



PUBLIC BOARD MEETING

December 3, 2009

**Bernard Snell Hall Auditorium
Walter MacKenzie Centre
8440 – 112 Street
Edmonton, AB**

1:15 to 2:00 p.m.

A G E N D A

CALL TO ORDER

DECLARATION OF CONFLICT OF INTEREST

APPROVAL OF AGENDA

APPROVAL OF MINUTES

- October 29, 2009

CHAIR'S REMARKS

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REMARKS

RECOMMENDATION(S) FROM STANDING COMMITTEE(S)

Human Resources Committee Report - November 9, 2009

- Verbal Update

HR09-39 Human Resources Strategy

HR09-44 Compensation Structure and Employment Contracts for Senior Executives

Audit and Finance Committee Report - November 19, 2009

- Verbal Update

AF09-115 Enterprise Risk Management

AF09-116 2009/2010 Modified Audit Plan/Budget

AF09-120 Parkade Borrowing

AF09-121 Budget Reclassification

AF09-127 Second Quarter Financial Reports

AF09-134 Alberta Health and Wellness Leaseback Michener Bend Red Deer

AHSB09-09 Royal Bank of Canada (RBC) Credit Facilities

Governance Committee Report - November 19, 2009

- **Verbal Update**

GOV09-50 Committee of the Whole Terms of Reference

GOV09-52 Communications Strategic Plan

GOV09-54 Code of Conduct

Special Meeting of the Health Advisory Committee Report – November 25, 2009

- **Verbal Update**

HAC09-27 Health Advisory Councils Membership Recommendation for Health Advisory Councils 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12

Special Meeting of the Quality and Safety Committee Report – November 20, 2009

- **Verbal Update**

OTHER BUSINESS

NEXT BOARD MEETING

- January 21, 2010
Calgary, Alberta

ADJOURNMENT



HUMAN RESOURCES COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: December 3, 2009

Agenda Item: HR09-39 Human Resources Strategy

Issue:

To provide the Human Resources (HR) Strategy for review and recommendation to the Board.

Recommendation:

That the Alberta Health Services Board approve Report HR09-39, Human Resources Strategy.

Background:

AHS has committed to the creation of a Board-endorsed human resources management plan by December 31, 2009. A transparent and stakeholder endorsed Human Resources strategy, with supporting initiatives and measures, is foundational to AHS's ability to achieve its goals and reflect its values.

A draft HR Strategy document was presented to the AHS Senior Leadership Team ("Top 100") on September 17, 2009. Input was received and incorporated into the plan. The revised document was subsequently presented to all members of the HR team in Town Hall meetings to gain both input and commitment. A final version of the document has been posted on the AHS website for input by internal and external.

Current Situation:

As one of the 5 largest employers in the country and Alberta's largest employer, HR realizes that its strategy must take into account both external and internal environmental factors. The HR strategy must also help drive a singular AHS values-based culture and directly align with, and support, the execution of AHS's Strategic Plan and priorities. While the strategy has been crafted by HR, it requires the full support of the organization. To execute the strategy, the HR team is committed to developing an enabling, proactive and service oriented approach to service delivery.



**HUMAN RESOURCES COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: HR09-44 **Compensation Structure and Employment Contracts
for the President and Chief Executive Officer's Direct
Reports**

Issue:

Approval of Senior Executive compensation structure and approval process for the President and Chief Executive Officer's direct report's employment contracts.

Recommendation:

That with respect to Report HR09-44, the Alberta Health Services Board:

- Approves the compensation structure for the President and Chief Executive Officer's direct reports; and
- Notes that the President and Chief Executive Officer has the authority to negotiate and approve employment contracts within the approved compensation structure using the standard employment contract template for the President and Chief Executive Officer's direct reports. This approval is subject to each employment contract being approved by the Minister of Health and Wellness.

Background:

President and Chief Executive Officer's Direct Reports Compensation Structure

The Alberta Health Services (AHS) Board has reviewed various elements of compensation that are included in the compensation structure for the President and Chief Executive Officer's direct reports. Section 4 of the Terms of Reference of the Human Resources (HR) Committee states that:

"With the assistance of the President and Chief Executive Officer, the Committee shall:

- a) review and recommend to the Board annual targets and structure for Senior Executive compensation".

The components of the compensation structure for the direct reports to the President and Chief Executive Officer are as follows:

- Salary range;
- Percentage of salary that is "pay at risk";
- Benefits package;
- Pension benefits; and
- Allowances including transition supports, professional development, and other customary costs approved by the President and Chief Executive Officer.

Approval of Employment Contracts for the President and Chief Executive Officer's Direct Reports

The President and Chief Executive Officer will, from time to time be required to fill vacancies for direct reports at the Executive level. The terms and conditions negotiated during the recruitment process form the basis of the employment contract. The President and Chief Executive Officer requires the ability to approve employment contracts to ensure the timely and effective recruitment of Executive staff.

Section 3 of the HR Committee Terms of Reference states:

- a) "With the assistance of the President and Chief Executive Officer the Committee shall establish and oversee the recruitment, performance, evaluation, and retention processes for Senior Executives".

Currently, each employment contract for the President and Chief Executive Officer's direct reports requires the approval of the Minister of Health and Wellness.



AUDIT AND FINANCE COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: December 3, 2009

Agenda Item: AF09-115 Enterprise Risk Management

Issue:

Approval of the Enterprise Risk Management (ERM) Policy and Implementation Plan to support the effective introduction of ERM in governance and strategic decision-making processes.

Recommendation:

That the Alberta Health Services Board approve the Enterprise Risk Management Policy to support the strategic adoption of ERM to systematically assess and manage strategic risk as part of an effective governance program, as espoused by Alberta's Office of the Auditor General, the Agency Governance Secretariat, and the Conference Board of Canada.

Background:

Under the Terms of Reference of the Alberta Health Services (AHS) Audit and Finance Committee (A&FC), there is a requirement to "oversee Senior Executive, internal audit and the external auditors, and make the necessary inquiries to assess significant risks or exposures to AHS and the steps that Senior Executive and internal audit have taken to minimize such risks to AHS (Section C (1))."

Current Situation:

The mission of the ERM function is to develop and maintain ERM within AHS, evaluate and improve the effectiveness of ERM, ensuring the design of timely mitigation of risk or adverse events that may impact AHS and to provide reasonable reassurance to Management and the Board on process controls.

ERM processes are noted as components of good governance for organizations and are being promoted by areas such as Alberta's Office of the Auditor General, Alberta's Agency Governance Secretariat, and the Conference Board of Canada.

ERM has been introduced in health care and according to the Conference Board, Accreditation Canada's updated standards require health-care organizations to implement risk management in a holistic way.



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: AF09-116 2009/2010 Modified Audit Plan/Budget

Issue:

Review and approve the Modified Internal Audit Plan for the fiscal year ended March 31, 2010.

Recommendation:

That the Alberta Health Services Board approve that the 2009/2010 Modified Audit Plan/Budget be implemented by Management.

Background:

The terms of reference of the Audit and Finance Committee (the "Committee") require that the Committee review any changes to the scope of the audit plan. The audit budget is also to be reviewed by the Committee according to the terms of reference.



AUDIT AND FINANCE COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: December 3, 2009

Agenda Item: AF09-120 Parkade Borrowing

Issue:

Approval from the Alberta Health Services Board and Minister are required in order to seek debt financing from Alberta Capital Financing Authority (ACFA) for the construction and completion of various parkade projects.

Recommendation:

That with respect to Report AF09-120, the Alberta Health Services Board authorize the Chief Executive Officer (or delegate) to:

- 1. Borrow up to \$255M to fund the costs of parkade projects from Alberta Capital Finance Authority;**
- 2. Pledge as security for such borrowing all of the revenue generated from AHS' parking services in order to meet covenants;**
- 3. Repay ACFA for these project costs from the revenue generated from AHS' parking revenues;**
- 4. Where interest cost can be reduced in the short term, enter into a short term bridge / construction financing facility with Royal Bank of Canada (RBC) secured by proceeds from Alberta Capital Finance Authority; and**
- 5. Obtain such approvals from the Minister as may be required to complete items 1 to 4 above.**

Background:

AHS is currently constructing parkades at Calgary Foothills Medical Centre, Calgary South Health Campus, & Edmonton South Clinic, and is proposing a parkade structure at Chinook Regional Hospital, & surface lot at Red Deer Regional Hospital. AHS has estimated that up to \$255M (CDN) of additional borrowing is required to finance the cost of construction of these structures. The Province does not fund parkades as they are considered to be ancillary and self-supporting activities. AHS has insufficient unrestricted cash to finance or internally fund parkades.

In September the Board approved the AHS Interim Borrowing Bylaw (Bylaw) and provided this to the Minister for approval. The Bylaw provides capacity for AHS to borrow for the parkades contemplated in this briefing note. The Minister approved the Interim Borrowing Bylaw on October 29, 2009.



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: AF09-121 Budget Reclassification

Issue:

To enable better variance explanations in financial reporting.

Recommendation:

That the Alberta Health Services Board approve Report AF09-121, the proposed Budget Reclassification for 2009/2010 Financial Plan:

**Total Revenue changed from \$9,762M to \$9,787M;
Total Expense changed from \$10,647M to \$10,672M; and
No change in the Deficit.**

Background:

In June 2009 the Board approved a budgeted operating deficit of \$885 million and internally funded capital of \$200 million. In August the Board Chair signed a Financial Plan that was submitted to the Minister. In September the Audit and Finance Committee received the Financial Plan for information (AF09-92).

The year end audited financial statements will include the Board approved budget as a comparator in addition to the prior year amounts. The annual report requires variance explanations between current year amounts and budget and between the current year and prior year.

Current Situation:

The initial preparation of the budget was a top down approach using high level assumptions for inclusion in the Financial Plan. Because the Financial Plan is high level, the ability to drill down and explain variances is limited.

Subsequent to the first quarter when run rate was used as the comparator, a detailed budget has been prepared from the bottom up for managers to use at a cost centre and account level. Management is currently using the detailed budget for internal reporting and variance analysis. This detailed budget has now been finalized for second quarter reporting.

The financial reporting included in the November Audit and Finance Committee package includes the detailed budget instead of the Financial Plan for the annual budget. Approval by the Board of the aggregated detailed budget allows continued use of the detailed budget and better variance explanations in the quarterly financial reports to Alberta Health and Wellness and in the annual report regarding the year end audited financial statements.



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: AF09-127 Second Quarter Financial Reports

Issue:

To review the second quarter financial results.

Recommendation:

That the Alberta Health Services Board approve Report AF09-127, Second Quarter Financial Reports.

Background:

The financial statements are released publicly on the Alberta Health Services website at <http://www.albertahealthservices.ca/1197.asp>



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: AF09-134 Alberta Health and Wellness Leaseback Michener
Bend Red Deer

Issue:

Alberta Infrastructure will not transfer the title of the complete parcel of 13.27 acres at Michener Bend to AHS until the lease back of the 2.41 acres and its buildings to Alberta Infrastructure is endorsed by the Minister of Health and Wellness.

Recommendation:

That with respect to Report AF09-134, the Alberta Health Services Board requests ministerial approval for a nominal sum lease for 2.41 acres of land and buildings at 43 Michener Bend from Alberta Health Services to Alberta Infrastructure for use by Persons with Developmental Disabilities (PDD) a division of Seniors and Community Supports.

Background:

In 2005 the former David Thompson Health Region responded to an Expression of Interest (EOI) and Request for Proposal (RFP) to re-establish the former South Administration Building at Michener Services in Red Deer Alberta. The building had been partially destroyed by a lightning strike and fire in 2003. Lease back some of these properties to government were a condition of the EOI and RFP issued by Alberta Infrastructure. One of the buildings on the site is a clinic building for the Persons with Developmental Disabilities clients and the other is the former fire hall now used for an education centre.

Ministerial approval, to transfer the 13.27 acres of land at Corporate Centre – Michener Hill from the Province of Alberta to Alberta Health Services was granted in January 2009.

Current Situation:

The 2.41 acres and buildings have been continually occupied by PDD. Agreement for the lease of this property back to the Province of Alberta must occur prior to the transfer of the overall 13.72 parcel to AHS. Ministerial approval is necessary prior to any AHS lease transaction, even those of a purely nominal value.



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: AHSB09-09 Royal Bank of Canada (RBC)
Credit Facilities

Issue:

Approval to enter into credit facilities with Royal Bank of Canada (RBC).

Recommendation:

That the Alberta Health Services Board authorize the Chief Executive Officer (or delegate) to:

- 1. Enter into a \$220M general operating line of credit / overdraft facility with RBC;**
- 2. Enter into a letter of credit of up to \$40M letter of guarantee facility with RBC as required;**
- 3. Provide general security as may be required to enter into these credit facilities.**

Background:

As a result of a formal Request for Proposal (RFP) process, the AHS Board approved RBC as AHS' financial institution for core banking services in June 2009. Core banking services included day-to-day banking services as well as credit facilities.



GOVERNANCE COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: December 3, 2009

Agenda Item: GOV09-50 Committee of the Whole and Terms of Reference

Issue:

A review of general governance principles and a reconsideration of the nature of the Alberta Health Services Board Committee of the Whole (the "**Committee of the Whole**") has identified the need to formally ratify the establishment of the Committee of the Whole and to adopt the Committee of the Whole Terms of Reference ("**TOR**").

Recommendation:

That the Alberta Health Services Board receive Report GOV09-50, Committee of the Whole Terms of Reference, and formally ratify the establishment of the Committee of the Whole and approve and adopt the Committee of the Whole TOR.

Background:

Board Structure

In the early formation of Alberta Health Services ("**AHS**"), the Alberta Health Services Board (the "**Board**") established what now constitute the following standing committees of the Board:

- Audit & Finance Committee;
- Governance Committee;
- Health Advisory Committee;
- Human Resources Committee; and
- Quality and Safety Committee.

TORs were also created and adopted for the Board, Chair, Board members, Board committees, and the Chief Executive Officer. At the time of adoption, these committees and documents met the initial needs and requirements; however, as AHS has evolved and established and refined its structures and processes, it is important to ensure relevance and alignment with the vision, mission, and goals, and to facilitate current operations and future plans.

Committee of the Whole

The Board's General Bylaws indicate that the Board will follow Robert's Rules of Order ("**Robert's Rules**"), as may be modified by the Chair. Robert's Rules contemplate the use of the Committee of the Whole, which enables the full assembly of the Members to give detailed consideration to a matter under conditions of freedom similar to those of a committee. Although the Committee of the Whole consists of all of the Members of the Board, a meeting of the Committee of the Whole is not to be considered a properly constituted meeting of the Board where formal resolutions of the Board can be adopted.



**GOVERNANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: GOV09-52 Communications Strategic Plan

Issue:

Approval of the Alberta Health Services (AHS) Communications Strategic Plan.

Recommendation:

That the Alberta Health Services Board approve Report GOV09-52, the Communications Strategic Plan.

Background:

Alberta Health Services has developed the Communications Strategic Plan to guide communication functions in the long term.



**GOVERNANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: GOV09-54 **Code of Conduct**

Issue: To approve the Alberta Health Services ("AHS") revised Code of Conduct ("Code")

Recommendation:

That the Alberta Health Services Board ("Board") approve Report GOV09-54, the revised Code of Conduct, ("Code") and recommend January 1, 2010 as the date for the Code to come into effect and to delegate to management the authority to amend Appendix A of the Code as deemed necessary.

Background:

The Code supports good governance by establishing fundamental principles and outlining organizational values, ideals, and expectations for all who provide care and services on behalf of AHS. Section 10.3.1 of the Alberta Public Agencies Governance Framework requires every agency to have and implement an appropriate code of conduct.

The Code of Conduct is posted on the AHS website at

<http://www.albertahealthservices.ca/files/pub-code-of-conduct.pdf>



**SPECIAL HEALTH ADVISORY COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: December 3, 2009

Agenda Item: HAC09-27 Health Advisory Council Membership
Recommendations for Health Advisory Councils 1, 2,
3, 4, 5, 6, 7, 8, 9, 11 and 12

Issue:

To provide membership recommendations for Health Advisory Councils to the Health Advisory Committee for consideration and recommendation to the Alberta Health Services Board.

Recommendation:

That with respect to Report HAC09-27, the Health Advisory Committee recommends that the Alberta Health Services Board:

- 1) Approve Health Advisory Councils Membership Recommendations for Health Advisory Councils 1, 2, 3, 4, 5, 6, 7, 8, 9, 11 and 12; and**
- 2) Approve terms of appointment for members of Health Advisory Councils 7, 9 and 10.**

Background:

The Alberta Health Services Board approved the establishment bylaw for Health Advisory Councils in June, 2009. A province-wide recruitment drive was hosted through the Alberta Health Services Community Engagement department from July 15 – August 14, 2009, with rural areas of the province granted an extension to submit applications of interest beyond the initial deadline. The deadline for all submissions closed on September 18, 2009. The selection process sought to recommend between 10 and 15 members per council.

All applicants were interviewed in person or by phone by members of the Community Engagement team, members of the Human Resources department and members of operational areas who will be involved in Health Advisory Council operations in the future.

Current Situation:

The table summarizes key points related to the application and selection process.

HAC	# Applications	Interviews (In Person)
1	25	High Level, September 21, 2009
2	40	Grande Prairie, September 22, 2009
3	16	Grande Prairie, September 23, 2009
4	14	Fort McMurray, August 28, 2009
5	22	Westlock, September 1, 2009
6	13	Westlock, September 1, 2009
7	100	Edmonton, September 2, 3, 4, 2009
8	25	Camrose, September 9, 2009
9	53	Red Deer, September 10, 2009
11	22	Medicine Hat, September 15, 2009
12	33	Lethbridge, September 14, 2009

Council members were sought who could represent the diversity of a geographic area and who possess a broad spectrum of health care knowledge and related matters and who generally were well connected to the opinions and perspectives of their local communities. Members of Health Advisory Councils 7 (Edmonton and area), 9 (Red Deer and area) and 10 (Calgary and area) were appointed on October 29, 2009. Fourteen members were appointed to councils 7 and 9. It is recommended that an additional member be appointed to each of these councils. The recommended, additional members for councils 7 and 9 are included on the attached list of recommended members.

In a number of councils there are less than 15 members recommended for appointment. This is based on the number of strong applicants who would work well together on a council. Leaving positions vacant will also allow the council to work together with local Alberta Health Services leaders to seek membership from the community where there may be a need to ensure appropriate representation.

Term of Appointment:

Council members will be appointed for two or three-year terms. Varied term lengths will allow AHS to stagger turnover of council members and help maintain experience.