

Terms of Reference for Operational Audit at Muskoka Algonquin Healthcare (MAHC)

- A. Date:** August 25, 2009
- B. Review Type:** Operational Audit pursuant to 9.7.1 of the H-SAA. (the “Review”)
- C. Background**
MAHC has developed a deficit recovery plan (the “Plan”) pursuant to the terms of service accountability agreement (the “H-SAA”) between MAHC and the North Simcoe Muskoka Local Health Integration Network (the “LHIN”).
- D. Purpose**
The purpose of the Review is twofold:
1. To assist the LHIN in assessing the proposed Plan;
 2. To assist MAHC in identifying additional opportunities that should be explored to balance its budget.
- To this end, the Review will
- (i) examine all aspects of MAHC’s operations and identify additional opportunities to improve efficiency of operations and effectiveness of healthcare services delivered;
 - (ii) assess the effectiveness of the proposed Plan, in light of (i) ; and
 - (iii) make such recommendations as may be necessary to ensure that the proposed Plan as amended will enable MAHC to achieve its performance obligations, including a balanced operating position within its approved and planned funding allocations.
- E. Approach**
The Review will be conducted by one lead reviewer and such other reviewers as the lead reviewer may require in order to complete the Review within the specified time frame (all together the “Review Team”). MAHC will select the lead reviewer, subject to approval by the LHIN. MAHC will actively participate in the Review and will ensure that the Review Team is provided with every assistance.
- Following the Review, MAHC will be required to produce an amended draft Plan and implementation plan. Subject to the LHIN’s acceptance of the amended draft Plan and proposed implementation plan, MAHC will implement the revised Plan.
- F. Scope**
1. The Review will:
 - a) Examine workload measures, current services provided, cost of services provided, efficiency of services provided and clinical outcomes.
 - b) Examine MAHC decisions to expand and/or limit service levels within the previous three fiscal periods;
 - c) Examine internal relationships between board, physician and senior management as

- well as external relationship with health service providers to achieve balance budget;
- d) Review the analysis conducted by MAHC when it considered the measures to achieve a balanced operating position that it put forward in its 2008-10 HAPS;
 - e) Examine the scope of current services compared to the mandate of MAHC and assess the appropriateness of current services and service levels. This part of the Review will
 - (i) identify the level of service, clinical and administrative integration and partnerships that currently exist between MAHC and the other health service providers in the LHIN; and ,
 - (ii) take into consideration how new health service providers (e.g. Family Health Teams) or service expansion by other providers (e.g. CCAC) could impact the delivery of services by MAHC's sites;
 - f) Identify and quantify any barriers preventing MAHC from achieving a balanced financial operating position and recommend mitigation measures in response to these barriers;
 - g) Examine any other relevant issues identified in the course of the Review
2. The Review Team will examine the proposed Plan, other work done to date by MAHC (identified on the attached Schedule A) and other identified opportunities (also identified on the attached Schedule A).
 3. The Review Team will have access to MAHC's financial, clinical data and corporate records as required.
 4. The Review Team will produce a final report that will
 - (i) report on MAHC's operations;
 - (ii) assess the effectiveness of the Plan in light of (i); and
 - (iii) include such recommendations as may be necessary to ensure that the proposed Plan as amended will enable MAHC to achieve its performance obligations, including a balanced operating position within its approved and planned funding allocations.

G. Due Dates

- Start date: September 1, 2009
- Draft Report due date: November 16, 2009
- Final Report due date: November 30, 2009
- Revised Implementation Plan due date: December 18, 2009
- Proposed implementation plan due date: January 29, 2010

H. Roles

- (a) The Review Team will:
 - (i) Consult with MAHC staff and physician leadership on efficiency opportunities, management of existing services and impediments to operational performance improvement;
 - (ii) Examine internal and external relationships to ensure alignment with achievement of a balanced operating position;
 - (iii) Submit a final report and recommendations to the MAHC Board and LHIN in accordance with the timelines set out in G.
 - (iv) present the final report to one or more meetings of the MAHC and LHIN boards, if requested to do so;
 - (v) Remain available for further advice to MAHC and/or the LHIN as required in preparation for the 2010-12 H-SAA.

- (b) MAHC will:
 - (i) actively participate in the Review
 - (ii) will ensure that the Review Team is provided with every assistance.
 - (iii) will provide comments on the draft report;
 - (iv) pay the costs of the Review in accordance with s. 9.7.1 of the H-SAA.
 - (v) produce a MAHC board approved, amended draft Plan that will include
 - (a) a financial estimate of the cost savings for each proposal,
 - (b) an impact assessment of proposed service changes on service levels, access to service and on health human resources and
 - (c) a risk assessment of the proposed change and mitigation strategies
 - (vi) develop a proposed implementation plan that will include
 - (a) timelines for implementation
 - (b) implementation accountabilities
 - (c) a means to track and measure the ongoing financial impact as implementation proceeds,
 - (d) a means by which both the LHIN and MAHC can measure progress against the Plan;
 - (e) monthly reporting; and
 - (f) proposed communications plan.
 - (vii) will be subject to the LHIN's acceptance of the amended draft Plan and proposed Implementation plan, and subject further to any conditions of the LHIN's acceptance of the amended draft Plan and the proposed implementation plan, implement the amended draft Plan.

- (c) The LHIN will:
 - (i) receive and provide comments on the draft report
 - (ii) receive the final report
 - (iii) receive and consider the revised Plan and implementation plans and provide timely feedback and approval where required to MAHC
 - (iv) once agreement to move forward has been reached, publicly support the Plan and its implementation.