Funds (UPF): TC LHIN has full discretion. (\$10.6M) The funding for 2014-15 is fully allocated in Q3 and the allocation information, outcome and

deliverables were reported in the Q3 Finance and Audit Briefing Note. (see Briefing Note 6D)

2. Community Investment Funds: TC LHIN has limited to full discretion. (\$8.89M) The funding for 2014-15 is fully allocated in Q3 and the allocation information was reported in the Q3 F&A briefing note. Unused funds from community investments are recovered in Q4 and are discussed under the surplus funds from community section. (see Briefing Note 6C).

3. Surplus Funds from Community HSPs: TC LHIN has limited discretion as funds are reallocated within the community sector (\$11.69M) Unused funds from Community HSPs are recovered in Q4 and are discussed further in Briefing Note 6E.

TOPIC: Community Investment Discretionary Funding Q4 Allocation 2014-15

#### PURPOSE OF THIS AGENDA ITEM

To report to the Finance and Audit Committee on Community Investment Discretionary Funding Allocation for the 4th Quarter of 2014-15.

#### BACKGROUND:

Toronto Central LHIN (TC LHIN) followed the Board approved investment approach and the Ministry guidelines to allocate the Community Investment Discretionary Funding throughout 2014/15.

In November 2014, Toronto Central LHIN received \$12.4M community funding from the Ministry for the 14-15 fiscal year, the funding was allocated in Q3 as per the Q3 Finance and Audit report.

The allocation plan for the 2015-16 Community Investment Discretionary funding was also reported in the Q3 Finance and Audit Briefing meeting materials.

TC LHIN received an additional amount of \$0.31M to support the PSW Wage Enhancement Initiative. This funding was allocated to HSPs in full in Q4.

TC LHIN recovered \$3.5M of the \$12.4M community surplus funding in Q4 and this was redistributed to the HSPs in full. Surplus reallocations are discussed further under the HSPs Surplus Funds Reallocation. (Briefing note 6E)

TOPIC: Urgent Priority Fund (UPF) Discretionary Allocation 2014-15

#### PURPOSE OF THIS AGENDA ITEM

To report to the Finance and Audit Committee on the Urgent Priority Fund allocations for 2014-15.

**BACKGROUND:**

The Board approved the 2014-15 investment plan for discretionary funding in April of 2014. TC LHIN reports the Urgent Priority Fund discretionary funding allocation to the Finance and Audit Committee on a quarterly basis.

The 2014-15 UPF funding was been allocated in full in Q3 and the complete funding allocation was reported in the Q3 Finance and Audit Committee report.

In Q4, TC LHIN recovered \$950K of unused urgent priority funding and the total funds recovered were redistributed to other health service providers.

TC LHIN has a balanced position at the end of the year for the UPF budget.

<b>Areas of Focus</b>	<b>2014-15 Planned Amount</b>	<b>2014-15 Allocation Amount</b>
1. System Planning	\$3.6M	\$3.5M
2. Initiatives Funding	\$5.0M	\$3.9M
3. System Service Enhancements	\$0.0M	\$0.7M
4. Infrastructure Funding	\$1.0M	\$2.1M
5. Pressure Funding	\$1.0M	\$0.4M
<b>Total</b>	<b>\$10.6M</b>	<b>\$10.6M</b>

**TOPIC: Toronto Central LHIN's Health Service Providers (HSPs) Surplus Funds Reallocation**

**PURPOSE OF THIS AGENDA ITEM**

To report to the Finance and Audit Committee on the TC LHIN's 2014-15 HSPs Surplus Funds Reallocations

**BACKGROUND:**

The HSPs Surplus Funds Reallocation report (\$11.69M) for the year ended March 31, 2015 summarizes the surplus funds reallocation funding stream, a subset of the total HSPs' transfer payment.

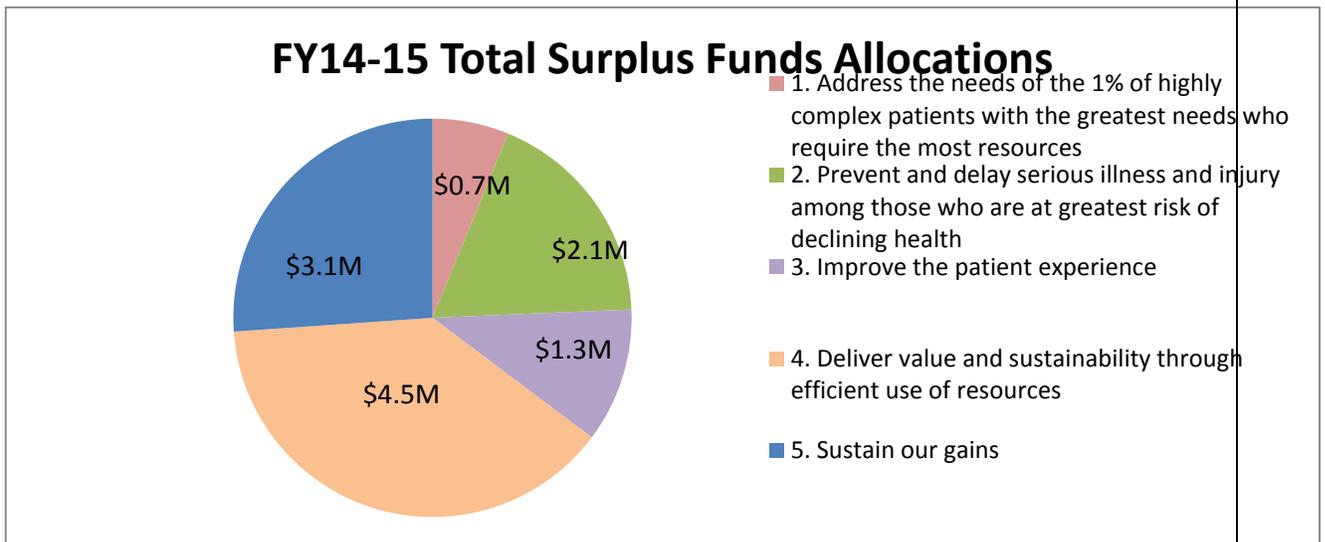
The source of this funding stream comes from community HSPs that report operating and community investment surpluses at quarter end. TC LHIN reallocates these surpluses as one-

time investments to other HSPs that are in need of funding to either decrease potential risks to their existing programs or support new projects and initiatives that will further the TC LHIN planning efforts for system transformation.

In Q4, TC LHIN recovered an additional surplus of \$6.9M (\$3.5M from Community investment funding) which was redistributed to HSPs based on the above allocation principles.

Chart 1 represents the distribution by strategic priorities.

**Chart 1: HSP Surplus Reallocation by Strategic Priorities**



**Agenda Item 7 – Q4 Reports – Toronto Central LHIN**

TOPIC: Toronto Central LHIN’s Year- End Operations Financial Results Report (Unaudited)

**PURPOSE OF THIS AGENDA ITEM**

To inform Finance and Audit Committee on TC LHIN’s unaudited year-end 2014-15 Operations Financial Results Report.

**BACKGROUND:**

TC LHIN Operations Funds

The following are highlights of TC LHIN’s year-end 2014-15 unaudited Financial Results Report:

On the operations side, TC LHIN reported a positive variance of \$4K for the 12 months ended March 31, 2015 as compared to the budget.

TC LHIN received additional one time funding over the planned revenues for the Emergency Management Tool initiative, and the Resource and Matching Referral program.

Salaries and benefits expenses were less than budget primarily due to the timing of filling vacancies.

Total occupancy and common services had a favourable variance attributable mainly to free rent and leasehold improvement costs.

Total business expenses were above budget due mainly to expenses related to:

- coordination and engagement of strategic plan and
- infrastructure improvements, e.g. computers replacement and a Funding and Project Monitoring tool for staff.

On the financial position, there is sufficient cash to support the TC LHIN

TOPIC: LHIN Shared Services Year-End Operations Financial Results Report (Unaudited)

#### PURPOSE OF THIS AGENDA ITEM

To inform the Finance and Audit Committee on the LHIN Shared Services unaudited year-end 2014/15 Operations Financial Results Report.

#### BACKGROUND:

The LHIN Shared Services unaudited year-end 2014/15 Operations Financial Results report shows the financial results of LSSO, Legal and LHINC operations for the 2014/15 fiscal year.

The following are highlights of the report:

#### LSSO and Legal Financial Results

LSSO has a balanced budget for the fiscal year ended March 31, 2015 and the highlights in the income statement are as follows:

- IT outsourcing services and software maintenance had a positive variance due primarily to lower than budgeted IT outsource vendor costs.
- Capital expenses were above budget due to infrastructure projects.

#### LHINC Financial Results

LHINC has a balanced budget for the fiscal year ended March 31, 2015.

Overall, at the combined level, LSSO and LHINC has a balanced budget for the fiscal year 2014-15.

TOPIC: Toronto Central LHIN's Year-End Consolidated Financial Results Report (Unaudited)

#### PURPOSE OF THIS AGENDA ITEM

1. To inform the Finance and Audit Committee of the year-end Consolidated Financial Results Report (unaudited)
2. Finance and Audit Committee recommend that the Board of Directors approve the year end Consolidated Financial Results Report (unaudited)

#### BACKGROUND:

The year-end unaudited 2014-15 Consolidated Financial Results Report is the Toronto Central LHIN's report to the Finance and Audit Committee. It combines the financial operating results of Toronto Central LHIN and LHIN Share Shared Services (LSSO, Legal, and LHINC) for the twelve months ended March 31, 2015. It also includes a two line summary on HSPs' transfer payments operations.

#### DISCUSSION:

The Finance and Audit Committee approved TC LHIN's budget in April of 2014. Management presents its financial results through the Finance and Audit Committee at year end to report on how the LHIN allocated funding for the operations of TC LHIN and its two divisions.

At the consolidated level, the report shows a positive variance of \$4K for TC LHIN and its two divisions, and a balanced position for HSPs' transfer payments of \$4.8BN for the year ended March 31, 2015.

Further details are given in the individual briefing notes of each organization.

#### MOTION

**That the Finance and Audit Committee recommends that the Board of Directors approves TC LHIN's 2014-15 year-end Consolidated Financial Results (unaudited).**

## Agenda Item 8 – TC LHIN Budget 2015/16

TOPIC: TC LHIN's 2015-16 Draft Budget

### PURPOSE OF THIS AGENDA ITEM

Finance and Audit Committee review of the Toronto Central LHIN's final draft 2015-16 budget and recommends it for approval to the Board of Directors.

### BACKGROUND:

At the last Finance and Audit Committee meeting, management suggested, and the Committee agreed to defer the development of the budget assumptions until the after the February Ministry Management Committee meeting. This planned delay facilitated capturing the 2015/16 budget assumptions would include directions from the Ministry. Based on the most recent Ministry's information, management is now presenting a balanced budget for 2015-16.

The Toronto Central LHIN's 2015-16 budget is prepared under the assumption that most of the base funding from the Ministry will remain unchanged from 2014-15; with two exceptions:

- additional base funding received from the Ministry to support the development and ongoing use of Emergency Management Communication Tool beginning 2015-16, and
- reduction of Diabetes Regional Coordination Centre program funding by 2% due to efficiency savings.

The Ministry usually confirms the base operating funds in July each year. The Ministry's one-time funding for 2015/16 has been factored into the proposed budget.

### DISCUSSION:

Guiding Principles for the 2015-16 Budget:

- TC LHIN's operations budget is balanced at the year-end,
- The 15/16 funding is derived from the 2014-15 base funding and new Ministry funding announced for the 15/16 fiscal year. If the total new Ministry funding represents more than 10% of the base funding, it will be reported back to the Finance and Audit Committee.

Budget assumptions for Operations Budget – Total Funding \$9M

74% of TC LHINs 2015/16 Operations Budget is employee salaries and benefits.

Other assumptions include:

- FTE is increased by 1 due to management of the new Emergency Management Communication Tool (EMCT)
- Average salaries increase by 2.0%
- Benefits costs remain at approximately 21% of salaries for 2015-16
- Staff development budget remains constant
- Rent cost is estimated to be increased by 2% but the overall occupancy budget will decrease due to reduction in leasehold improvement budget
- Overhead budget reduce by 2% in Supplies and other General expenses
- Increase in revenue by \$118K due to a combination of:
  - o Increase in Emergency Management Communication funding (\$500K);
  - o Decrease in Ministry Pam Am Games funding (207K);
  - o Decrease in E-health funding (70K)
  - o Decrease in RMR funding due to the program end date of September 2015
- Transfer payment revenue is estimated to be \$4.76B based on 14-15 actual funding
- No Capital Expenditure and Amortization costs are factored in the budget
- If any surplus arises, the funding will be used to support TC LHINs infrastructure enhancements (aligned with the Strategic Plan)

#### LHIN Shared Services Budget 2015-16

LSSO and LHINC make up the LHIN Shared Services budget for 2015-16 and amount to \$5.66M and \$1.38M respectively. LSSO budget remains the same as previous year. LHINC budget has decreased by \$107K mainly due to the end of Pan LHIN communication initiative in 2014/15

#### Budget Information for LSSO:

- LSSO budget is reviewed at the LHINs' CEOs at detailed level
- LSSO Volume usage is assumed to remain constant as 2014-15
- Of the \$5.66M LSSO budget, \$816K pertains to Legal cost centre

#### Budget Monitoring

TC LHIN monitors the operations budget monthly by comparing actual spending with the year-to-date budget. Expenses and cash flow are managed on a monthly basis. The financials are reported back to the Finance and Audit Committee on a quarterly basis.

#### **Motion**

**That the Finance and Audit Committee hereby recommends that the Board of Directors approve TC LHINs budget for 2015/16.**

## Agenda Item 9 – Pro-Forma Audit Financial Statements 2014/15

**TOPIC:** TC LHIN Audit- Period ending March 31, 2015- Re Pro-forma Audit financial statements

### **PURPOSE OF THIS AGENDA ITEM**

To ask the Finance and Audit Committee for feedback on the accompanying notes of the TC LHIN's pro-forma audit financial statements for 2014-15

TC LHIN is preparing its financial statements for 2014-15 and working papers for back up for the auditors. In the meantime, Deloitte auditors have sent the pro-forma audit financial statements for any feedback on the clarity of the notes accompanying the financial statements and any disclosures.

Based on the feedback received, it will be incorporated in the statements together with the 2014-15 financial results and will be given to auditors on their first day on site.

### **MOTION:**

None

## Agenda Item 10 – Toronto Central LHIN Lease

**TOPIC:** Lease at 425 Bloor Street

### **PURPOSE OF THIS AGENDA ITEM**

To inform the Toronto Central LHIN Finance and Audit Committee about Toronto Central LHIN's current lease expiration and to obtain approval for Management to start to negotiate the lease

### **BACKGROUND:**

In April 2013, the government introduces new direction for planning, acquiring, managing and disposing of realty for the LHINs. In September 2014 the Finance and

Audit Committee was informed of the provisions of the new realty requirements.

As a reminder, the following sets out the provisions:

#### Annual agency accommodation plan submission

In June of each fiscal year, the TC LHIN must develop and submit an accommodations plan to the Ministry for review and approval. The major contents are an environmental scan giving out what would be driving the needs for realty and space such as staff changes, program changes, and description of the LHIN, space and staffing plan for next three to five years. In 2013, the TC LHIN developed its first annual accommodation plan.

#### Initiation of realty acquisition at least two years before lease expires

This includes the following:

- determination of whether to use government-owned or LHIN-leased realty
- Suitability of space
- Acquiring realty within government portfolio
- Acquiring realty outside government portfolio

The LHIN uses a checklist to track progress of accommodation plan, real estate option analysis, accommodation space request, business case submitted, space standards, approval with timing and frequency.

#### Handling of LHIN's existing leases

Leases cannot be renewed unless they comply with new realty directive and policies. The LHIN should review options for existing leases two years before they expire.

#### Compliance with the FAA Section 28

The LHIN must secure the Minister of Finance's approval before increasing provincial liabilities.

#### DISCUSSION:

##### Current Lease – 425 Bloor Street East

TC LHIN's current lease includes a total of 22,433 sq. ft., and occupies three floors. The lease will expire on September 30, 2015.

In June 2014, the TC LHIN submitted a proposal to the Ministry of Health to request approval to extend the lease contract and continue its operations in the current location. Subsequently TC LHIN filed their business case form in November 2014 as

per their request. At the time of writing this update, the TC LHIN has not received a response from the Ministry of Health.

Per the lease agreement, TC LHIN has the option to renew the lease for a further one (1) term of five (5) years with the same terms and conditions as the current lease agreement. TC LHIN is required to provide the landlord with nine months' notice of its intent to renew, prior to the expiry of the lease if it wants to renew. TC LHIN has 6 months left until the expiry.

#### Current Space/Lease Benefits:

1. The space is centrally located within TC LHINs catchment area and is accessible to stakeholders and the community
2. Rent is in-line with fair market rate (or lower)

#### Space/Lease Risks Identified:

There are risks if the TC LHIN continues to delay its notice to the landlord of its intent to renew the lease:

1. In the absence of TC LHINs notice of intent to negotiate a lease renewal, the landlord could begin to negotiate with other tenants who have expressed an interest in leasing TC LHIN's space
2. To adequately accommodate TC LHINs operations, including Shared Services, LHIN Legal and PAN LHIN activities, significant investments have been made to expand and renovate the infrastructure, which includes leasehold improvement for the 3rd and 5th floor. These investments will be lost if TC LHIN is not able to renew the lease as the return on investment has not been fully realized
3. It would be challenging for the LHIN to find and negotiate alternate space by September 2015
4. There will be disruption to TC LHIN's operations and services

#### Compliance with Realty Directive

As outlined in the new realty information provided to the Finance and Audit Committee in September 2014, the TC LHIN has identified two areas of risk related to the realty legislation and directive:

1. Square footage per employee which was lowered in the new Ministry directive. TC LHIN meets the requirements in terms of employee work spaces however, additional space for legal services on the fifth floor and Pan-LHIN board meeting rooms exceeded the allowable square footage.
2. The finance directive stating that the LHIN should not enter into any financial commitments, indemnity or similar transaction.

LHINs are working with Legal Services to acquire an exemption from the Ministry for

these two items. Therefore, the risk related to compliance is minimal.

In order to minimize the risks to the organization, management is requesting approval from the Finance and Audit Committee to begin the lease negotiation process as soon as possible.

### **MOTION**

**That the Finance and Audit Committee approves management's request to begin the Lease negotiation process, with the intent to extend the lease agreement, for a further term of four years.**

## **Agenda Item 11 – Investment Plan – Discretionary Funding**

TOPIC: Toronto Central LHIN's Proposed Investment Approach 2015-16

### **PURPOSE OF THIS AGENDA ITEM**

To obtain approval from the Finance and Audit Committee for the proposed Investment Approach for 2015-16

### **BACKGROUND:**

TC LHIN is undertaking a refreshed Strategic Plan for the organization. The Board of Directors will be presented with a refreshed Strategic Plan for approval at its April meeting.

The Strategic Plan will include three overarching strategic goals with four strategic priorities or lines of operation that further describe how the TC LHIN will achieve its goals. The three strategic goals are better health for everyone, exemplary care and system sustainability. In describing how the LHIN will achieve its goals, four priorities have been set out as below:

1. Designing healthcare for the future
2. Taking a population health approach
3. Transforming community care
4. Delivering excellence in operations

### **Investment Approach**

TC LHIN has three sources for discretionary funds: urgent priority funds (UPF), surplus reallocation funds from the community HSPs and community investment funds.

In order to accomplish the above goals, TC LHIN prepares an investment work plan through consultation with the HSPs pro-actively to improve results of projects, to allow

the funds to be flowed earlier and increase project outcomes in the fiscal year.

The UPF funds are allocated to urgent priority projects at the start of the fiscal year in an effort to sustain the gains achieved and improve service results through a full year of services for projects that have been deemed as urgent priority. As the funding becomes available, TC LHIN will follow the following principles to allocate these funds:

#### Guiding Principles for 2015-16 Investments

- Urgent Priority Funds are for one-time funds to support innovation that advance health system priorities, initiatives that support stabilization of current programs and decrease at risk clients while maintaining support in the community;
- High performing projects supported with one-time funding will be funded by the TC LHIN until funding becomes available;
- Pilot projects are evaluated regularly and when deemed effective, successful, and sustainable; they are to be transitioned to base as funds become available. They are moved into community investment whenever possible;
- Need to maintain funding capacity for year-end to address unexpected pressures. A proportion of UPF is reserved as contingency to fund any fourth quarter system pressures;
- Community surplus funding will remain in the community sector and will not be allocated to hospitals;
- Minimize the strain on UPF for projects with multiple year commitments by leveraging other funding streams through transfers to new funding sources as they become available;
- TC LHIN will fund previously committed to one-time projects through UPF until such time as another funding sources becomes available;
- TC LHIN will have the option to commit to multi-year one-time initiatives; and,
- All funded initiatives are subject to performance monitoring and evaluation.

The process is aligned with TC LHINs Decision Making Framework.

#### Process Outline

TC LHIN management develops a plan and engages providers at sector table meetings and through that process, the prioritization of requests is done. The investment process utilized by TC LHIN is initiated through call for proposals initiated by the LHIN and Health System Improvement Pre-Proposal (HSIP) requests from our HSPs. The evaluation process for projects is as follows:

1. Project proposals are received from HSPs to be reviewed by a TC LHIN staff evaluation committee;
2. Proposals are reviewed for completeness, urgency and alignment with strategic priorities;
3. Successful projects identified are recommended to the senior management team (SMT) for approval;

4. The project charter is negotiated to include project deliverables and budget between the LHIN and HSPs;
5. The funding letter is created, signed and sent to HSPs for sign back prior to releasing payment and
6. Monitoring of the project on a quarterly basis on financials and performance

#### Investment Framework

TC LHIN's framework for 2015-16 to address the strategic priorities is as follows:

- System Planning – redesigning the system for cost effective care, integration, and primary care
- Initiative Funding – new pilot projects taking a population health approach
- System Service Enhancement – address disparities in existing services levels, improve service delivery, and maintain existing programs
- Infrastructure Funding – support information technology, information sharing and technological advancement to build capacity and tools
- Pressure Funding – support unforeseeable financial pressures experienced by HSPs

#### Proposed Approach

TC LHIN receives funds under the three following sources:

- UPF is estimated at \$10M to start the fiscal year;
- Surplus Reallocation funds are estimated at \$3M throughout the year based on the previous year's average recovered from community HSPs; and,
- Community Investment will be determined by the Ministry part way through the second quarter of the fiscal year.

The table 1 below outlines how TC LHIN intends to allocate the UPF and the surplus reallocation funds for 2015-16. Table 1: Areas of Focus Planned Allocation

Areas of Focus	UPF	Surplus Reallocation	Community Investment
System Planning	\$3.0M	\$1.0M	
Initiatives Funding	\$3.9M		
System Service Enhancements			
Infrastructure Funding	\$2.2M		
Pressure Funding	\$0.9M	\$2.0M	
<b>Total</b>	<b>\$10.0M</b>	<b>\$3.0M</b>	<b>Not Available</b>

TC LHIN will report quarterly to the Finance and Audit committee on the allocation of these funds throughout 2015-16.

When the Community Investment funds become available, TC LHIN will assess the system needs through consultation with HSPs to establish an allocation and report this to the Finance and Audit Committee.

## **MOTION**

**The Finance and Audit Committee recommends that the Board of Directors approve the TC LHIN's investment approach, framework and principles for 2015-16 for the allocation of discretionary funds.**

## **Agenda Item 12 – Delegation of Authority Policy**

Policy available upon request.

## **Agenda Item 13 – Update – LSSO RFP(s), Contract(s)**

**TOPIC:** Contracts Listing Q4 2014-15

### **PURPOSE OF THIS AGENDA ITEM**

To provide the Finance and Audit Committee with the contract listing for contracts created between April 2014 to March 2015.

### Contract Listing

Quarterly, the Finance and Audit Committee receives an update on TC LHIN contracts. The full contract listing for the procurements done in the fiscal year 2014-15 is provided to the Committee.

In Q4, the SharePoint extranet, emergency department lead, critical care lead and the HR recruitment contracts from Q3, have been executed.

Five new procurements started in Q4 with their contracts completed in the same quarter, are CEO recruitment, funding allocation, project monitoring and reporting tools, insurance brokerage extension, system mapping and design and funding letter module enhancements.

**MOTION:**

None

**Agenda Item 14 – Risk Report**

TOPIC: Toronto Central LHIN’s Current Risk and Strategic Issue Management Report

**PURPOSE OF THIS AGENDA ITEM**

To provide the Finance and Audit (F&A) Committee with TC LHIN’s current priority Risks and Strategic Issues Report.

**BACKGROUND:**

The risk report has been developed by Senior Management to identify potential risks and current strategic issues. Each risk and strategic issues has been rated based on its likelihood of occurring and impact on TC LHIN. The risks and strategic issues reported on the attached document reflect the highest ranked risks and strategic issues. As well, Senior Management’s confidence in the mitigation plan for each risk and strategic issue is presented.

**DEFINITION:**

Risk: An uncertain event or condition that, if it occurs, has a negative effect on a TCLHIN's strategic objectives or operations.

Strategic Issue: A current condition that has the potential to impact on the success of a TC LHIN strategic direction or the achievement of the Ministry LHIN Performance Agreement (MLPA).

**CURRENT PRIORITY RISKS:**

1. 2015/16 HSFR funding for Toronto Central Community Care Access Centre may be significantly reduced.
2. LTCH bed shortage may lead to a significant increase in ALC across the TC LHIN.
3. Mental Health & Addictions Service Capacity in the TC LHIN.

4. Sustainability of SRI reporting mechanisms and the impact on performance management capabilities.
5. Women's Withdrawal Management Facility Lease Termination.
6. Ongoing shortfall in CCAC – School Program.
7. Funding mechanisms are not sensitive enough to accommodate the rapid growth in Hospital Emergency Department services in the downtown Toronto core.
8. Potential for service changes related to shrinking revenue sources for HSPs including multiple years without inflationary increases.
9. Long Term Care Home (LTCH) redevelopment in TC LHIN.
10. Quality Based Procedure Funding shortfall impacting Total Joint Replacement Rehabilitation Capacity.
11. Shortage of Children and Youth Mental Health inpatient beds.
12. Fund raising challenges in the current economic climate impacts both HSPs and the Agencies that raise funds in support HSP programs.

**CURRENT PRIORITY STRATEGIC ISSUES:**

1. Potential service reductions in Academic Health Science Centres related to recent change in the HBAM model regarding Level of Care.
2. Value of OCAN and RAI-CHA data will not be realized as integrated reporting of data and visibility of data by LHINs is not occurring.
3. Privacy Regulation for System Planners.

**MOTION:**

None

**Agenda Item 15 – Year-end Compliance Report**

TOPIC: Toronto Central LHIN's Annual Compliance Report

**PURPOSE OF THIS AGENDA ITEM**

To inform the Finance and Audit Committee on the year-end operational and compliance of Toronto Central LHIN

**BACKGROUND:**

The Toronto Central Local Health Integration Network (TC LHIN) compliance requirements are numerous including the Ministry of Health, internally developed policies and from a broader perspective, the healthcare industry.

Table I below lists a breakdown of compliance sources together with the form of

requirement.

Table 1

Originating source	Form of requirement
Ministry of Health & Long-Term Care (MOHLTC) Federal Government	Regulations & Legislation Statutes
MOHLTC, Treasury Board/Management Board of Cabinet and Ministry of Finance	Directives, MOU, Performance Agreements
Hospitals, Healthcare Business Partners, Vendors, or other stakeholders	Contracts & Agreements, Outsourcing
Toronto Central LHIN	Internal policies, procedures, processes, internal controls & internal audit
Healthcare industry	Good business practices. conduct and standards

TC LHIN addresses compliance by assessing the risks and its impact and mitigation based on its framework. The framework supports the Board of Directors in their responsibility for oversight of TC LHIN's compliance requirements.

As compliance is a form of risk management, TC LHIN has identified the main risks which are:

- strategic and business risks addressed by TC LHIN's risk management policy
- organizational financial risks which deals with approval of budget, monitoring and reporting
- operational and compliance risks assessed with the development of a framework which includes risk assessment and risk register
- Hazard risks which include health and safety assessment in office setting and adequate insurance coverage

#### STATUS OF COMPLIANCE

As compliance is an ongoing process, TC LHIN has identified the areas where it has complied or not the applicable directives as summarized below:

<b>Memorandum of Understanding</b>	<b>Complied or not</b>	<b>Status</b>
<u><b>MOU</b></u> <ul style="list-style-type: none"> <li>Roles &amp; Responsibilities outlined for TC LHIN and LSSO in relation to administrative policies and procedures, guidelines &amp; directives</li> </ul>	x	Note 1
<b>Regulations and legislation (applicable to TC LHIN)</b>	<b>Complied or not</b>	<b>Status</b>
<u><b>Labour &amp; Employment Legislation (Human Resources)</b></u>		
• Employment Standards Act	√	
• Occupational Health and Safety Act (revision- Bill 168)	√	
• Workplace Safety & Insurance Act	√	
• Ontario Human Rights Code	√	
• <i>Labour Relations Act</i> , Pension Benefits Act, 1990, Pay equity Act	√	
• TC LHIN staff orientation booklet, ethics including conflict of interest, code of business conduct	√	
<u><b>Privacy &amp; Information</b></u>		
• Freedom of Information & Protection Privacy Act (FIPPA)	√	
<u><b>Level of Accountability</b></u>		
• Broader Public Sector Accountability Act, 2010 (BPSAA)	√	
<u><b>Local Health System Integration Act (LHSIA)</b></u>	x	Note 1
<u><b>Other Applicable Legislation- Major ones</b></u>		
• Accountability, Cash management and internal controls	√	
• Procurement Directive	x	Note 2
• Financial Administration Act	x	Note 1
• Public Sector Disclosure Act, 1996	√	
• Excise Tax Act for provisions for HST	√	
• Payroll deduction-Income Tax Act	√	
• Business Corporations Act	√	
• Transfer Payment Accountability Directive	√	
• Travel, Meal and Hospitality Expenses Directive	√	
<u><b>Archives and Recordkeeping Act, 2006</b></u>		
• Records retention and disposal plan	√	

• Records management	√	
<b>Directives, policies and procedures</b>	<b>Complied or not</b>	<b>Status</b>
<b><u>Ministry of Health</u></b>		
• Annual Business Plan	√	
• Quarterly reports	√	
• Results based planning	√	
• Service Accountability Agreement (SAA) negotiation and refresh	√	
• Risk report	√	
• Annual reconciliation APTS and MLPA	√	
• Ministry LHIN Accountability Agreement (MLAA)	√	
<b><u>Mandatory Policies and Procedures</u></b>		
TC LHIN Policies and Procedures which are based on Ministry Directives and best practices of internal controls. Major ones are:		
• Procurement– applies to all goods and services, including consulting services	√	
• Delegation of Authority	√	
• Travel and expense	√	
• Transfer Payments directive	√	
• Transfer payments funds flowing in 40 days	√	
• Obligations Payments in 90 days to vendors	√	
• Financial internal controls including segregation of duties, conflict of interest	√	
• Fraud and irregularities	√	
<b><u>Contracts &amp; Administration</u></b>		
Key elements of contract management described in Procurement Directive above		
• Contract management	√	
• Procurement completion & file management & retention	√	
• Procurement documentation must be complete	√	
<b><u>Information Technology Standards &amp; Security</u></b>		
• TC LHIN IT Policies and procedures which are based on the Government of Ontario Information & Technology Standards ( <b>GO-ITS</b> )	√	
• Disaster recovery plan for all LHINs	√	
• General computer controls and applications, specific controls, integrity of information	√	

<b><u>Directors &amp; Officers (code of business conduct, standard of care)</u></b>	√	
<ul style="list-style-type: none"> <li>• Indemnification Directive (Ministry of Finance)</li> </ul>		

Note 1: Three years ago, an insurance brokerage contract was executed and was in breach of these Directives.

Note 2: The non-compliance of procurement directive relates to the same insurance brokerage contract.

<b>LEGEND for status</b>	
	Complied with <b>applicable sections</b> for TC LHIN during the year and ongoing compliance
	Partial compliance
	No compliance

**CONCLUSION:**

TC LHIN is monitoring the framework on an ongoing basis and reports annually to the Board through the Finance and Audit Committee. The CEO and Senior Directors complete their Declaration of Compliance on a quarterly basis.

All the above partial compliance to directives relates to the insurance contract that continues to be disclosed in the CEO Compliance report.

**MOTION**

No motion required

**Agenda Item 16 – Quarterly Report – Board Per Diems**

**TOPIC:** Board per diems and expense claims- 2014-15

**PURPOSE OF THIS AGENDA ITEM**

To provide the Finance and Audit Committee with an update of the Board per diems and expense claims as at Q4 2014-15- March 31, 2015.

Board per diems and expense claims

The summary and detailed Board of Directors per diems and travel and other expenses by Board member for the fiscal year 2014-15 is provided in Attachment A.

In addition, a detailed list showing month by month and by Board member is also reported in the calendar year 2014 as highlighted in green on page 2 of the attachment. The purple highlighted line represents the fiscal year 2014-15 amounts for each member.

**MOTION:**

None

**Agenda Item 16 – Other Business**

Other business will be tabled at the meeting as requested by the Committee members.

**Agenda Item 17 – Next Meeting Date**

The Finance and Audit Committee will meet next on May 27, 2015, 4:00 pm to 5:30 pm.

**Agenda Item 18 - Termination**

Finance and Audit Committee meeting to terminate upon completion of business.