

**“ DRAFT ” MINUTES  
AUDIT & FINANCE COMMITTEE MEETING  
Tuesday, April 29, 2008  
8:30-12:00 pm**

**Central East Local Health Integration Network  
314 Harwood Avenue South, Suite 204A  
Ajax, Ontario**

**Directors Present:** Ronald Francis (Chair, Audit Committee)  
William Gleed (Chair, Finance Committee)  
Stephen Kylie  
Joseline Sikorski (by teleconference)  
Novina Wong  
Alex Hukowich  
Foster Loucks, ex-officio

**Regrets:** Jean Achmatowicz MacLeod

**Staff Present:** Deborah Hammons  
Janet Boland  
Karen Ouellette  
Ritva Gallant  
Sheila Rogoski  
Karen Kennedy-Slade  
Lindsay Wyers (recording secretary)

Mr. Ronald Francis, Chair of the Audit Committee, Co-chaired the meeting.

Mr. William Gleed, Chair of the Finance Committee, Co-chaired the meeting.

**1.0 MEETING CALLED TO ORDER**

Mr. Francis called the meeting to order at 8:30 a.m., having determined that a majority of committee members were present to constitute a quorum.

## 2.0 MINUTES

- 2.1 Mr. Francis invited comments from the committee with respect to errors or omissions concerning the minutes of the Audit Committee meeting held December 20, 2007.

Ms. Gallant asked that on page 5 of the minutes that the 'ASP system' be changed to 'SAP system.'

**MOTION:** Made by Mr. Stephen Kylie that the Audit Committee Minutes of December 20, 2007 be accepted.

**SECONDED:** Mr. Loucks

### MOTION CARRIED

- 2.2 Mr. Gleed invited comments from the Committee with respect to errors or omissions concerning the minutes of the Finance Committee meeting held February 7, 2008.

**MOTION:** Made by Ms. Joseline Sikorski that the Finance Committee Minutes of February 7, 2008 be accepted.

**SECONDED:** Mr. Loucks

### MOTION CARRIED

## 3.0 BUSINESS ARISING

- 3.1 Ms. Wong requested that an update on items from the minutes of previous Audit Committee. The following items were discussed:

- The decision making framework will be brought to next Board meeting for formal approval. Once endorsed, a copy is to be forwarded to the auditors for information.
- A Board education session to review the LHIN Director accountabilities from the Public Service Ontario Act will be tabled as an agenda item for a future meeting.

- The appended electronic signature policy in the LHIN's Policies and Procedures Manual has been circulated to the committee.
- Mr. Loucks has forwarded the confidential LSSO Strategic and Operational Plan to the CE LHIN Board of Directors.

The Audit Committee noted the following follow-up/action items:

- The LHIN CEO group has collectively undertaken the review of a LHIN specific "Whistleblowing Policy" from the Public Service Ontario Act. The committee requests an update and once finalized to be brought forward to the committee.
- The committee requests an update on what reporting methods will be used to monitor not only financial issues with the HSPs, but also issues of safety and quality. Ms. Gallant updated the Committee that a proposal for the funding of the LEAP tool is being prepared for the MOHLTC. The LEAP tool will provide quarterly reports to the board and include H-SAA indicators as well as additional tracking items. This data will be taken from the MIS reporting system. Ms. Hammons suggested that further discussion with the CE LHIN Board take place around what level of information is required.

3.2 There was no business arising from the minutes of the Finance Committee.

#### **4.0 NEW BUSINESS**

Mr. Francis asked Ms. Gallant to present an update on the audit and financial materials that have been previously circulated in the Board package. The following items were discussed:

4.1 *Audit 2007/2008 Preparations:* Ms. Gallant reported that the staff is 90% complete. Inconsistencies have been corrected.

There is approximately a 700k surplus; this included 200k in operations, and 500k in special projects. The money will be clawed back to the MOHLTC. Ms. Hammons explained that most of the operations surplus was due to staff vacancies over the past year. (i.e. LHIN CEO, Executive Assistant, Senior Director, Business Manager)

Ms. Gallant spoke to the draft financial statements and internal controls of the CE LHIN that were distributed prior to this meeting. Ms Wong queried why the budget was not reflected by cost centre. Staff noted that this will be available for the next meeting.

Mr. Gleed requested that two variance reports be tabled at next meeting-LHIN operations, and LHIN projects.

Mr. Loucks inquired about the relationship to E-Health among other HSP. The issue was raised about the acquisition of additional funds with associated groups of the CE LHIN.

Mr. Kylie requested clarification on what the audit would encompass. Ms. Gallant confirmed that the Auditors report would incorporate the LHIN operations (\$4M) as well as the Transfer Payment Agencies funds (TPA-\$1.7 Billion). Clarification is required to ensure that the report states the TPA agencies have their own audit process to guarantee the funds have been spent as intended.

- *Entity Level Components of Internal Control:* Ms. Gallant explained to the committee the material that had been previously distributed. Ms. Gallant reported that the accounting principles and relating policies are consistent with last year's approach.

Ms. Boland presented the internal control and process as well as the business payroll cycle to the committee. Mr. Gleed requested a revised copy of the LHIN Operations manual after the approved changes from the December 20<sup>th</sup> meeting. The staff will confirm a clause that states the acknowledgement of conflict of interest is in the employee contract.

Ms. Gallant confirmed that the CE LHIN has no risk or knowledge of any allegations, and no additional knowledge of fraud for the upcoming audit.

- *CE LHIN Funding Letter Process:* Ms. Ouellette reported to the committee on the process and distributed flow chart to the committee. When new money is given to the CE LHIN for their HSP, the authority is MOHLTC or the CE LHIN Board. The CE LHIN has the responsibility but ultimately the authority lies with the FMB

4.2 *Interim Internal Operations Budget 2008-09:* Ms. Gallant reported that the CE LHIN staff will maintain status quo for the interim until the LHIN operation budget is received from the MOHLTC.

4.3 *Lakeridge Quarterly report:* Ms. Gallant reminded the committee that Lakeridge is required to report quarterly as outlined in their peer review. Ms. Gallant reported that Lakeridge is on track. The capital debt has been reduced by a small amount, but is moving in the right direction. Mr. Kylie would like to see a target set for their capital debt reduction.

Mr. Gleed explained that Lakeridge will provide the committee with a debt reduction plan next month. Staff is to communicate the needs of the committee to receive details of their plan with specific timelines.

Mr. Gleed discussed the need for Rouge Valley to present a similar specific debt reduction plan, within the six month peer review requirements.

4.4 A discussion ensued about capital planning status at Lakeridge. Ms. Gallant explained the PCOP funding process. This funding is still managed by the MOHLTC but with input from the LHINS. Ms. Hammons assured the committee that the CE LHIN will be involved with any decision relating to capital funding. Staff to follow up on future capital funding and provide update to Committee

4.5 *2008/09 HSP Allocation Summary:* Ms. Gallant reported that the base funding for all HSP's cannot be changed and is set by the MOHLTC, unless there is an integration order or both facilities agree to a change. One-time funding (Wait time, Growth funding) may be allocated based on CE LHIN discretion and Board approval. Funding may also be re-allocated based on performance measures outlined in the H-SAAs.

4.6 Mr. Francis has deferred the review of the board orientation binder to a future meeting.

## 5.0 MOTION OF TERMINATION

**MOTION:** Made by Mr. Kylie that the meeting be adjourned.

**SECONDED:** Ms. Wong

**MOTION CARRIED**

Mr. Gleed declared the meeting adjourned at 1:40 PM