Audit Committee Meeting

Boardroom
Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN)
211 Pritchard Rd. Unit 1 Hamilton ON.
Wednesday, May 30, 2018 at 12:00 p.m.

A G E N D A

~ Imagine what we can achieve together…when we care, listen and act ~

ITEM	TOPIC	PRESENTER / DISCUSSANT	PURPOSES / OUTCOME REQUIRED	
			Information	Decision
A. CONVENING THE MEETING				
A.1	Call to Order – recognition of a quorum	Chair		X
A.2	Approval of the Agenda	Chair		X
A.3	Declaration of Conflicts	Chair/All		X
B. CONSENT AGENDA				
B.1	Consent Agenda of May 30, 2018* i. Audit Committee Minutes of April 25, 2018	Chair	X	
C. NEW/OTHER BUSINESS				
C.1	HNHB LHIN Operations - Monthly Financial Update*	VP, Resource, Stewardship (RS) & CFO		X
D. CLOSED SESSION				
D.1	Approval of the Closed Agenda	Chair		X
D.2	Consent Agenda of May 30, 2018* i. Closed Audit Committee Minutes of March 28, 2018	Chair	X	
D.3	Matter of Public Interest	VP, RS & CFO		X
E. ADJOURNMENT				
E.1	Next Meeting **Date:** Wednesday, June 20, 2018 **Location:** 211 Pritchard Rd. Unit 1 Hamilton ON **Time:** 12:00 p.m.	All		
E.2	Adjournment	Chair		X

Legend: * Circulated with Agenda, ** to be circulated prior to meeting, *** to be circulated at meeting

"A health care system that helps people stay healthy, delivers good care when they need it, and will be there for their children and grandchildren."

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B.1 Consent Agenda of May 30, 2018*

i. Audit Committee Minutes of April 25, 2018

Ontario
Local Health Integration Network
Réseau local d'intégration des services de santé

Hamilton Niagara Haldimand Brant
Local Health Integration Network
Minutes of the Meeting of the Audit Committee April 25, 2018

A meeting of the Audit Committee of the Board of Directors of the Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN) was held on April 25, 2018, at the Webster/Albion Falls meeting room, HNHB LHIN, 211 Pritchard Rd. Hamilton, Ontario, beginning at 12:00 p.m.

PRESENT:

Voting Members: Bill Thompson, Chair
Madhuri Ramakrishnan, Member
Saqib Cheema, Member
Dominic Ventresca, Member

Non voting: Janine van den Heuvel, Board Chair
Shelley Moneta, Member
Suzanne Belanger-Fontaine, Member
Marianne Knight, Member
Bill Chopp, Member

HNHB LHIN Staff in Attendance: Donna Cripps, Chief Executive Office
Candice Neila, Corporate Coordinator, Recording Secretary
Cindy Ward, VP, Resource Stewardship & CFO
Chad DeBlock, Director, Finance
Martina Rosza, VP, Home & Community Care
Derek Bodden, Director, Funding

A. Convening the Meeting

A.1 Call to Order

A quorum was present.

A.2 Approval of the Agenda

MOVED: Madhuri Ramakrishnan
SECOND: Saqib Cheema

That the agenda of April 25, 2018, be adopted, as circulated.

CARRIED

A.3 Declaration of Conflicts

No conflicts were identified at this time.

B. Consent Agenda

B.1 Consent Agenda of April 25, 2018

MOVED: Saqib Cheema
SECOND: Madhuri Ramakrishnan

That the Audit Committee adopts the consent agenda of April 25, 2018 consisting of:

i. Minutes of March 21, 2018

CARRIED

Key Points of Discussion:

- There were no questions with regard to the consent agenda item.

C. New/Other Business

C.1 HNHB LHIN Operations – Monthly Financial Update

MOVED: Dominic Ventresca
SECOND: Saqib Cheema

That the Audit Committee recommends that the Board of Directors of the Hamilton Niagara Haldimand Brant Local Health Integration Network receive and file the February 28, 2018 financial update for LHIN operations.

CARRIED

Key Points of Discussion:

- VP, Resource Stewardship & Chief Financial Officer presented the monthly financial update to the the Audit Committee.
- The LHIN was able to eliminate the remaining balance on the leasehold improvements commitment at the 211 Pritchard Rd. office. This savings can be redirected permanently to patient care services.
- Compensation costs are currently trending to unfavourable variance. It was noted that all new hires are funded, through dollars provided by the Ministry of Health and Long-Term Care (ministry) for specific initiatives.
- The increase to Patient Care Contracted out line in March is primarily due to costs related to Bill 148 for Service Provider Organizations (SPOs) affected by the new legislation as of January 1, 2018.
- Unbudgeted revenues relate specifically to salaries & benefits and have an offsetting cost in the compensation expense lines.
- The daily spend metric is an internal calculation based on reports received on a weekly basis. The daily spend is broken down into Personal Support Services (PSS), Nursing, and Therapies. This metric provides advance indication of the services forecasted for the rest of the month, as well as trends from patient care services provided to date. It provides staff with context to identify where immediate pressures are & where changes can be made.

D. Meeting Adjournment

MOVED: Bill Thompson
SECOND: Saqib Cheema

That the Audit Committee meeting be adjourned at 12:25pm

CARRIED

_____ _____

Bill Thompson, Audit Committee Chair **Date**

_____ _____

Donna Cripps, Corporate Secretary **Date**

AGENDA

Hamilton Niagara Haldimand Brant LHIN | RLISS de Hamilton Niagara Haldimand Brant

Briefing Note

HNHB LHIN Operations – Monthly Financial Update

To:	Audit Committee Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN)
From:	Cindy Ward VP Resource Stewardship and CFO
Date:	May 30, 2018
Proposed Motion:	That the Audit Committee recommends that the Board of Directors of the Hamilton Niagara Haldimand Brant Local Health Integration Network receive and file the March 31, 2018 financial update for LHIN operations.
Recommended Action:	☒ For Decision ☐ For Information
Session:	☒ Open ☐ Closed

Key Messages:

- The Hamilton Niagara Haldimand Brant Local Health Integration Network's (HNHB LHIN) unaudited financial results from operations for the full fiscal year April 1, 2017 – March 31, 2018 are an in-year surplus of $2.0M.
- The favourable year-to-date (YTD) position is primarily due to the following factors:
  - Additional unbudgeted revenues
  - Lower contribution to the Integrated Comprehensive Care (ICC) 2.0 initiative
  - Cost containment efforts in administrative expenditures that yielded savings of $1.6M
- Deloitte's audit team is scheduled to be onsite at the LHIN offices during the week of May 28, 2018 to perform the annual financial statement audit.
- The final audited financial statements will be presented to the Audit Committee at its June 20, 2018 meeting, with subsequent presentation to the Board at its June 27, 2018 meeting.

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HNHB LHIN Operations – Monthly Financial Update

Background:

- Monthly financial updates related to the LHIN's operations are provided to the Audit Committee for review and discussion.
- Appendix A presents the LHIN's unaudited financial results for the fiscal year April 1, 2017 – March 31, 2018.

Analysis:

- Highlights from Appendix A include the following:

Revenue:

- The detailed components of total budgeted 2017/18 Ministry of Health and Long Term Care (ministry) funding of $345,481,441 are listed in Table 1.

Table 1:

	Total
MOHLTC - Base Operations:	
Base Funding	$ 316,540,150
One-Time Recurring	15,546,500
One-Time - to increase capacity	10,015,700
Total MOHLTC - Base Operations	**$ 342,102,350**
MOHLTC - Other (Initiatives):	
Aboriginal Community Engagement	37,500
French Language Services	106,000
ED/ALC Lead	100,000
Primary Care Lead	75,000
Critical Care Lead	75,000
ED Lead	75,000
Chronic Disease Management Lead	75,000
Subregion Clinical Leads	450,000
French Language Planning Entity	411,693
Diabetes Regional Coordination Centre	749,475
Patients First Transition	180,000
Base Technology Infrastructure	534,393
E-Health	510,000
Total MOHLTC - Other	**3,379,061**
Total 2017/18 MOHLTC Funding	**$ 345,481,411**

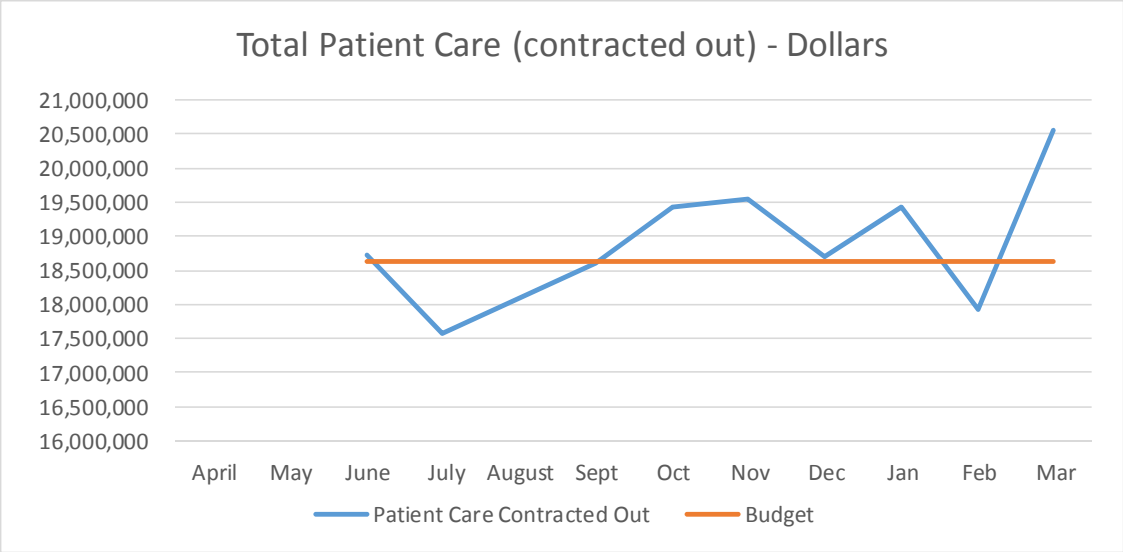
- The HNHB LHIN also receives minimal funds from other miscellaneous sources (eg, recoveries for staff on secondment).
- Explanations related to all significant revenue variances are noted on Appendix A.

HNHB LHIN Operations – Monthly Financial Update

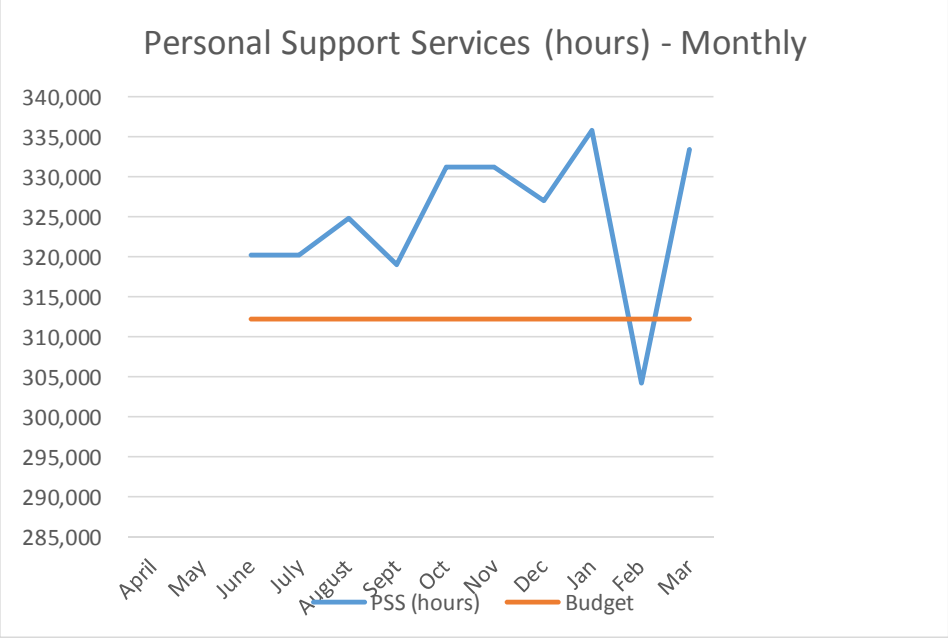
Expenses:

Patient Care – Contracted Out

- As shown in Appendix A and also in the graph below, this expense line was the greatest point of financial pressure for the HNHB LHIN during fiscal 2017/18.
- Since the last update to Audit Committee, this expense line has increased as expected due to the LHIN's continued focus on bringing home patients with higher care needs to relieve hospital pressures:

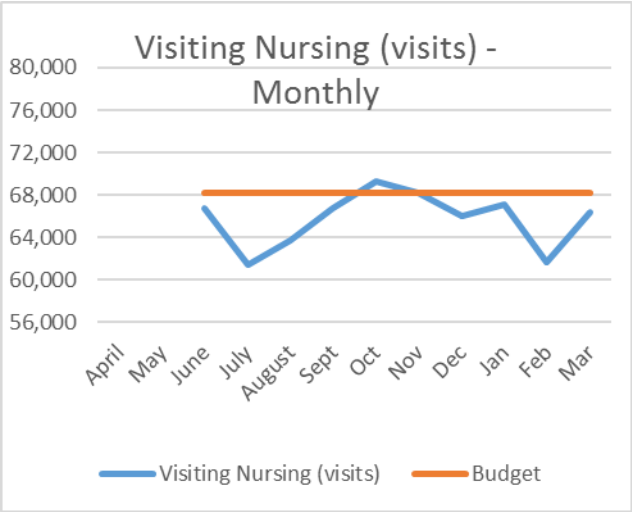


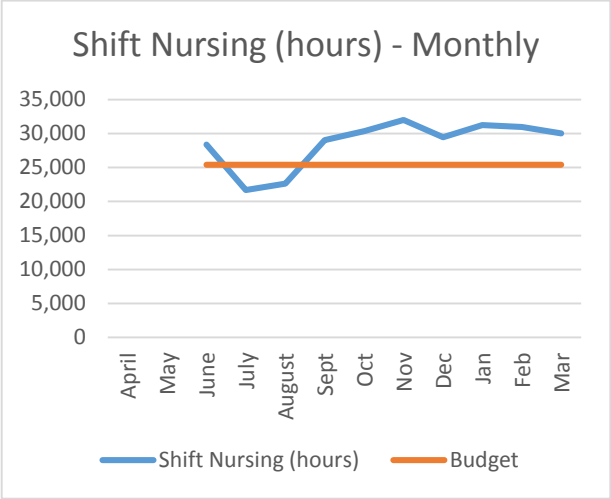
- As shown in Appendix B, as well as in the graph below, the largest component of services within the Patient Care – Contracted Out expense line is Personal Support Services (PSS) and as such, has the biggest impact on overall results
  - After a marked decline in February (due to it being a shorter month), PSS increased again in March to a level more consistent with the pressures felt throughout the final quarter of 2017/18:



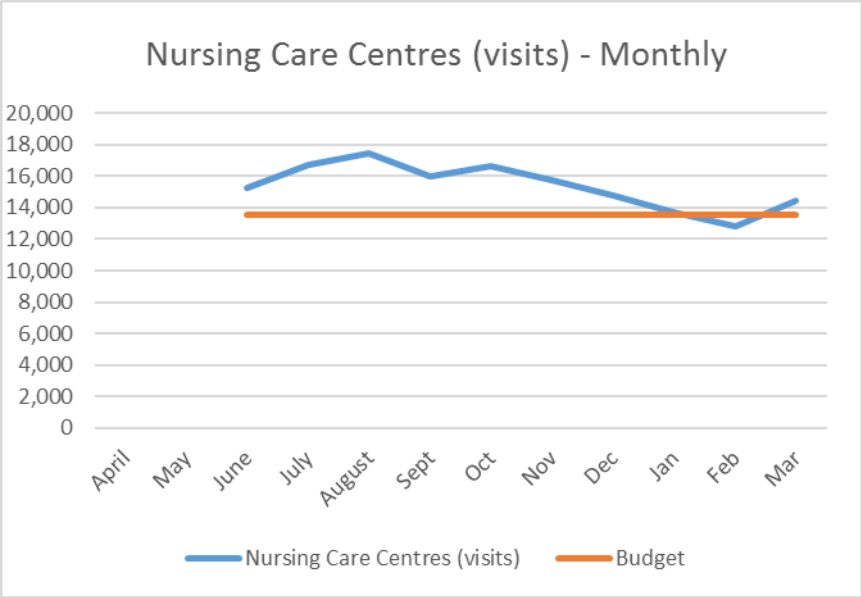
HNHB LHIN Operations – Monthly Financial Update

- Due to a shortage in PSS resources, the LHIN has continued to utilize (if available) Registered Practical Nurse/Registered Nurse (RPN/RN) services as an option to allow patients to receive care in a non-hospital setting.
- As well, and due to the higher complexity of patients that the LHIN is caring for (ie, palliative, medically-fragile children), the shift nursing volumes continue to be consistently above budget.
- Both of these factors have added to the pressures in Visiting Nursing and Shift Nursing as shown in the graphs below:



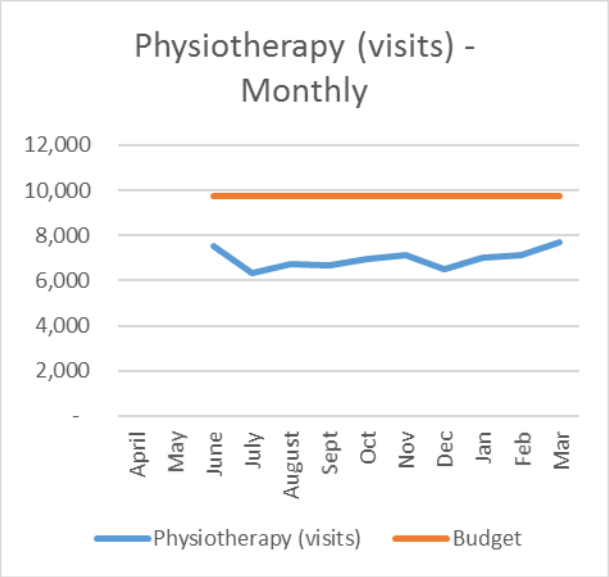


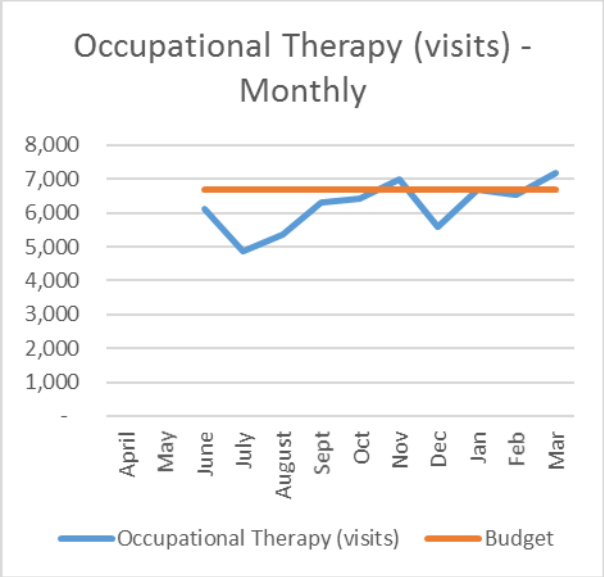
- During Q3, the LHIN completed an intensive review of all nursing services to ensure patients are receiving the appropriate level of care in the most appropriate setting, which resulted in a reduced number of nursing visits at the Nursing Care Centres (NCCs) as shown in the graph below:



- The slight decrease in NCC visits over the period of the LHIN's intensive nursing review has had a resurgence in March, indicative of the continued focus on strategies to shift nursing care from in-home to NCC wherever clinically appropriate.

- Volumes related to Physiotherapy and Occupational Therapy continue to be well-aligned with the budgeted volumes, and are monitored weekly to ensure they remain on track:





- Additional explanations related to variances for non-patient care expenditures are included in Appendix A, as well as provided below.

Salaries, Wages & Benefits

- Due to the LHIN continuing to fill new and vacant positions in the month of March, as well as incurring the remaining costs related to notice/termination, compensation expenses resulted in a YTD unfavourable variance of $1.2M.
  - However, it is important to note that salaries for administration and operations had a YTD favourable variance of $1.3M
  - As well, all new positions are specifically-funded to deliver initiatives as directed by the ministry.

- Monthly analytics related to benefits as a percentage of salaries & wages (cumulative YTD) reveals the following:

	Jun '17	Jul	Aug	Sep	Oct	Nov	Dec	Jan '18	Feb	Mar
Salaries	16,563,237	21,902,403	27,642,337	33,037,176	38,851,980	44,982,545	50,266,748	56,310,164	61,585,226	67,634,904
Benefits	4,692,620	6,173,347	7,589,609	9,004,446	10,496,712	12,016,666	13,359,413	15,561,898	17,604,157	19,673,231
Benefits %	28.3%	28.2%	27.5%	27.3%	27.0%	26.7%	26.6%	27.6%	28.6%	29.1%

  - However, removing the termination costs from the $19.7M total benefits figure results in an effective benefits rate of 26.7% (note that the budget was built using a rate of 28.9%).

Other Information:

- Efficiency Savings:
  - The LHIN's required efficiency savings of $993k is reflected in Appendix A vis-à-vis budget reductions in the salary and benefits expense lines.
  - Even after taking into consideration the $993k efficiency savings and the $2M paydown of leasehold improvements, the administration expense lines reflect a favourable variance due to focused fiscal restraint in these areas, ie, total YTD savings of $1.6M ($1.3M in Salaries and $300k in Supplies & Other).

Impact (Patient/System):

- Improved overall system flow by applying additional supports to get patients discharged from hospital.
- Increased use of NCCs for patients appropriate for this type/level of care has also been demonstrated to provide improved health outcomes and greater independence for patients on their journey to self-care.

Community Engagement:

- N/A

Measures of Success:

- HNHB LHIN monitors its direct patient care costs through a metric called "Daily Spend", as well as NCC utilization rates specific to each clinic.
- Administrative costs are trending to a favourable variance, consistent with the ministry's requirement for LHINs to demonstrate efficiencies in this area.

Source of Funding:

- Budgeted funding is flowed to the LHIN primarily from the ministry, with some additional minor sources of funding included WSIB, secondments, recoveries.

HNHB LHIN Operations – Monthly Financial Update

Author: Cindy Ward, VP Resource Stewardship and CFO

Approved by: Donna Cripps, Chief Executive Officer

File Path: http://portal.lhins.on.ca/hn/administrative/administration/Operational Information/Board Materials/Audit Committee/2018-19/05-30-2018/New Other Business/C.1_BN_HNHB LHIN Financial Update March 31 2018.doc

HNHB LHIN Operations – Monthly Financial Update

Appendix A

Hamilton Niagara Haldimand Brant LHIN Statement of Operations (unaudited)						
	April 1, 2017 - March 31, 2018				Feb '18	Actual vs
	Actual	Budget	Variance		Forecast	Forecast
REVENUE						
MOHLTC - base operations	$345,518,645	$342,102,349	$3,416,296	**1**	**$345,183,399**	$ 335,246
MOHLTC - Other	3,053,998	3,379,061	(325,063)	**2**	**3,032,474**	21,524
Other Income	2,653,682	380,000	2,273,682	**3**	**2,605,642**	48,040
Amortization	375,936	350,000	25,936		**391,700**	(15,764)
TOTAL REVENUE	**351,602,261**	**346,211,410**	**5,390,851**		**351,213,215**	**389,046**
EXPENSES						
Patient Care Contracted out	226,664,810	223,467,428	(3,197,382)	**4**	**226,689,011**	(24,201)
Medical Supplies & Equipment	17,839,590	18,547,267	707,677	**5**	**17,873,811**	(34,221)
Hospice	5,378,517	5,378,517	-		**5,378,517**	-
Salaries & Wages	67,634,904	66,846,881	(788,023)	**6**	**67,312,668**	322,236
Benefits	19,673,231	19,286,994	(386,237)	**6**	**20,033,394**	(360,163)
Supplies & Other	11,927,578	12,221,403	293,825	**7**	**11,924,133**	3,445
Board Expenses	90,706	112,920	22,214		**94,621**	(3,915)
Amortization	391,700	350,000	(41,700)		**391,700**	-
TOTAL EXPENSES	**349,601,036**	**346,211,410**	**(3,389,626)**		**349,697,855**	**(96,819)**
REVENUE LESS EXPENSES	**$ 2,001,225**	**-**	**$2,001,225**		**$ 1,515,360**	**$ 485,865**

1 - Due primarily to lower amount the LHIN expects to contribute to the ICCP 2.0 Bundled Care initiative, as well as additional Ministry funding specifically targeted for the following: CCAC to LHIN transition, Health Links, MSK (Musculoskeleta) strategy, Palliative Care.

2 - Due to lower rate of expenditures being realized for LHIN Initiatives relative to revenue received to date; this final variance represents unspent funding that will be returned to the Ministry.

3 - Other Income is recorded as received, and the budget is only an estimate based on prior years' amounts. The favourable variance is due primarily to the Chronic Kidney Disease (CKD) initiative that resulted in fiscal year funding of $1.3M. The LHIN also received an additional $1M in other miscellaneous revenue.

4 - See explanations related to volume variances contained within briefing note. Additional one-time funding of $10M for patient care needs minimized the service pressures in 2017/18. As well, the service demands did not materialize to the extent expected and there were also effects from limited human health resources being experienced in the LHIN's service provider organizations.

5 - MS&E expenditures are closely aligned with Nursing services, and an overall positive spending variance of 4% is reasonable in light of the LHIN's intensive nursing review which resulted in numerous service discharges.

6 - See explanations related to Salaries and Benefits contained within briefing note.

7 - Supplies & Other favourable variance was tempered by the decision to pay out remaining $2M principal balance of leasehold improvements.

HNHB LHIN Operations – Monthly Financial Update

Appendix B

Monthly Patient Care - Contracted Out (Volumes)

	Actual Volumes Jun '17	Actual Volumes Jul	Actual Volumes Aug	Actual Volumes Sep	Actual Volumes Oct	Actual Volumes Nov	Actual Volumes Dec	Actual Volumes Jan '18	Actual Volumes Feb	Actual Volumes Mar
Service Type:										
Personal Support (hours)	309,945	309,826	312,873	307,190	317,423	317,662	313,779	322,243	291,620	319,572
Respite (PSS hours)	10,310	10,456	11,947	11,865	12,264	13,590	13,316	13,709	12,592	13,908
Visiting Nursing (# of visits)	66,785	61,481	63,697	66,686	68,871	68,234	66,019	67,094	61,692	66,338
Shift Nursing (hours)	28,386	21,697	22,657	29,049	30,014	32,027	29,461	31,270	30,981	30,052
Nursing Care Centres (# of visits)	15,276	16,741	17,490	16,020	16,563	15,725	14,793	13,720	12,850	14,470
Physiotherapy (# of visits)	7,551	6,342	6,727	6,652	6,922	7,150	6,531	7,040	7,103	7,702
Occupational Therapy (# of visits)	6,135	4,852	5,352	6,295	6,525	6,999	5,583	6,694	6,523	7,163
Speech Language (# of visits)	2,380	412	461	1,986	2,027	2,822	1,789	2,240	2,528	2,104
Registered Dietician (# of visits)	821	745	857	682	705	830	642	792	718	761
Social Work (# of visits)	518	483	507	509	523	588	441	421	441	446
Speech Language Clinics (# of visits)	321	46	43	183	228	689	318	499	523	484
Medication Management (# of incidents)	96	87	71	100	102	115	90	116	126	134
Respiratory Therapy (# of visits)	8	3	7	5	5	8	4	10	12	8
Total Patient Care Services	**448,531**	**433,171**	**442,689**	**447,222**	**462,172**	**466,439**	**452,766**	**465,848**	**427,709**	**463,142**

Note: Volumes related to homecare services delivered in April and May are excluded from the data above.
The May 10, 2017 transition date of the CCAC operations to the LHIN required a formal cut-off of all activities as at May 9, 2017 to accommodate reporting needed for the external audit.
As a result, the CCAC did not conduct its normal month-end processes as at April 30, 2017 and it will be more relevant to review the monthly 2017/18 volumes trends for the period commencing June 1, 2017.