
Governance Audit of
Pioneer Manor

August 31, 2018
FINAL REPORT



1. ORGANIZATIONAL BACKGROUND

Pioneer Manor is a long-term care home that services the needs of residents 18 years and older who are no longer able to live independently. Pioneer Manor is the largest such center in Northern Ontario, with a current capacity of 400+ residents. Pioneer Manor is owned and operated by the City of Greater Sudbury as a division of the Community Development Department. The three-member Committee of Management (COM), appointed in accordance with the *Long Term Care Homes Act, 2007*, (LTCHA), is required by LTCHA to ensure Pioneer Manor complies with the legislative requirements.

The vision of Pioneer Manor is to be recognized as a leading provider of long-term care in the Province of Ontario. The mission of Pioneer Manor is to provide long-term care while incorporating high standards of leadership, innovative approaches, research and development in conjunction with its community partners.

In fiscal year 2017, total operating costs for Pioneer Manor were \$36M. Total “revenues” were \$32.3M resulting in overall net expenses of \$3.7M.

Ontario Ministry of Health & Long-Term Care Oversight

Pioneer Manor is overseen by the Ministry of Health & Long-Term Care (MOHLTC). In particular, Pioneer Manor operations and services must meet the requirements of the *Long-Term Care Homes Act, 2007*, (LTCHA), and related Regulation 79/10. The MOHLTC as part of its Long-Term Care Home Quality Inspection Program conducts an annual audit of all long-term care facilities, including Pioneer Manor. In addition, the Ministry will conduct additional audits based on complaints, critical incidents and the information included in mandatory reports submitted by Pioneer Manor to the MOHLTC.

Under the *Local Health System Integration Act, 2006*, the City is required to enter into a Long-Term Care Home Service Accountability Agreement with the North-East Local Health Integration Network (LHIN). The Agreement includes, among other items, specific provisions related to Funding, Planning and Integration, Performance Improvement and Reporting.

Powers of the Auditor General

According to section 223.19(3) of the *Municipal Act, 2001*, the Auditor General may exercise the powers and shall perform the duties as may be assigned to him or her by the municipality in respect of the municipality, its local boards and such municipally-controlled corporations and grant recipients as the municipality may specify.

However, section 223.1 of the *Municipal Act, 2001*, qualifies the definition of local board, and sets out a number of exceptions including a committee of management established under the Long-Term Care Homes Act, 2007 including Pioneer Manor.

Notwithstanding, the Auditor General may perform audits of entities that are exempted from the definition of local boards at the request of these entities. Since a governance audit of Pioneer was specifically requested by members of COM and our audit plan was approved by Council, the Auditor General’s Office proceeded with this audit.

2. GOVERNANCE AUDIT: APPROACH & EXECUTION

The governance audit was completed based on the assessment framework detailed in the *Practice Guide to Auditing Oversight* (“*Practice Guide*”) published by the Canadian Audit & Accountability Foundation. Based on the *Guide*, the following Approach, Objectives and Assessment Criteria were used.

2.1 Approach

The audit focused on the oversight structures and systems in place within Pioneer Manor, including examining:

- Structure and mandate of Pioneer Manor;
- Definition of roles and responsibilities of Pioneer Manor and its senior leadership team;
- Oversight exercised by Pioneer Manor over its respective areas of responsibility; and
- Oversight exercised by the City or other relevant government bodies over Pioneer Manor.

2.2 Scope

The scope of the audit included activities from January 1, 2015 to April 30, 2018.

2.3 Objectives & Assessment Criteria

The key objective of the audit was to assess the effectiveness of the design of oversight structures and processes. As such, the audit was not specifically designed to assess whether the oversight processes are operating as designed and/or the outcomes generated by these oversight processes. The table below sets out the audit objectives and related assessment criteria. More detailed criteria were developed and used to conduct the audit.

Audit Area	Audit Area Objectives	Audit Area Assessment Criteria
Overall Oversight Framework	To determine whether the structures and processes established for the organization set the framework for effective oversight	The governance structure and mandate of the organization are sufficient and appropriate to provide a framework for effective oversight
Oversight Roles & Responsibilities	To determine whether the board (or governing body) has clear oversight roles and responsibilities and a clear mandate to carry out specific oversight functions	The oversight body and its committees and members have clearly defined oversight roles and responsibilities
Performance Monitoring	To determine whether the board (or governing body) has put in place adequate systems and practices to monitor the organization’s performance in meeting its established objectives	The oversight body has established a performance management framework for the organization. Performance targets and pertinent indicators are in place to enable the oversight body to monitor properly organizational performance
City Oversight	To determine whether the City/other oversight bodies has established a clear framework for the oversight of the organization	The City (or other oversight body) has defined and communicated its expectations with regard to organizational performance and the reporting thereof

2.4 Execution

The audit was completed based on a number of key activities:

- **Documentary Review:** Relevant documentation was collected and reviewed in relation to objectives and assessment criteria;
- **Interviews:** Interviews were conducted with selected members of the Pioneer Manor Board of Directors, management and managers within the City; and,
- **Informal Benchmarking:** Limited, informal benchmarking analysis was completed based on available documentation and stakeholder input.

2.5 Executive Summary

The governance and oversight structures and processes in place with respect to Pioneer Manor are generally well designed and are complemented by a strong management team and capable Committee of Management (COM) members. However, the potential risks and liabilities for the City associated with the operation of Pioneer Manor require revisions to be made to these governance and oversight structures and processes. The City has recognized the need for change and will be transferring oversight of the Pioneer Manor from the current COM to the full Community Services Committee of the Council.

Pioneer Manor management has also identified opportunities to improve its overall governance and operational performance through its most recent planning exercise. In addition, the work of the Operational Review Project/Committee is intended to improve organizational performance in a variety of areas and the Capital Redevelopment Plan is intended to improve Pioneer Manor's capital assets and enhance service delivery capabilities. Management is encouraged to continue these initiatives and to consider the additional opportunities identified in this Report.

Finally, the City should consider opportunities to improve its orientation programs for members of Council in order to provide enhanced information to members considering opportunities on the Boards of various Agencies, Boards and municipally-controlled corporations (ABCs).

2.6 Audit Standards

We conducted the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit.

For further information regarding this report, please contact Ron Foster at extension 4402 or via email at ron.foster@greatersudbury.ca

3. OBSERVATIONS

The following section sets out the key observations which relate to the design of the oversight structures and processes in place with respect to Pioneer Manor. Observations related to the operation of these structures and processes are also noted where relevant.

3.1 Overall Oversight Framework

The oversight framework is generally effectively designed and the governance structure and mandate of the organization are sufficient and appropriate to provide a framework for effective oversight. For example:

- a) The *LTCHA* and Regulation 79/10 require the City to create a Committee of Management to oversee Pioneer Manor.
- b) COM currently consists of three Members of Council. Meetings are also attended by the Director of Pioneer Manor – who generally sets the meeting agenda – and representatives from the City, including the City’s General Manager, Community Development.
- c) The mandate of the Committee of Management (COM) requires the COM to meet at least four times annually, and includes monitoring, evaluation and recommendation to Council for matters such as the provision of health and social services and the operation and administration of Pioneer Manor.

Opportunities for improvements to the current oversight framework include:

- a) Primarily as a result of the size of the COM, there are no Sub-Committees in place to focus on specific performance elements of the Pioneer Manor.
- b) The COM may be too small an oversight body for such a significant and potentially high-risk entity.
- c) The COM has a designated Chair but the roles and responsibilities of the Chair are not documented.
- d) While Codes of Conduct exist for Pioneer Manor and the City, there are no specific, documented guidelines for COM members on their specific duties owed to Pioneer Manor in this capacity.

3.2 Oversight Roles & Responsibilities

The oversight roles and responsibilities of the COM are understood by the members of the Committee and other stakeholders. For example:

- a) The COM’s mandate, including roles and responsibilities and oversight authorities, are documented as noted above.
- b) COM members are appointed by the City through a formal City by-law. Appointments follow the standard City appointment process.
- c) Upon appointment, COM members receive orientation with respect to the operations of Pioneer Manor and the responsibilities of COM Members under the relevant legislative and regulatory framework that governs Pioneer Manor management and operations.

- d) The COM reviews a variety of reports, including all reports to Council and reports on matters such as Patient Safety and Capital Development and Operational Review Committee Reports.

Some roles and responsibilities require modification to reflect the growing importance of PM to the City.

- a) Interviewees identified concerns that the COM was too small and was dealing with matters of significant importance and potential liability for the City. They recommended either an expansion of the COM or a transfer of oversight to the Community Services Committee of Council.
- b) The appointment process excludes the development and application of a formal Member competencies matrix to identify potential COM Members.
- c) Interviewees noted that the orientation process for COM members could be enhanced.

3.3 Performance Monitoring

COM has established systems and practices to monitor the performance of the organization and to assess the extent to which the organization has achieved its established objectives. For example:

- a) The Strategic Plan identified three core Strategic Themes and noted desired outcomes and, in some cases, potential performance measures associated with these desired outcomes. However, there is no evidence that performance against these outcomes are regularly and consistently reported to the City/Council.
- b) Pioneer Manor is required to provide an annual quality improvement plan to the MOHLTC that include a variety of key performance indicators. These quarterly reports are reviewed with COM.
- c) The quarterly Patient Safety Reports noted in the previous section include measures tracking Pioneer Manor performance against performance of other long-term care facilities in the LHIN and across the Province of Ontario.

3.4 City Oversight

The City has established a generally effective framework for the oversight of Pioneer Manor. In addition, the MOHLTC and LHIN oversee closely the operational and financial performance of Pioneer Manor. For example:

- a) Pioneer Manor provides an annual report to COM (required by legislation/regulation) which is shared with City Council. Report includes a variety of financial and operational information.
- b) City oversight is supplemented by oversight from provincial government entities, including:
 - i. Operations are overseen closely by the MOHLTC which completes multiple policy and operational audits each year. Findings/non-compliances are noted and must be addressed by the organization.
 - ii. Pioneer Manor operations are also monitored by the LHIN which requires annual performance reporting from the organization.

Opportunities for improvement exist to improve the City's oversight of Pioneer Manor, including:

- a) The mandate for COM decision-making lacks clarity. The formal mandate provides authority to recommend but does not speak directly to final decision making authorities that the COM may possess.
- b) Concerns were noted that the current structure of oversight and reporting via the COM may not provide the City with an appropriate level of visibility and oversight of Pioneer Manor activities due to small size of COM. See further: comment in Section 3.2 (b) above.
- c) The City provides orientation information to new and returning Members of Council including an introduction to the agencies, boards and corporations overseen by the City and the role of Members who participate on these Boards. The orientation provided does not include detailed information on the role and operations of Pioneer Manor and the role of the City with respect to the organization.

4. FINDINGS

The audit assessed the effectiveness of the design of oversight structures and processes. As noted above, the audit was not specifically designed to assess whether the oversight processes are operating as designed and/or the effectiveness of the outcomes generated by these oversight processes. However, where operational observations were noted they have been identified above.

Based on the results of the audit, the oversight structures and processes in place with respect to Pioneer Manor generally appear to be effectively designed, but the following Findings are noted:

- 1) As noted by the members of COM and the City's General Manager, Community Development, the size and mandate of COM is insufficient to ensure the City effectively oversees Pioneer Manor and manages its potential risks and legal liabilities, including the need for a major capital investment to upgrade one-third of the beds to meet provincial regulations.
- 2) The orientation of new COM Members, while discussing the statutory duties and obligations of Members of Council as COM members, could be enhanced with respect to educating new COM members on the context and operations of Pioneer Manor.
- 3) When preparing its annual business plan, Pioneer Manor management does not conduct a risk assessment.
- 4) Although the various reports provided to the COM and City Council include key information related to operations and patient safety, there is no formal, comprehensive Performance Management Framework – including Key Performance Indicators (KPIs) linked to documented business plan objectives – in place.

RECOMMENDATIONS

The following Recommendations are provided based on the Findings noted above:

- 1) The City should continue to move forward with plans to designate the Community Services Committee of Council as the COM. The Mandate of the COM should also be reviewed and updated to identify clearly the oversight and decision-making roles and authorities of the COM and to reflect any other governance changes.

Management Response:

Agreed. This recommendation will be addressed in 2019.

- 2) The COM Member Orientation process should be updated to focus on the general role and obligations of Members of Council when acting as COM members and to enhance the transfer of knowledge with respect to the legal/regulatory environment, strategies and operations of Pioneer Manor.

Management Response:

Agreed. This recommendation will be addressed in 2019.

- 3) Pioneer Manor management should conduct a risk assessment in conjunction with the annual business planning process.

Management Response:

Agreed. This recommendation will be addressed in 2019.

- 4) The performance monitoring practices of the COM should include using a set of key performance indicators to assess the achievement of strategic and operational objectives. Ideally these KPIs should include the extent of progress toward the achievement of strategic objectives and mitigation of significant risks indentified during the annual business planning process.

Management Response:

Agreed. This recommendation will be addressed in 2019.