Minutes
Board Finance and Audit Committee
Toronto Central Local Health Integration Network

Wednesday, April 22, 2015
4:00 – 5:30 pm

Boardroom, Toronto Central LHIN
425 Bloor Street East, 2nd Floor Boardroom, Toronto

Directors:	**Staff Resources:**
John Fraser (Committee Chair) Carol Perry Angela Ferrante (Board Chair) Maurice Hudon Felix Wu	Camille Orridge, Chief Executive Officer Raj Krishnapillai, Senior Finance Director and Corporate and Shared Services (CFO) Bill Manson, Senior Director, Performance Management Sue Robertson, Recorder

1. Welcome and Call to Order

The Finance and Audit Committee Chair welcomed members and called the meeting to order at 4:00 p.m.

2. Guide to Open Meetings of the Toronto Central LHIN

There were no members of the public in attendance.

3. Approval of Agenda

The Chair invited comments from the Committee regarding the meeting agenda. John Fraser added an agenda item – Cyber Security Risks.

Upon Motion duly made and unanimously carried, the Finance and Audit Committee approved the agenda as amended.

4. Declaration of Conflict(s)

No declaration(s) of conflict(s) were made.

5. Approval of Minutes

The Chair invited comments from the Committee regarding the January 28, 2015 minutes. No comments or amendments were tabled.

Upon motion duly made and unanimously carried, that the Finance and Audit Committee approved the minutes of the meeting held on January 28, 2015.

6. Q4 Reports – Health Service Providers

The Committee was provided with the Q4 reports for health service providers.

Raj Krishnapillai provided an overview of the highlights of the reports, noting:

- To address financial pressures, the Toronto Central CCAC was provided with $1.7M one-time funding. This funding was provided from the LHINs pressure funding and urgent priority funds. The Toronto Central CCAC ended the fiscal year in a balanced position.

In response to a question raised, the CEO noted that there are monitoring mechanisms in place to identify when health service providers that may need pressure funding.

7. Q4 Reports – Financial Results Report

The Committee received the Q4 financial results report for the TC LHIN in the meeting materials. Raj Krishnapillai noted that the Q4 reports are preliminary in advance of the year-end audit process.

In response to a question raised, Raj Krishnapillai noted that there was a minor expense related to the office flooding, as noted in note 8.

MOTION:

That the Finance and Audit Committee recommends that the Board of Directors approve TC LHINs 2014/15 year-end consolidated financial results (unaudited).

The Chair acknowledged the finance team and asked that the Committee's appreciation be extended to them.

8. TC LHIN Budget 2015/2016

The Finance and Audit Committee received the TC LHINs 2015/16 draft budget in the meeting materials. The documentation included the guiding principles and budget assumptions that were used to create the budget.

The CEO advised the Committee that the LHIN is anticipating a financial pressure next year as there is a compensation market rate review planned.

A question was raised regarding the average salary increase of 2%. The CEO noted that the 2% must be within the total salary budget line of the TC LHIN.

In response to a question raised, Raj Krishnapillai noted that the total FTE numbers are as follows:

- 51 TC LHIN, 12 LSSO, and 10 LHINC

MOTION

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

9. Pro-Forma Audit Financial Statements 2014-15

Raj Krishapillai requested comments from the Committee on the pro-forma audit financial statements and notes for 2014/15. He noted that as the LHIN prepares for the year-end audit, Deloitte provided the pro-forma statements for the Committee's comments on the clarity of the notes accompany the financial statements and any disclosures.

The Committee requested a change to Note 7. The Committee requested that the reference to the budget being approved by the Government of Ontario be removed.

No further amendments were tabled.

10. Toronto Central LHIN Lease

The Committee received a detailed briefing note to request their approval for management to begin the lease negotiation process with the intent to extend the lease agreement for a further term of five years. The Committee discussed the risks involved if the LHIN does not begin to negotiate the lease as well as balancing the need to be compliant with the Realty Directive.

The Committee requested that management contact the Ministry of Health to inquire about the status of the business case that TC LHIN submitted.

The Committee agreed that given the short time frame in which the current lease will expire management should begin the negotiation process as soon as possible.

In response to a question raised, Raj Krishnapillai noted that the lease rates, while not set yet, are lower with a longer term lease agreement.

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 five years.

11. Investment Plan – Discretionary Funding

Members received a detailed briefing note outlining Toronto Central LHIN's proposed investment approach for 2015/16. TC LHIN has three sources for discretionary funds; urgent priority funds (UPF), surplus reallocation funds from the community health service providers and community investment funds.

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

The detailed briefing note in the meeting materials outlined the investment approach and the process under which the LHIN determines appropriate projects and initiatives to invest in. The CEO noted that the timing of funding announcements can be a challenge and the LHIN revisits areas of focus in the event that new or different provincial priorities are communicated to the LHIN. She further noted that the organizational work plan outlines the initiatives.

The LHIN also assesses system needs through consultation with health service providers to establish an allocation budget which will be brought to the Finance and Audit Committee for approval.

In response to a question, Raj Krishnapillai noted that the planned allocations noted in the briefing note are set based on historical patterns.

The CEO noted that the LHIN is implementing a pressure funding process with its health service providers. The plan will include capturing lease expiration dates, physical assets, etc. This will assist the LHIN and the agencies to be able to identify needs in advance.

There being no further discussion or clarifications required, the Committee passed the following resolution:

Motion

That the Finance and Audit Committee recommends that the Board of Directors approve the TC LHINs investment approach, framework and principles for 2015/16 for the allocation of discretionary funds.

12. Update – Delegation of Authority Policy

The Chair noted that the final delegation of authority policy is being brought forward for the Committee's approval.

The Chair reviewed the major changes that have been incorporated into the policy.

Raj Krishnapillai noted that the policy would be tabled for review in the event that the LHIN receives any financial directive changes. The finance policies that are associated with the delegation of authority policy are reviewed every two years.

There being no further changes, the Committee passed the following motion:

Motion

That the Finance and Audit Committee recommends that the Board of Directors approve the TC LHINs revised Delegation of Authority Policy.

13. Update – LSSO RFP(s)/Contact(s)

Raj Krishnapillai reviewed the contracts report, noting that the procurement plan for 2015/16 was also provided in the meeting materials.

A question was raised regarding the Q4 report related to CM Inc. being the successful vendor for three projects. Raj Krishnapillai noted that the procurement process was followed for the contracts; utilizing the vendor of record list. The vendor submitted proposals in response to the three RFS that were issued by the LHIN and based on the scoring, were awarded the contracts.

A question was raised regarding the renewal of the IT contract for a one-year term. The CEO noted that this renewal requires Cabinet approval and the process to create the business case has begun. The CEO further noted that there may be a need to renew the IT contract for two one year terms while the Cabinet process approval is undertaken.

14. Risk Report

Bill Manson provided the Committee with an update on the Helipad issue. Further updates will be provided to the Committee as the resolutions are worked through.

The Chair noted that a comprehensive report will be provided to the Committee in May regarding cyber security.

15. Year-End Compliance Report

The Committee received the annual compliance report in the meeting materials. Through the discussion, it was determined that the non-compliance notes related to the LHINs insurance provisions, require further explanation.

The compliance report will be updated and brought back to the Committee's next meeting.

16. Quarterly Report – Board Per Diems

The Committee was provided with the Board per diems quarterly report.

17. Other Business

No other business was tabled.

18. Next Meeting

The next meeting of the Finance and Audit Committee is scheduled for May 27, 2015.

19. Termination

The meeting was adjourned at 5:30 p.m.