BRIEFING NOTE
Toronto Central Local Health Integration Network
Finance and Audit Committee Meeting
October 6, 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	MOTION REQUIRE
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 2.1 Guide to Open Meetings	Felix Wu	
4:02	1	3	Approval of Agenda	Felix Wu	✓
4:03	2	4*	Approval of Minutes - May 18, 2016 4.1 Draft Minutes – May 18, 2016	Felix Wu	✓
4:05	1	5	Declaration of Conflict(s)	ALL	
NEW BUSINESS					
4:06	20	6*	Q1 Financial Reports HSP Operations 6.1 Financial Background Chart 6.2 Briefing Note 6.3 HSP Operations Financial Report Discretionary 6.4 Briefing Note 6.5 Discretionary Financial Report TC LHIN	Raj Krishnapillai	✓

			6.6 Briefing Note 6.7 TC LHIN Financial Report LHIN Shared Services 6.8 Briefing Note 6.9 LHIN Shared Services Financial Report Q1 Consolidated Report 6.10 Briefing Note 6.11 Consolidated Financial Report		
4:26	10	7*	Q1 Risk Report 7.1 Briefing Note 7.2 Q1 Risk Report	Bill Manson	
4:36	10	8*	Q1 MLAA Scorecard 8.1 Briefing Note 8.2 MLAA Scorecard Report	Susan Fitzpatrick	
4:46	10	9*	2015-16 HSP- Financial Performance Report 9.1 Briefing Note 9.2 HSP Financial Performance Report	Raj Krishnapillai	
4:56	10	10*	Reports: Q1 Board Per Diem 10.1 Briefing Note 10.2 Board Per Diem Report Q1 Contracts Listing 10.3 Briefing Note 10.4 Contracts/Procurement Report	Raj Krishnapillai	
CLOSED SESSION					
5:06	10	11	Closed Session Report (Attachment to be provided at the meeting)	Raj Krishnapillai	
STANDING BUSINESS ITEMS					
5:16	10	12	Other Business	Felix Wu	
5:26	4	13	Next meeting date – November 9, 2016	Felix Wu	
5:30		14	Termination	Felix Wu	✓

Legend:
* circulated with Agenda
** to be circulated at meeting
*** to be circulated electronically before meeting

Agenda Item 4 – Approval of Minutes of the Meeting held on May 18, 2016

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 – Q1 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 1st Quarter 2016-17 HSPs Operation Transfe Payment Funding.

BACKGROUND:

The HSPs Operation Transfer Payment Funding report summarizes the 1st 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, 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 $4.79B, $27.3M more than planned as a result of new Ministry initiatives announced since the beginning of the fiscal year. Of $27.3M favorable transfer payment variance, $23.7M relates to HSFR (hospital) funding. The year-to-date transfer payment as of 1st Quarter (ended on June 30th, 2016) is $1.19B.

HSFR (Health System Funding Reform) Related Funding

Initially, TC LHIN received $36.0M as HSFR funding. Of that, $12.3M is transferred to Cancer Care Ontario (breast/thyroid fund). Net HSFR funding for TC LHIN is $23.7M

Hospital Accountability Planning Submission

All hospitals have submitted and signed the HAPS (Hospital Accountability Planning Submission) and agreed to balance the budget for this fiscal year. Hospitals with negative funding impact are working with Ministry and TC LHIN to achieve balanced budget.

TOPIC: Q1 2016-17 Discretionary Funding Allocation

PURPOSE OF THIS AGENDA ITEM

To report to the Finance and Audit Committee on discretionary funding allocation for the 1st 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 the first quarter TC LHIN allocated $0.78M to HSPs. Majority of discretionary funds will be allocated in the 2nd quarter.

Funding Sources

A further summary of allocation by funding source and by quarter is as below:

Q1 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	0.78
Total Funds Allocated				

Motion:

No motion

TOPIC: Toronto Central LHIN's Q1 Operations Financial Results Report (unaudited)

PURPOSE OF THIS AGENDA ITEM

To provide the Finance and Audit Committee with the 2016-17 1st Quarter Operations Financial Results Report for Toronto Central LHIN

On the operations side, Toronto Central LHIN reported a positive year to date variance of $130K
for the quarter ended June 30, 2016. The positive variance is primarily due to the timing of expenditures against planned budget for 2016-17. TC LHIN forecasts a balanced budget at year-end March 31, 2017.

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

TOPIC: LHIN Collaborative and LHIN Shared Services Office Q1 Operations Financial Results Report (unaudited)

PURPOSE OF THIS AGENDA ITEM

To inform the Finance and Audit Committee of the 2016-17 1st 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 1st Quarter 2016-17 Financial Results report:

LSSO and Legal Financial Results

On the operations side, LSSO (LSSO and Legal combined) reported a positive variance of $153K due primarily to timing of IT initiatives and vacancies for the 1st Quarter ended June 30, 2016. A balanced budget is anticipated for LSSO at year-end March 31, 2017.

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

LHINC Financial Results

On the operations side, LHINC reported a positive variance of $21K as of the 1st Quarter ended June 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.

TOPIC: Toronto Central LHIN's Q1 2016-17 Consolidated Financial Results Report (Unaudited)

PURPOSE OF THIS AGENDA ITEM

Approval of the Q1 2016-17 Consolidated Financial Results Report for Toronto Central LHIN (unaudited).

BACKGROUND

Management reports to the 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 $304K. The variance is due primarily to the timing of expenditures. TC LHIN expects to have a balanced budget at year end March 31, 2017.

The consolidated cash balance of $1.9M is sufficient to cover obligations for the next quarter.

MOTION

That the Finance and Audit Committee recommends that the Board of Directors approves TC LHIN's Q1 2016-17 Consolidated Financial Results report (unaudited).

Agenda Item 7 – Q1 Risk Report

TOPIC: Risk Report to the Toronto Central LHIN's Finance & Audit Committee

PURPOSE OF THIS AGENDA ITEM

Provide the Finance and Audit Committee with the Q1 Risk Report.

BACKGROUND:

The Agency Risk Report (ARR)

1. Broadly speaking, the ARR risks are related to LHIN operations and can be divided into 3 categories:
    - **Mandate** - Risks that pose a threat to a LHIN's ability to set and execute its overall strategy; risk of not meeting performance expectations or commitments.
    - **Financial** – Risks related to the LHINs inability to manage its financial resources cost-effectively.
    - **Reputational** – Risk of negative publicity as a result of not meeting commitments; risk of failure to meet expectations of the public, Government or other stakeholders (i.e., employees, providers, patients/clients, media) in an effective, efficient and economical manner.
2. The Agencies and Appointment Directive (ADD) requires that all crown agencies develop and submit enterprise risk assessments to their respective ministries.
3. The Agency Risk Report contains information that is tied to the accountabilities of the Board of Directors and has a comprehensive assessment of high risks facing the mandate, finances and reputation of the TC LHIN and the larger health care system.

RISK HIGHLIGHTS:

Current higher risks are:

1. The loss of Long Term Care Home capacity while implementing the Ministry's redevelopment plan. The risk is that there will not be LTCH capacity in TC LHIIN which ultimately will impact patient flow throughout the system.
2. That TC LHIN will be unable to meet its MLAA performance targets, especially as it relates to persistent performance issues on some MLAA indicators. With a change in indicator targets, TC LHIN is currently meeting 1 out of 14 MLAA performance indicators.
3. The City of Toronto has seen rapid growth from residential and non-residential development. This intensification of population growth in all these communities has placed increased pressure on health, social, and community services to keep pace with increasing demands for services. In particular, acute care hospitals are seeing volumes increase in emergency department visits and admissions. Most notably, emergency department volumes have grown at University Health Network (both Toronto Western and Toronto General Sites), St. Michael's Hospital, Sunnybrook Health Sciences, and Sinai Health System. For TC LHIN, the risk is that hospitals will need to reduce clinical service in order to balance their budgets leading to reduced services available to the residents of Toronto as well as provincial programs.
4. Three of the seventeen hospitals in the TC LHIN have in year financial pressures: University Health Network, Michael Garron Hospital and Salvation Army Grace Health Centre. Hospitals need to maintain the obligation of a balanced budget, hospital focus on cost reduction strategies that do not impact clinical care, however with repeated pressures these opportunities become limited. These three hospitals provide important services for key populations in the TC LHIN and in the GTA/Province.

The report also outlines six lower risks.

MOTION:

None.

Agenda Item 8 – MLAA Scorecard

TOPIC: TC LHIN MLAA Indicator Report, August 2016 (Data reporting period: FY 2015/16 Q4 –FY 2016/17 Q1)

PURPOSE OF THIS AGENDA ITEM:

Present TC LHIN performance on key health system performance indicators to the Finance and Audit Committee.

BACKGROUND:

As outlined in the Ministry-LHIN Accountability Agreement (MLAA), the Ministry of Health and

Long Term Care (MOHLTC) requires LHINs to meet performance targets that are set for each fiscal year. The MLAA indicators consist of 14 key system indicators, where targets are set each year by the Ministry. When determining the performance against targets, the following monitoring scheme is used:

- Green for those targets that are being met
- Yellow for those within 10% of the target
- Red for those targets not being met

KEY CHANGES TO MLAA SCORECARD:

A concerted effort has been made over the past fiscal year to elevate the data and analysis of the MLAA indicators, in continuing with this work, the following key changes have been made to this report:

- Patient Availability Date (PAD) indicators for Community Care Access Centre (CCAC) Nursing and Personal Support indicators are now available, and reported on the dashboard and respective indicators slides (slide 4, and slides 6 & 7).
- Introduction of "Admit Rate" as an analysis characteristic for 90th Percentile ED LOS for complex patients (CTAS I-III) (slide 9, figure 4-2). Admit rates represent another way of determining the complexity of patients presenting at the ED and performance of the hospital in transitioning patients through the ED; higher admit rates tend to represent more complex patients, a lengthier triage time, and altogether a high ED LOS.
- For FY 15/16 we are able to show "Percent Contribution of All Inpatient Services ALC Rate by LHIN and Discharge Destination" (slide 16, figure 11-3). This data is only available by fiscal, and shows us which discharge destinations are contributing the most to ALC across the province.
- The ***Key Data Points*** section will now include regular updates in alignment with the reporting period to provide more detailed performance data for consideration, this includes breakdown of priority performance for MRI, CT, hips and knees.

PERFORMANCE HIGHLIGHTS:

Total Indicators	**Met Target**		**Within 10% of Target**	
14	Last Reported (Feb 2016)	**Current (Aug 2016)**	Last Reported (Feb 2016)	**Current (Aug 2016)**
	2	**0**	3	**5**

TC LHIN is not meeting the majority of its MLAA indicators with the change to consistent provincial targets and in response, TC LHIN has developed a more comprehensive and action oriented approach. The key elements of the TC LHIN MLAA performance strategy include:

1. **Promising Practice** - Consulting with other LHIN as to promising practices across the province for all performance indicators.

    a) Provincial table related to the OAGO recommendation regarding

    b) Senior Director council reviewing promising practices across the province

    c) LHIN and Ministry collaborating on promising practices for ALC

    d) Working closely with Champlain LHIN to understand the MH &A Readmit data – BN to submitted to the Ministry after review at SD Council

2. **Root Cause Analysis** - Undertaking a comprehensive root cause analyses on selected performance indicators including demand, supply and capacity.

    a) Root cause analysis on ALC has led to new strategies and prioritization of action items.

    b) A root cause analysis of Mental Health and Addictions uncovered the issue that planned transfers from an acute emergency to CAMH negatively impacted TC LHIN performance

3. **Supplementary Indicators** - Developing supplementary indicators to the MLAA Indicator Report to fully understand the complexity of performance in some of the clinical areas and provide a clearer picture of what is driving performance from a broader perspective.

    a) By capturing Patient Availability Date to the CCAC home and community indicators, TC LHIN is now meeting at least one of the performance target.

4. **Risk Adjustment to Indicators** - Investigating risk adjusted targets/measures for select indicators

    a) In process for assessing Mental Health and Addictions readmission rates.

    b) In collaboration with Champlain LHIN, it has been determined that the impact of lower readmissions in general negatively impact the performance indicator.

    c) In process for percentage of ALC days, discharges from acute hospital negatively variance on the this indicator

5. **Capacity planning** – Undertaking capacity planning has been a significant component of the TC LHIN approach to achieving MLAA indicators

    a) Hips and knees (in process)

    b) MRI/CT (in process)

    c) Urban growth impact on TC LHIN hospitals ED and ALC performance (complete)

d) Capacity Plan to support patients and clients in appropriate setting. (In process)

6. **Stakeholder and patient engagement** to understand current state and to develop strategies moving forward such as HIG Readmissions within 30 days

Agenda Item 9 – 2015/16 HSP Financial Performance Report

TOPIC: 2015-16 Health Service Provider (HSP) Financial Performance Report

PURPOSE OF THIS AGENDA ITEM
To report to the Finance and Audit Committee on HSP financial performance for 2015-16.

BACKGROUND:
This HSP Financial Performance Report summarizes the year end financial results based on 4th quarter 2015-16 report.

TC LHIN HSPs are comprised of hospital, community, CCAC and Long-Term Care sectors.

The following are highlights of the HSP Financial Performance Report:
Financial Highlights - Hospitals

Total margin (surplus/deficit), working capital and current ratio are measured on a quarterly basis. All hospitals reported a positive total margin for year end 2015-16. All hospitals except three reported positive working capital. Current ratio for all hospitals except two are within target.

Financial Highlights – Community and CCAC

94% of all community HSPs reported either a balanced budget or surplus (all fund types) for year-end 2015-16.

The Toronto Central CCAC reported a balanced budget at year-end 2015-16.

Motion:

No motion

Agenda Item 10 – Q1 Reports – Board Per Diem and Contracts

TOPIC: Board per Diems and Expense Claims – Q1 2016-17

PURPOSE OF THIS AGENDA ITEM

To provide the Finance and Audit Committee with an update on the Board per diems and expense claims for Q1 2016-17

Board per Diems and Expense Claims

The summary Board of Directors per diems, travel and other expenses for Q1 2016-17 is provided in the meeting materials for information.

MOTION:

None

TOPIC: Contracts Listing Q1 2016-17 and Procurement Updates

PURPOSE OF THIS AGENDA ITEM

To provide the Finance and Audit Committee with the listing of contracts created between April to June 2016 (Q1).

Contract Listing

Quarterly, the Finance and Audit Committee receives an update on TC LHIN contracts. The contract listing for the procurements done in Q1 of fiscal year 2016-17 is provided in the meeting materials.

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

Procurement updates

Employee Group Benefits

At the last Finance and Audit Committee meeting, it was reported that the LHIN CEOs agreed to discontinue the new procurement and the incumbent provider's contract (Desjardins) was extended to March 31, 2017. After that date, one last extension year to March 31, 2018 (4th extension) can be done as per original contract.

Employee Benefits Advisory Services

The three year extension to September 15, 2016 was signed with Donnelly Management Advisory Services Limited. LSSO has submitted an extension request for review to the

Ministry. Upon approval, the extension will be done.

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. LSSO has submitted an extension request for review to the Ministry. Upon approval, the extension will be done.

IT and IS Services

For information, the contract has an option for one last extension to year ending March 20, 2018 (2nd extension) which can be done as per original contract.

MOTION

None

Agenda Item 11 – Closed Session

The Committee will have an in-camera discussion with the auditors.

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, November 9 2016, 4:00 pm to 5:30 pm.

Agenda Item 14 - Termination

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