

BRIEFING NOTE
Toronto Central Local Health Integration Network
Board Governance and Nominations Committee Meeting
November 11, 2015

Agenda Item 1 & 2 – Welcome & Call to Order

The Toronto Central Local Health Integration Network (TC LHIN) welcomes the public to its open Governance and Nominations Committee meeting. Please refer to the link below for Guide to Open Meetings of the Toronto Central Local Health Integration Network (LHIN).



Guide to Open Meetings.pdf

Agenda Item 3 – Approval of Agenda

The Committee member(s) shall at this time in the meeting approve the agenda as circulated.

Agenda Item 4 – 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 5 - Approval of the Minutes of Meeting held on September 16, 2015

To be posted to website once approval made by Committee

Agenda Item 6 – TC LHIN Board Committees – Finance and Human Resources Committees

TOPIC: TC LHIN Board Committee Terms of References and Chair Roles

PURPOSE OF THIS AGENDA ITEM:

The Governance and Nominations Committee annual review of the TC LHIN Board Committee Terms of Reference and Chair Role Descriptions.

BACKGROUND:

Annually, the TC LHIN Board Committees review their existing terms of reference with a view to ensuring that the terms are up to date; comply with current legislation requirements and ensure that the Committee is operating with effective governance, human resources oversight.

The Finance and Audit and Human Resources Committees recently reviewed their terms of reference and chair role descriptions.

In keeping with the other two TC LHIN Board standing committees, a Chair role description for the Human Resources Committee has been drafted and is also attached for review. The Human Resources Committee terms of reference has been updated and amended to bring it in line with the other Board Committee terms as well as expanding the mandate of the Committee as it relates to HR policies.

The Governance Committee is being asked to recommend that the Board approve the terms of reference and chair role descriptions for the Human Resources and Finance and Audit Committees.

Motion:

The Governance and Nominations Committee hereby recommends that the Board of Directors approve the terms of reference and chair role descriptions for the Finance and Audit and Human Resources Committees as tabled.

**TERMS OF REFERENCE
FINANCE AND AUDIT COMMITTEE**

I. PURPOSE

The purpose of the Finance and Audit Committee of the Toronto Central (TC) Local Health Integration Network (LHIN) is to oversee, review and develop recommendations to the Board for all material matters related to financial reporting, internal controls, the audited financial statements, and financial risk management issues.

II. RESPONSIBILITIES

The Committee shall exercise oversight in the following areas:

1. Budget Planning

- Ensure there are appropriate processes in place for the development of an annual operating budget;
- Review and recommend to the Board, financial assumptions used in the development of the annual budget and financial portion of the strategic plan;
- Review and recommend to the Board the annual operating budget;
- Review quarterly financial statements and recommend to the Board plans developed to address variances;
- Monitor the performance and forecasts of the LHIN Shared Services.

2. Financial Reporting

- Oversee the selection and implementation of accounting policies used in the preparation of financial statements;
- Review and recommend to the Board financial statements and reports to the Ministry including quarterly financial statements, Ministry LHIN Accountability Agreements – Financial & Target Schedules, Annual Business Plan (ABP) Financials – including all funding envelopes that the LHIN allocates;
- Maintain an open, transparent and effective communications process for reporting on all matters related to the mandate of the Finance and Audit Committee;
- Review and recommend to the Board, banking and financial transaction processes related to

the LHIN operations.

3. Audit Activities

- Review and recommend to the Board terms of engagement and the appointment of the external auditor, the audit plan including the scope of the audit and the fees for audit services in accordance with Board policy;
- Review the findings of the audit with the auditors and discuss any exceptions and weaknesses in internal controls, the auditor's management letter and administrative response to the letter;
- Meet with the auditors in camera, at a minimum of once per year and as required to discuss issues as requested by the auditors and/or management;
- Recommend the audited financial statements to the Board.
- Reviews the recommendations received from the LSSO/LHINC Audit Subcommittee related to the annual audit plan, fees, activities and appointment of the external auditor for the LHIN Collaborative and LHIN Shared Services Office (LSSO/LHINC).

4. Annual Operating Plan

- a. Recommend the Annual Operating Plan to the Board
- b. Monitor the performance against objectives on a quarterly basis and report results to the Board.

5. Internal Controls and Risk Management

- Review and recommend to the Board an integrated risk management framework;
- Review and assess financial risk management policies and procedures;
- Ensure the quality, integrity and effectiveness of internal controls and implementation of any recommendations arising from the external audit;
- Understand the risk of fraud and error in the LHIN's operations and assess management's response to any unanticipated or unusual risks;
- Oversee the overall condition of the books and records of the LHIN and the adequacy of resources committed to account functions and maintenance of internal controls;
- Oversee the LHIN's insurance coverage (Director's Liability, facility and assets) to ensure appropriate protection for the LHIN and its staff, management and governance.
- Review and recommend to the Board the Delegation of Authority policy for the LHIN.

6. Finance and Audit Committee Performance

- Regularly assess the Finance and Audit Committee's performance against their annual work plan to ensure compliance with its mandate.

7. Other

- Review with LHIN legal counsel any material litigation and its impact on financial reporting and report any outstanding issues to the Board;
- Review the Committee Terms of Reference as requested by the Board.
- Conduct Committee education sessions as required.
- Review and recommend to the Board procedures for confidential, anonymous submissions of concerns raised by employees, service providers or volunteers in relation to questionable accounting and other matters of the organization. Ensure that the employee, service provider or volunteer will reasonably expect not to suffer recourse. (Refer to Policy # FIN-1013: Fraud and Irregularities);
- Obtain management's confirmation that all statutory requirements are met;
- Review and recommend to the Board the auditor of a health service provider (HSP) if the LHIN directs the service provider under Section 21 of the Act to have such an auditor.

Unless a decision is delegated to the Committee, the Board will consider the recommendation of the Committee and make the final decision.

III. COMPOSITION AND OPERATIONS

1. Membership:

- The Committee shall be composed of not fewer than three Directors, none of whom shall be officers or employees of the LHIN;
- The Committee Chair will develop the meeting agendas and annual work plan in consultation with the Board Chair;
- Committee Members and the Committee Chair will be appointed annually upon recommendation by the Board Chair to the Board for approval.
- Committee Members will have financial literacy skills or be able to acquire them in a reasonable period of time.

2. Term of Office:

- Members of the Committee shall serve at the discretion of the Board.

3. Meetings and Quorum:

- Meetings of the Committee shall be held at least quarterly or more often as required;
- A quorum shall be a simple majority of voting membership;
- Meetings are subject to the open meeting regulations.

4. Amendment:

- These Terms of Reference may be amended by the Board of Directors as required.

5. Accountability

- The Committee is accountable to the Board and through the Chair will maintain and foster open communications between Members of the Committee, the Board, Board Chair and CEO.

HUMAN RESOURCES COMMITTEE TERMS OF REFERENCE

I. PURPOSE

The purpose of the Human Resources Committee is to oversee the development of a set of human resources policies that support the achievement of the strategic plan. The Committee will also oversee the creation and implementation the CEO performance evaluation process, make recommendations to the Board of Directors, including amendments to annual compensation and pay for performance plan and ensure there is a strategic HR development plan and CEO succession plan in place for the organization.

II. RESPONSIBILITIES

1. Review and recommend to the Board human resources policies and monitor the key human resources programs.
2. Assess the CEO evaluation process on an annual basis in consultation with the CEO and Chair and make recommendations to the Board for modifications;
3. Provide the Chair and Board with recommendations about best practices related to executive evaluation and compensation practices, succession planning and recruitment and retention relevant to public sector organizations/government agencies;
4. Lead the creation/modification of the annual CEO evaluation program including goals, indicators, targets and performance levels and related compensation structure, in alignment with the TC LHIN's mandate, Strategic Plan and relevant directives and policies.
5. Lead implementation of a mid-year and annual CEO performance evaluation. The annual evaluation is to take place no later than 60 days following the end of the fiscal year. Make recommendations to the Board about the CEO's performance and compensation including merit

increase and bonus.

6. Review CEO succession plan in consultation with the CEO.
7. Ensure there is a strategic HR development plan in place for the LHIN to attract and retain employees of the calibre to ensure the organization's success and achieve its strategic goals.
8. Ensure there is a compensation policy in place consistent with government policies and directives.
9. Review overall HR risks for the organization.

III. COMPOSITION AND OPERATIONS

1. Membership:

- The Committee shall be composed of not fewer than three Directors, none of whom shall be officers or employees of the LHIN;
- The Chair of the Board of Directors appoints the CEO Evaluation Committee Chair and members.

2. Term of Office:

- Members of the Committee shall serve at the discretion of the Directors.

3. Meetings and Quorum:

- Meetings of the Committee shall be held on an ad hoc basis as required;
- A quorum shall be a simple majority of voting membership;
- Meetings are subject to the open meeting regulations;
- CEO will be invited to participation in portions of the meetings.

4. Amendment:

- The HR Committee may recommend changes to the Terms of Reference to the Governance and Nominations Committee. These Terms of Reference may be amended by the Board of Directors.

TC LHIN FINANCE AND AUDIT COMMITTEE CHAIR ROLE DESCRIPTION

Purpose of Role

The Finance and Audit (F&A) Committee Chair is responsible for guiding the Committee in overseeing and developing recommendations to the Board for all material matters related to financial reporting, internal controls, the audited financial statements, and financial risk management issues.

The F&A Chair presides at meetings of the Committee and reports the Committee's updates and recommendations to the Board.

The F&A Chair acts as the Chair of the LSSO/LHINC Audit Subcommittee.

Responsibilities / Key Duties

In addition to the duties outlined in the LHIN Board Member Role Description, the F&A Committee Chair has the following roles relating to the work and functioning of the Committee:

Strategic Leadership

- Ensures Committee decisions are reflective of a balance of effective and efficient use of public resources.
- Acts with integrity and honesty; and actions are guided by the best interests of the LHIN and

the public.

F&A Committee Leadership

- Guides the F&A Committee in ensuring appropriate processes are in place for the development of an annual operating budget (including LHIN Shared Services) and financial portion of the strategic plan and Annual Business Plan that are recommended to the Board;
- Ensures the F&A Committee reviews financial statements on a quarterly basis and recommends to the Board plans developed to address variances;
- Oversee the selection and implementation of accounting policies used in the preparation of financial statements;
- Review the Board Chair's expenses on a quarterly basis
- Guides the F&A Committee in its review and recommendation to the Board of financial statements and reports to the Ministry including quarterly financial statements, Ministry LHIN Performance Agreement – Financial & Target Schedules; Annual Business Plan (ABP) Financials;
- Maintain an open, transparent and effective communications process for reporting on all matters related to the mandate of the Finance and Audit Committee;
 - Guides the F&A Committee in its review and recommendations to the Board about banking and financial transaction processes related to the LHIN operations;
 - Guides the F&A Committee in its review and recommendations to the Board about the appointment of the external auditor, the audit plan and the fees for audit services in accordance with Board policy;
 - Guides the F&A Committee in reviewing the findings of the audit with the auditors and discussion of any exceptions and weaknesses in internal controls, the auditor's management letter and administrative response to the letter, and recommending the audited financial statements to the Board;
 - Ensure the F&A Committee meets with the auditors in camera, at a minimum of once per year and as required to discuss issues as requested by the auditors and/or management;
 - Ensure the quality, integrity and effectiveness of internal controls and implementation of any recommendations arising from the external audit;
 - Ensures that the F&A Committee understands the risk of fraud and error in the LHIN's operations and assess management's response to any unanticipated or unusual risks;
 - Guides the F&A Committee in its review and recommendation to the Board of an integrated risk management framework and of financial risk management policies and procedures;
 - Guides the F&A Committee in its review and recommendation of the Annual Business Plan to the Board and in monitoring the performance against objectives on a quarterly basis;

- Ensures that the F&A Committee oversees the overall condition of the books and records of the LHIN and the adequacy of resources committed to account functions and maintenance of internal controls;
- Guides F&A in its oversight of the LHIN's insurance coverage (Director's Liability, facility and assets) to ensure appropriate protection for the LHIN and its staff, management and governance;
- Ensure that the F&A Committee regularly assess the Committee's performance against its annual work plan to ensure compliance with its mandate;
- Ensure that the F&A Committee review with LHIN legal counsel any material litigation and its impact on financial reporting and report any outstanding issues to the Board;
- Ensure the F&A Committee reviews and recommends to the Board procedures for confidential, anonymous submissions of concerns raised by employees, service providers or volunteers in relation to questionable accounting and other matters of the organization;
- Ensure that the F&A Committee reviews and recommends to the Board the auditor of a health service provider (HSP) if the LHIN directs the service provider under Section 21 of the Act to have such an auditor;
- Ensures that the F&A Committee follows rules on procedural matters during Board meetings;
- Chairs F&A Committee meetings with a focus on effective and efficient time management and the achievement of consensus whenever possible;
- Sets the business and ethical tone of Committee meetings by facilitating open, respectful, informed and probing discussion, while ensuring meaningful, respectful and productive debate and interpersonal interactions.

Chair Skills and Qualifications – A Guideline

A Chair has all of the skills and qualifications of a Board member and possesses some or all of the following additional skills and qualifications.

- For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.
- Practical knowledge of relevant LHIN legislation, regulations and the health care sector, or the ability to acquire such knowledge;
- Superior group facilitation and consensual decision-making skills, experience in running meetings and adept at encouraging explorative, respectful discussion and consensus building;
- Superior knowledge of and experience in financial planning and management and business processes;

- Substantive practical knowledge of accepted norms for duty of care required of the Board;
- Judgement to identify and address potential conflict of interest situations.

Term

The F&A Chair serves at the discretion of the Board.

Amendment

This role description may be amended by the Board.

TC LHIN HUMAN RESOURCES COMMITTEE CHAIR ROLE DESCRIPTION

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Purpose of Role

The Human Resources Committee Chair is responsible for guiding the Committee in overseeing and developing recommendations to the Board for all material matters related to the creation and implementation of human resources policies, the CEO performance evaluation process, CEO compensation amendments, the strategic HR development plan and CEO succession planning.

The Human Resources Chair presides at meetings of the Committee and reports the Committee's updates and recommendations to the Board.

Responsibilities / Key Duties

In addition to the duties outlined in the LHIN Board Member Role Description, the Human Resources Committee Chair has the following roles relating to the work and functioning of the Committee:

Strategic Leadership

- Ensures Committee decisions are reflective of a balance of effective and efficient use of public resources;
- Acts with integrity and honesty; and actions are guided by the best interests of the LHIN and the public.

Human Resources Committee Leadership

- Guides the Human Resources Committee in ensuring appropriate processes are in place for the development and implementation of human resources policies and programs and the CEO evaluation program and processes
- Ensures the Human Resources Committee reviews the annual CEO evaluation program including setting goals, indicators, targets and performance levels and related compensation structure
- Guides the Human Resources Committee through the mid-year and annual CEO performance evaluation; including recommendation(s) to the Board related to CEO compensation adjustments

- Ensures the Human Resources Committee is aware of best practices related to executive evaluation and compensation practices and that organizational policies are in place that are consistent with government directives and compensation policy.
- Guides the Human Resources Committee with ensuring that HR risks are reviewed.
- Collaborates with the CEO to ensure that a strategic HR development plan is in place for the LHIN
- Maintains an open, transparent and effective communications process for reporting on all matters related to the mandate of the Human Resources Committee.
- Ensures that the Human Resources Committee conducts meetings and achieves its responsibilities per the Committee terms of reference.
- Ensures that the Human Resources Committee follows rules on procedural matters during Board meetings;
- Chairs Human Resources Committee meetings with a focus on effective and efficient time management and the achievement of consensus whenever possible;
- Sets the business and ethical tone of Committee meetings by facilitating open, respectful, informed and probing discussion, while ensuring meaningful, respectful and productive debate and interpersonal interactions.

Chair Skills and Qualifications – A Guideline

A Chair has all of the skills and qualifications of a Board member and possesses some or all of the following additional skills and qualifications.

- Practical knowledge of relevant LHIN legislation, regulations and the health care sector, or the ability to acquire such knowledge;
- Superior group facilitation and consensual decision-making skills, experience in running meetings and adept at encouraging explorative, respectful discussion and consensus building;
- Knowledge of and experience in human resources management;
- Substantive practical knowledge of accepted norms for duty of care required of the Board;
- Judgement to identify and address potential conflict of interest situations.

Term

The Human Resources Committee Chair serves at the discretion of the Board.

Amendment

This role description may be amended by the Board.

Agenda Item 7 – Update on Procurement Process re Board Materials On-line

Verbal report at the meeting.

Agenda Item 8 – Proposal/Focus for Board Meeting – January 2016

TOPIC: Toronto Central LHIN Proposed Focus for Board Education Day

PURPOSE OF THIS AGENDA ITEM

To inform the Governance and Nominations Committee of the proposed focus for the Board Education Day planned for January 2016.

BACKGROUND:

The Toronto Central LHIN Board of Directors has a day session planned for January 29, 2016. The session provides the opportunity for the Board to come together to expand their knowledge of health care and system planning and enhance their decision-making capabilities as LHIN Board directors.

APPROACH

Draft outline for the day:

Overall Purpose:

To educate, inform and dialogue with the Board about current system transformation strategic priorities: Primary Care and Home and Community Care.

Proposed Structure of the Day:

Overview of Integrated Systems

- Guest speakers: (TBD – consider national or international speaker))
 - o Review experiences from other health systems as they transformed into an integrated system
 - o Discuss lessons learned
 - o Review Provincial outlook for integrated systems (Dr. Bob Bell)
 - o Outlook for Home and Community Care (in an integrated system) (CCAC present)

Understanding Toronto Central LHINs Primary Care Strategy:

- o Understanding enhanced system role
- o Sub-LHIN population approach
- o Primary care capacity and resources with the LHIN
- o Integrating Home and Community Care
- o Clarify understanding of respective Board and LHIN management roles
- o Potential impacts to governance at the LHIN Board level
- o Governance structure options and accountability for Primary Care organizations

Board members will receive pre-reading materials ahead of the meeting.

DISCUSSION

Given the nature of the discussion topics and possible implications for human resources and Cabinet decisions that are underway, the Board education day will be held in a closed session meeting.

Staff will share more details on proposed speakers at the Governance and Nominations Committee meeting.

CLOSED SESSION

Agenda Item 11 – Next Committee Meeting Date

March 10, 2016, 4 – 5:30 pm.