BRIEFING NOTE
Toronto Central Local Health Integration Network
Finance and Audit Committee Meeting
November 9, 2016

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

TIME	DUR (MIN)	ITEM	TOPIC	PRESENTER/ DISCUSSANT
4:00	1	1	Welcome and Call to Order	Felix Wu
4:01	1	2*	Guide to Open Meetings of the Toronto Central Local Health Integration Network	Felix Wu
4:02	1	3	Approval of Agenda	Felix Wu
4:03	1	4	Declaration of Conflict(s)	ALL
4:04	1	5*	Approval of the Minutes of the Meeting held on October 6, 2016 5.1 Draft October 6, 2016 Minutes	Felix Wu
NEW BUSINESS				
4:05	10	6*	Q2 Financial Reports - HSP Operations 6.1 Financial Background Chart 6.2 Briefing Note 6.3 HSP Operations Financial Report Discretionary Funding 6.4 Briefing Note 6.5 Discretionary Financial Report	Felix Wu
	10		Q2 Reports – Financial Results Report TC LHIN 6.6 Briefing Note 6.7 TC LHIN Financial Report LHIN Shared Services	Felix Wu

			6.8 Briefing Note 6.9 LHIN Shared Services Financial Report Q2 Consolidated Report 6.10 Briefing Note 6.11 Q2 Consolidated Financial Report		✓
4:25	10	7*	Annual Review – Committee Terms of Reference 7.1 Finance and Audit Committee Terms of Reference	Felix Wu	
4:35	10	8*	Q2 Risk Report 8.1 Briefing Note 8.2 Q2 Risk Report	Bill Manson	
4:45	20	9*	Q2 MLAA Scorecard Analysis 9.1 Briefing Note 9.2 Q2 MLAA Scorecard Report	Susan Fitzpatrick	
5:05	5	10*	Q2 Contracts Listing 10.1 Briefing Note 10.2 Q2 Contracts Listing	Raj Krishnapillai	
5:10	5	11*	Board Members Per Diem 11.1 Briefing Note 11.2 Board Per Diem Report	Raj Krishnapillai	
5:15	5	12*	Draft Committee Work Plan – 2016/17 12.1 Draft Committee Work Plan	Felix Wu	
5:20	5	13	Other Business	Felix Wu	
5:25		14	Next Meeting Date – Wednesday, February 15, 2017		
ADJOURNMENT					

Legend:
* Circulated with Agenda
** to be circulated at meeting
*** to be circulated electronically before meeting
**** previously 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 Minutes of the Meeting held on October 6, 2016

To be posted to website once approval by Committee.

Agenda Item 6 – Q2 Financial Reports

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

PURPOSE OF THIS AGENDA ITEM

To report to the Finance and Audit Committee the 2nd Quarter 2016-17 HSPs Operation Transfer Payment Funding.

BACKGROUND:

The HSPs Operation Transfer Payment Funding report summarizes the 2nd Quarter financial results for HSPs operation transfer payment funding. The HSPs operation transfer payments are funded by the Ministry of Health and Long-Term Care (Ministry) and more than 99% of the funding is non-discretionary. Less than 1% discretionary funding is comprised of urgent priority funds (UPF), community sector investment funding, and surplus reallocation. TC LHIN has limited or full discretion to allocate discretionary funds.

HSP OPERATION TRANSFER PAYMENT FUNDING RESULTS

The transfer payment to HSP operations for fiscal year 2016-17 is expected to be $4.8B, $51M more than planned as a result of new Ministry initiatives announced since the beginning of the fiscal year. The year-to-date transfer payment as of 2nd Quarter (ended on September 30th, 2016) was $2.39B.

HIGHLIGHT of 2nd QUARTER FUNDING

In the 2nd quarter, the TC CCAC received $8.57M which included funding for the levels of care initiative, caregivers respite program, and a base adjustment. The TC CCAC will balance its budget for the fiscal year 2016-17.

In addition, TC LHIN received $3.1M community funding which has been allocated to HSPs.

TOPIC: Q2 2016-17 Discretionary Funding Allocation

PURPOSE OF THIS AGENDA ITEM

To report to the Finance and Audit Committee on discretionary funding allocation for the 2nd Quarter of 2016-17.

BACKGROUND

In February 2016, the Board approved the 2016-17 investment plan approach for discretionary funding. In keeping with the LHINs reporting process, TC LHIN is reporting the allocations to the Finance and Audit Committee on a quarterly basis.

TC LHIN has three sources of discretionary funds:

1. Urgent priority funds (UPF);
2. Surplus reallocation funds from the community sector HSPs and
3. Community investment funds.

UPF and surplus reallocation funds are fully discretionary for TC LHIN to allocate and TC LHIN has limited discretion on community investment funds.

The UPF and surplus reallocation funds are allocated as one-time funding (funds used for only one fiscal year) for projects. This is in alignment with TC LHIN's strategic priorities.

Community funds are received and allocated as base funds (once allocated in a fiscal year, the same amount rolls over to the HSP perpetually) which aligns with Ministry conditions and TC LHIN strategic priorities.

Financial Highlights

Allocations

In second quarter year-to-date, TC LHIN allocated $9.85M to HSPs. A report on results by strategic priority and program for Q2 is given in Attachment A.

Funding Sources

A summary of allocation by funding source is as below:

Q2 YTD 2016-17 Summary Allocation Funding by funding source

	Urgent Priorities Funds	Community Investments	Surplus Re-allocation	Total
	$M	$M	$M	$M
1st QTR Payment Allocation	0.15		0.63	0.78
2nd QTR Payment Allocation	2.96	3.1	3.01	9.07
2nd Quarter Year-to-date Payment Allocation	3.11	3.1	3.64	9.85

Motion:

No motion

TOPIC: Toronto Central LHIN's Q2 Operations Financial Results Report (unaudited)

PURPOSE OF THIS AGENDA ITEM

To inform the Finance and Audit Committee on 2016-17 2nd Quarter Operations Financial Results Report for Toronto Central LHIN.

BACKGROUND:

TC LHIN Operations Funds

On the operations side, Toronto Central LHIN reported a positive year-to-date variance of $7K for the quarter ended September 30, 2016. The year-to-date positive variance is primarily due to the timing of expenditures against budget for 2016-17 and the LHIN anticipates a balanced budget at year-end March 31, 2017.

TC LHIN is able to meet its financial obligation for the next quarter.

Motion:

No motion

TOPIC: LHIN Collaborative and LHIN Shared Services Office Q2 Operations Financial Results Report (unaudited)

PURPOSE OF THIS AGENDA ITEM

To inform the Finance and Audit Committee on the 2016-17 2nd Quarter Operations Financial Results for LHIN Collaborative (LHINC) and LHIN Shared Services Office (LSSO).

BACKGROUND:

LHIN shared services consists of LHIN Shared Services Office (LSSO), Legal and LHIN Collaborative (LHINC).

The following are the highlights of the 2nd Quarter 2016-17 Financial Results report:

LSSO and Legal Financial Results

On the operations side, LSSO (LSSO and Legal combined) reported a year-to-date positive variance of $183K due primarily to lower than budgeted service volumes, timing of IT projects and vacancies for the 2nd Quarter ended September 30, 2016. LSSO anticipates a balanced budget at year-end March 31, 2017.

LSSO is able to meet its financial obligation for the next quarter.

LHINC Financial Results

On the operations side, LHINC reported a year-to-date positive variance of $78K as of the 2nd Quarter ended September 30, 2016 and it is expected to have a balanced budget at the year-end March 31, 2017.

LHINC is able to meet its financial obligation for the next quarter.

Motion:

No motion

TOPIC: Toronto Central LHIN's Q2 2016-17 Consolidated Financial Results Report (Unaudited)

PURPOSE OF THIS AGENDA ITEM

Approval of the Q2 2016-17 Consolidated Financial Results Report for Toronto Central LHIN (unaudited).

Management provides its Consolidated Financial Results Report to Finance and Audit Committee each quarter on how it allocates funding for the operations of TC LHIN and LHIN Shared Services.

TC LHIN Consolidated Operations

At the consolidated level, TC LHIN is reporting a positive variance of $267K, mainly from LSSO and LHINC. This is primarily due to the timing of expenditures and IT service volumes and projects. TC LHIN expects to have a balanced budget at year end March 31, 2017.

The consolidated cash balance is sufficient to cover obligations over the next quarter.

MOTION

That the Finance and Audit Committee recommends that the Board of Directors approves TC LHIN's Q2 2016-17 Consolidated Financial Results report (unaudited).

Agenda Item 7 – Annual Review of Terms of Reference

The Committee will discuss their terms of reference at the meeting.

Agenda Item 8 – Q2 Risk Report

TOPIC: Toronto Central LHIN's Agency Risk Assessment Report

PURPOSE OF THIS AGENDA ITEM

To provide the Finance and Audit (F&A) Committee with Q2 TC LHIN's Agency Risk Assessment report.

BACKGROUND:

Each risk has been rated based on its likelihood of occurring and impact on TC LHIN.

The attached Agency Risk Assessment report has been developed by Senior Management to identify potential agency risks and is also submitted to the Ministry of Health.

DEFINITION:

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

CURRENT PRIORITY RISKS:

1. Long Term Care Home Capacity
2. MLAA Performance
3. Impact of Population Growth

Additional low risks are also listed and described.

MOTION:

None

Agenda Item 9 – Q2 MLAA Scorecard Analysis

TOPIC: TC LHIN MLAA Performance Improvement Plan

PURPOSE OF THIS AGENDA ITEM:

Present TC LHIN MLAA performance improvement plan on key health system performance indicators to the Finance and Audit Committee

BACKGROUND:

The Ministry-LHIN Accountability Agreement (MLAA) holds the TC LHIN accountable to 14 key system indicators. The current MLAA indicators were established in 15/16. Previously MLAA targets were set through negotiation with each LHIN, for the current MLAA performance targets were set at provincial targets and applied to all LHINs.

When determining the performance against targets, the following monitoring scheme is used by Toronto Central LHIN:

- Green for those performance targets that are being met or exceeded
- Yellow for those performance targets within 10% of the target
- Red for those performance targets below the 10% corridor

MLAA PERFORMANCE IMPROVEMENT PLAN:

A concerted effort has been made over the past fiscal year to improve TC LHIN performance on the MLAA indicator in line with the execution of the TC LHIN operation plan. The expectation is to make marked improvements by the end of 17/18, to accomplish this a performance improvement plan has been initiated for all 14 indicators with a priority focus on 6 indicators in 16/17.

The associated documents describes the targeted multi-year performance improvement plan being implemented for MLAA indicators.

Agenda Item 10 – Q2 Contracts Listing

TOPIC: Contracts Listing Q2 2016-17 and Procurement Updates

PURPOSE OF THIS AGENDA ITEM

To provide the Finance and Audit Committee with the listing of contracts created between July to Sept 2016 (Q2).

Contract Listing

Quarterly, the Finance and Audit Committee receives an update on TC LHIN contracts. The contract listing for the procurements done in Q2 of fiscal year 2016-17 is provided.

To the best of their knowledge, management is not aware of any legal litigation actions. Proper insurance coverage are in place.

Procurement updates

Employee Benefits Advisory Services

The three year extension to September 15, 2016 was signed with Donnelly Management Advisory Services Limited. Upon Ministry's approval, the extension will be renewed. Meanwhile, extension for two months has been signed (with Ministry's approval).

BDO contracts

The last extension year for "Payroll solution services" contract with BDO runs to July 17, 2017 and the "Integrated Finance and HR Information Solution" runs to March 2, 2017. Upon Ministry's approval, the extension will be renewed.

CompuCom contract

At the expiry of the original three year contract in March 2016, LSSO had extended the contra for one year period to March 31, 2017. LSSO has the option to extend the contract for a final or year period to March 31, 2018. The extension will be done upon discussions and approval of th LHINs' CEO Council and the Ministry.

MOTION

None

Agenda Item 11 – Q2 Board Members Per Diem

TOPIC: Board per diems and expense claims – Q2 2016-17

PURPOSE OF THIS AGENDA ITEM

To provide the Finance and Audit Committee with an update of the Board per diems and expense claims for Q2 2016-17 as of September 30, 2016.

Board per diems and expense claims

The summary and detailed Board of Directors per diems and travel and other expenses for Q2 2016-17 is provided.

The detailed list shows month by month claims by each Board member from April 2016 to September 30, 2016.

MOTION:

None

Agenda item 12 – Draft Committee Work Plan 2016/17

The Committee will review and discuss the draft committee work plan for 2016/17.

Agenda Item 12 – Other Business

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

Agenda Item 13 – Next Meeting Date

The Finance and Audit Committee will meet next on Wednesday, February 17, 2017, 4:00 pm to 5:30 pm.

Agenda Item 14 - Termination

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