



GOVERNANCE POLICIES & PROCEDURES

Category	Number	Policy Title	Date Adopted	Review Schedule
Governance	GP006A	Financial Authority Policy - Transfer Payment	<p>Date of Last Committee Review: Pending April 24, 2017</p> <p>Date of Board Approval: Wed., April 26, 2017</p>	Annually

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1.0 PURPOSE:

The purpose of this policy is to establish the approval authorities for transfer payments to Health Service Providers.

The Central West LHIN financial policies set out appropriate and effective internal controls that are intended to ensure financial risk exposure is kept to acceptable levels. These controls are intended to guard against fraud, negligence, inefficient use of resources, loss of assets and inadvertent error. All Central West LHIN financial policies are compliant with applicable legislation, regulations, directives, and accountability agreements.

2.0 POLICY:

The Financial Authority Policy – Transfer Payment outlines the authorities which are delegated to the Chief Executive Officer (CEO) to make such decisions and then report them to the Board of Directors in the normal course of Business. The CEO can delegate his authority within the parameters outlined in this Policy. Decisions which exceed these delegations shall come to the Board for decision prior to implementation.

The purpose of this policy is to ensure that financial risk exposure is kept to acceptable levels with the application of appropriate and effective internal controls and to ensure that LHIN financials are in compliance with related ministry Directives. These controls are intended to guard against, fraud, negligence, ineffective use of resources, loss of assets, and inadvertent error.

3.0 PROCEDURE:

Transfer Payment related activities covered under this policy are as follows:

Transfer payment allocations:

Each year, the Ministry determines funding for various specific initiatives and provincial priorities and the funding amounts. The Ministry provides this information to the Central West LHIN in a funding letter, and requests that the LHIN administer the flow of funding and communication of deliverables to the Health Service Providers. Funding letters vary in the degree in the amount of discretionary funding that the LHIN can distribute.

Each year, the LHIN Board approves the fiscal year's priorities, principles and process for Health Service Provider funding allocations, including new investment dollars and one-time reallocation of dollars.

LHIN management provides the Board with the details of the LHIN's input and involvement for each Ministry funding letter issued to the LHIN.

Budget reallocations within a Health Service Provider

Health Service Providers may within a fiscal year and without prior approval, reallocate funds in order to meet Service Accountability Agreement (SAA) targets. Responding to service demands by providing additional approved services above targets, or substituting one type of approved service for another requires prior approval. LHIN approval is also required to transfer funds between sectors and community program funding envelopes.

Recoveries of Funds from Health Service Providers

Central West LHIN has a process whereby Health Service Providers submit a year-end spending forecast at least twice during each fiscal year. Based on this information, the LHIN may recover one-time surplus funds. In addition, if the LHIN becomes aware of a forecasted

surplus outside of this process, the LHIN is required to recover the funds consistent with the Transfer Payment Accountability Directive (TPAD).

Health Service Provider operational emergency funding

Emergency funding may be required from time to time for unforeseen significant events that impair a Health Service Provider's ability to deliver services. In these situations it may not be in the public interest to wait for Board approval before flowing available funds to the Health Service Provider.

Ministry Reconciliations

The role of annually reconciling Health Service Provider services delivered and spending with the funding allocation resides with the Ministry. If the Ministry determines that a recovery is warranted, the LHIN verifies the information and the Ministry proceeds to recover the funds directly. In some cases based on its reconciliation, the Ministry provides additional Health Service Provider funding on a retroactive basis and flows the funds through the LHIN.

4.0 RESPONSIBILITY:

Approval Authorities

The tables below are based on percentage of base budgets up to the indicated maximum.

- 4.1 New transfer payment allocations from MOHLTC - Funding Acceptance– Authority to authorize funding and corresponding service delivery obligations for Health Service Provider consistent with the terms and conditions in the MOHLTC funding letter to the LHIN.

Community	Hospital	Authority
to \$250,000 (not to exceed 20% of HSP Base Budget)	to \$500,000 (not to exceed 20% of HSP Base Budget)	VP Corporate Services, Accountability & Quality (VP-CSAQ)
to \$500,000 (not to exceed 20% of HSP Base Budget)	to \$2,000,000 (not to exceed 20% of HSP Base Budget)	CEO
Greater than \$500,000	Greater than \$2,000,000	Board

Regardless of monetary limits, the VP-CSAQ is delegated authority to accept and transfer the payments from the Ministry and report such transfers to the CEO and Board of Directors in the normal course of business when the funds and associated deliverables are part of a Ministry funding formula/policy that cannot be altered by the LHIN e.g. Long-Term Care per diem rate changes; Priority Services; year-end settlements.

- 4.2 Funding reallocations within a Health Service Provider – Authority to approve a Health Service Provider(s) to reallocate funds between existing program specific funding envelopes with corresponding service delivery obligations:

Community Base Allocation	Community One Time Allocation	Hospital Base Allocation	Hospital One Time Allocation	Authority
to \$250,000 (not to exceed 20% of HSP Base Budget)	to \$250,000 (not to exceed 30% of HSP Base Budget)	to \$500,000 (not to exceed 20% of HSP Base Budget)	to \$500,000 (not to exceed 30% of HSP Base Budget)	VP Corporate Services, Accountability & Quality
to \$500,000 (not to exceed 20% of HSP Base Budget)	to \$500,000 (not to exceed 30% of Base Budget)	to \$2,000,000 (not to exceed 20% of HSP Base Budget)	to \$2,000,000 (not to exceed 30% of HSP Base Budget)	CEO
Greater than \$500,000	Greater than \$500,000	Greater than \$2,000,000	Greater than \$2,000,000	Board

- 4.3 Recoveries of Funds from Health Service Providers: – Authority to recover funds from Health Service Providers and reallocate the funding and corresponding service delivery obligations to another Health Service Provider:

Community Base Allocation	Community One Time Allocation	Hospital Base Allocation	Hospital One Time Allocation	Authority
to \$250,000 (not to exceed 20% of HSP Base Budget)	to \$250,000 (not to exceed 30% of HSP Base Budget)	to \$1,000,000 (not to exceed 20% of HSP Base Budget)	to \$1,000,000 (not to exceed 30% of HSP Base Budget)	VP Corporate Services, Accountability & Quality
to \$500,000 (not to exceed 20% of HSP Base Budget)	to \$500,000 (not to exceed 30% of Base Budget)	to \$2,000,000 (not to exceed 20% of HSP Base Budget)	to \$2,000,000 (not to exceed 30% of HSP Base Budget)	CEO
Greater than \$500,000	Greater than \$500,000	Greater than \$2,000,000	Greater than \$2,000,000	Board

- 4.4 Reallocation of Funding between LHIN's - Authority to transfer Central West LHIN funding to another LHIN.

Base Allocation	One Time Allocation	Authority
to \$250,000	to \$500,000	CEO
Greater than \$250,000	Greater than \$500,000	Board

- 4.5 Health service provider operational emergency funding: - Authority to provide emergency funding to health service providers:

Community	Hospital	Authority
to \$100,000	to \$250,000	CEO
Greater than \$100,000 up to \$250,000	Greater than \$250,000 up to \$500,000	CEO and Board Chair

Emergency funding does not include cash advances.

- 4.6 Ministry funding reconciliations: - Authority to approve a funding recovery for a Health Service Provider based on a Ministry reconciliation of prior years' funding and service delivery:

Community	Hospital	Authority
Unlimited amount	Unlimited amount	VP Corporate Services, Accountability & Quality

Management will report back to the Board on a timely basis, details of all payments made in accordance with this policy

- 4.7 Payment Authority – HSP Transfer Payment Authorization

Authority to approve payments through the Allocation Payment Tracking system to initiate the LHIN transfer once the appropriate commitment approvals and supporting documentation is in place, including evidence of Health Service Providers sign back is delegated according to the financial authorities outlined below.

Director Funding and Allocation	Up to \$5,000,000
Vice President Corporate Services, Accountability & Quality	Over \$5,000,000

5.0 EVALUATION:

This Policy will be reviewed annually by the Central West LHIN Finance and Audit Committee.

6.0 DEFINITIONS:

Signing Authority Types – Definitions

Funding Acceptance	This relates to the mid-year acceptance of additional funding for distribution to Health Service Providers within the LHIN
Funding Re-Allocation Base	This refers to the transfer of funds to a Health Service Provider that will form an ongoing part of their funding allocation, where the source of funds is due to a base funding recovery for either new programs in another Health Service Provider or a program within the same Health Service Provider.
One-time	This refers to the transfer of funds to a Health Service Provider on a one-time basis where the source of fund is a one-time Funding Recovery
Funding Recovery Base	This refers to an in-year base withdrawal of funding from Health Service Providers
One-Time	This refers to an in-year one-time withdrawal of funding from Health Service Providers

7.0 REFERENCE:

Ministry LHIN Accountability Agreement 2015-18
Central West LHIN – By-Law No. 1 March 6, 2017
Memorandum of Understanding - March 21, 2017
Local Health Integration Act, 2006 – amended December 8, 2016
Financial Administration Act – R.S.O. 1990 Chapter F.12
Agencies & Appointments Directive February 2015
Expenditure Management Directive January 2014
Internal Controls Management Directive February 2006
MBC Transfer Payment Accountability Directive April 2017

8.0 REVISION LOG: Date	Revision #	Details	Date Approved
Sept 2011	Created		Sept 2011
March 25, 2013	Rev 1	Revisions to authority level	March 2013
June 23, 2014	Rev 2		June 2014
June 24, 2015	Rev 3		June 2015
June 20, 2016	Rev 4	Previously combined with GP006	June 2016
April 23, 2017	Rev 5	TPA for HSP separated to GP006 A -	