

MEMORANDUM OF UNDERSTANDING ON GOVERNANCE

Between

**The Queen in Right of Alberta,
as represented by the Minister, Alberta Health and Wellness
<Minister>**

And

**The Alberta Health Services Board <the Board>
as represented by the Chair,**

And

Charlotte Robb <CEO>

1. Background and Purpose

The Government of Alberta is intent on improving health system governance and accountability to ensure future sustainability and equitable access to health care services and is taking action on a wide range of initiatives aimed at system reform to improve access to health services, and ensure a sustainable, effective and efficient health system that provides quality patient-focused care to Albertans.

The purpose of this Memorandum of Understanding (MOU) is to:

- a) set out the Minister's expectations regarding the roles, responsibilities, duties, policy direction, reporting relationships and performance expectations for the Board, the Chair and the CEO which is classified as a service delivery agency by the Agency Governance Secretariat.
- b) set out the accountability relationship between the Board, its Chair, its CEO and the Minister and the Deputy Minister;
- c) support meaningful dialogue with the Minister, DM, and community health councils on key health system measures, including, but not limited to:
 - Demand for services (e.g. injury rates; self-assessed health status; emergency department visits rate, hospital admission rates) consistent with any Ministerial directions on service optimization and any provincial service plans in effect from time to time;
 - Service delivery and equitable access to services (e.g. immunization rate; average length of stay in hospital; procedures moved to ambulatory/community/ service costs, percent of patients treated with mental health as a primary diagnosis);

- Outcomes (e.g. rate of adverse events; hospital acquired infection rates; hospital standardized mortality ratio; length of stay, average per capita health care costs; patient satisfaction, access; effective treatment; functional outcomes);
- Health system capacity (e.g. workforce, funding, utilization, technology).

2. Definitions

In this MOU,

- a) "Acts" means collectively the *Regional Health Authorities Act*, the *Cancer Programs Act*, and the *Alberta Alcohol and Drug Abuse Act* and which ever one of more of them is applicable in the context.
- b) "Alberta Health services Board" and "Board" means collectively all of the members of each of Alberta's regional health authorities, the Alberta Cancer Board, Alberta Mental Health Board and the Alberta Alcohol and Drug Abuse Commission.
- c) "Authorities" means collectively all of Alberta's regional health authorities, the Alberta Cancer Board, the Alberta Mental Health Board and the Alberta Alcohol and Drug Abuse Commission.
- d) "CEO" as identified above is the chief executive officer retained by the Board to manage the operations of the Authorities and to effect the transition of the Authorities to a single provincial health authority.
- e) "Chair" refers to the Board member who is appointed, designated or elected to preside over the Board.
- f) "DM" means the Minister's Deputy Minister.
- g) "Interim Period" means the period of time from May 15, 2008 to March 31, 2009 or such other period that the Minister may determine.
- h) "Minister" refers to the Minister of Health and Wellness.
- i) "Public Agencies Governance Framework" means the document produced by the Agency Governance Secretariat which focuses on good governance of the province's agencies, boards and commissions.

3. Term

- 3.1. The term of this MOU takes effect on the date of its execution and shall remain in effect until rescinded by the parties hereto or after 3 years, whichever comes first. This MOU may be terminated or amended at any time at the sole discretion of the Minister.
- 3.2. If the MOU is to be renewed or revised it must be completed prior to the expiration date. Additionally, the MOU must be affirmed annually or on a change in any of the Minister, the Chair or the CEO.
- 3.3. In the event that any provision in this MOU conflicts with any statute or regulation of Alberta, the provision will be considered to be of no force or effect and such event will not invalidate the remainder of the MOU.

4. Context

- 4.1. The MOU bridges the Acts and any applicable directives, standards and policies. While the legislation states 'what is to done', the MOU is a broad statement of 'how' and 'in what manner' it is to be done.

5. Legislative Authority

- 5.1. The Authorities are incorporated by and its legislative mandate and powers are set out in the applicable Acts.
- 5.2. In addition, the Authorities function within the legal framework established by Alberta statutes of general application to Provincial corporations, including but not limited to the *Financial Accountability Act*, the *Government Accountability Act*, the *Fiscal Responsibility Act*, the *Auditor General Act*, The Public Agencies Governance Framework, the *Health Information Act*, and the *Freedom of Information and Protection of Privacy Act*.

6. Board Mandate and Minister's Expectations

- 6.1. The primary mandate of the Board is to provide governance and direction on the effective, efficient and sustainable delivery of quality health care services to Albertans. Delivery includes the planning, payment, organization, allocation, development and evaluation of capital, human, technology, facility operation, assisting the DM with capital planning and other required resources.

- 6.2. The Board, in consultation with the Minister and subject to legislative and regulatory requirements, is tasked with effecting the transition from the Authorities to a single provincial health authority by April 1, 2009.

7. Reporting Relationship

- 7.1. The Authorities are delegated administrative organizations serving as the Province's health service delivery arm and its primary duty and reporting obligation are to the Minister.
- 7.2. The Board oversees the operations of the Authorities and reports to the Minister through the Chair.
- 7.3. The CEO is retained by the Board to manage the day to day operations of the Authorities and reports to the Board and, during the Interim Period, to the DM.

8. Roles and Responsibilities

8.1. Minister

- 8.1.1. The Minister is responsible to the government and the people of Alberta for provincial health programs and for overseeing the provincial health system. The Minister upholds the values of the Alberta government in terms of respect, accountability, integrity and excellence.
- 8.1.2. The Minister is responsible for establishing the Board (except for AADAC for which the board members are appointed by the Lt. Governor in Council) and may prescribe the term of office of any member and designate one of the members as Chair.
- 8.1.3. The Minister may establish or operate any programs and services the Minister considers desirable in order to carry out matters under the Minister's administration.
- 8.1.4. The Minister may give directions to the Board and the Authorities. Without limiting the Minister's authority to issue directions these may include, for the purpose of:
- providing priorities and guidelines for it to follow in the exercise of its powers;
 - co-ordinating the work of the Authorities with the programs, policies and work of the government and public and private institutions;
- to achieve the best health outcome and avoid duplication of effort and expense;

service optimization;

- clinical and operating standards; and
- effecting a provincial service delivery plan.

8.1.5. The Minister, with the support of the government, is responsible for setting the overall strategic health system direction, including establishing and monitoring health system performance goals and targets and communicating them to the Board. The Minister also allocates funding to the Authorities.

8.2. Board

8.2.1. The Board is accountable for ensuring effective governance of the Authorities as a means to meet their legislated responsibilities and implement government direction. The Board is responsible for identifying, implementing, and assessing strategies to improve governance effectiveness.

8.2.2. Primary responsibilities of the Authorities, as defined;

8.2.2.1. in section 5 of the *Regional Health Authorities Act*, are to:

- Promote and protect the health of the residents of the region and work toward the prevention of disease and injury,
- Assess on an ongoing basis the health needs of the region,
- Determine priorities in the provision of health services in the region and allocate resources accordingly,
- Ensure reasonable access to quality health services, and
- Promote align promotion more with Alberta Health and Wellness the provision of health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities in the region.

8.2.2.2. in section 16 of the *Alcohol and Drug Abuse Act*, are to;

- to operate programs for the prevention or treatment of alcohol and drug abuse;
- to conduct studies and research into and investigate alcohol and drug abuse or matters relating to alcohol and drug abuse (it is anticipated that this role will be transitioned to Alberta Health and Wellness);
- to provide financial and other assistance to persons conducting programs for the prevention or treatment of alcohol and drug abuse;
- to provide financial and other assistance to persons conducting studies and research into and investigating alcohol and drug abuse or matters relating to alcohol and drug abuse (it is anticipated that this role will be transitioned to Alberta Health and Wellness).

8.2.2.3. in section 4 of the *Cancer Programs Act*, are to;

- to establish and operate provincial cancer hospitals, out-patient clinics and programs for
- the prevention, detection and diagnosis of cancer,
- the treatment and care of cancer patients, and
- cancer research;
- to co-ordinate, in co-operation with others, the planning, development and delivery of services for cancer patients;
- to educate persons about cancer.

8.2.2.4. in section 3 of the Alberta Mental Health Board Regulation, are to (note that many of these functions will be transitioned to Alberta Health and Wellness);

- to promote, preserve and restore the mental health of Albertans and work towards the prevention of mental disorders;
- to assess the mental health of Albertans on an ongoing basis;
- to deliver or co-ordinate the delivery of mental health services in Alberta;
- to promote and act as an advocate for the provision of mental health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities;
- to develop and monitor standards for, and monitor performance in, the delivery of mental health services;
- to determine priorities in the provision of mental health services in Alberta and allocate resources accordingly;
- to ensure reasonable access to quality mental health services;
- to engage in and promote research in matters related to mental health.

8.2.3. The Board is responsible for reviewing the bylaws for each of the Authorities and for making and submitting bylaws for Minister approval any bylaws which need to be updated and to make and submit to the Minister for approval bylaws governing conflict of interest and ethics in respect to the members, senior officers and employees of the single provincial health authority.

8.2.4. The Board is, subject to approval of the Minister, responsible for the recruitment, direction and evaluation of the CEO, and senior executive members. The CEO evaluation depends on clearly communicated expectations, including organizational policies, goals, and objectives, both fiduciary and operational. The salary, benefits and contract of the CEO and senior executive must be subject to approval by the Minister.

8.2.5. The Board is accountable for the creation and oversight of any Board committees necessary to support the Board and the Chair in fulfilling their obligations. A terms of reference is required for all board committees, which at a minimum should

include: Finance and Audit, Governance, Human Resources, Ethics and Quality, and advisory committees on cancer, mental health and addictions issues.

8.2.6. The Board is required to review all of the Authorities community health councils and in consultation with the Minister determine whether changes by way of dissolution, establishment or amendment, are required to ensure that local Albertan's have a voice in health service delivery at a local level. The Board shall, by by-law make the appropriate changes which are by section 9(4) of the *Regional Health Authorities Act*, subject to Minister's approval.

8.2.7. The Board is to ensure policy and decision-making activities of the Authorities consider the good of the overall health system, particularly the values of patient centered service delivery, effectiveness, efficiency, and sustainability.

8.2.8. The Board is responsible for ensuring the development and submission of legislated accountability instruments including the health plan, the business plans and annual reports for each of the Authorities.

8.2.9. The Board is responsible for ensuring administration maintains and reports credible information that provides status and assurance on the direction, capacity and performance of Alberta's health system.

8.2.10. The Board monitors and ensures that its mandate is being fulfilled and in compliance with all relevant government policies and all legal and regulatory requirements.

8.2.11. The Board identifies relevant skill sets for recruitment for the position of CEO and manages and evaluates performance expectations that meet both Board and Ministry requirements. The Board also establishes executive limitations for the CEO.

8.2.12. The Board oversees risk management policies.

8.2.13. The Board shall strive to achieve any outcome and performance measures requested by the Minister or identified in annual health or business plans.

8.2.14. The Board shall comply with all directions of the Minister

8.3. Deputy Minister

8.3.1. The Deputy Minister is the executive chief of the Ministry acting under the general direction of the Minister.

8.3.2. The Deputy Minister works in collaboration with the Board Chair and CEO

8.3.3. The Deputy Minister provides feedback to the entity regarding its responsibilities and performance.

8.3.4. The Deputy Minister shall receive reports from the CEO and advise the Minister or any issues or concerns.

8.3.5. Provide input to the Chair on CEO evaluation.

8.3.6. Participate on joint committees and initiatives as appropriate or as directed by the Minister.

8.4. Board Chair

8.4.1. The Chair establishes meeting agendas and consults with the Minister about appointments and re-appointments to the Board.

8.4.2. The Chair ensures that the Board is in compliance with the Public Agencies Governance Framework.

8.4.3. The Chair is responsible for the effective orientation of members and the development and assessment of the committees and members of the Board. The Chair is responsible for ensuring annual completion of a comprehensive assessment of the effectiveness of: the Board as a whole, each board committee, and individual directors. Self-assessment of the Board is an expected component of the Minister's assessment of the performance of the Chair.

8.4.4. The Chair is accountable for ensuring the Board and the CEO support and implement government direction and ministry priorities, including, but not limited to:

- Implementing of health care productivity reforms and long term sustainability initiatives,
- Providing assurance of a comprehensive workforce strategy to secure and retain health professionals needed over the next 10 years,
- Strengthening of public health services that promote wellness and injury disease prevention and provide preparedness for public health emergencies.

8.4.5. The Chair also provides a connection between the community and the Minister.

8.4.6. The Chair shall seek input from the DM on CEO evaluation.

8.5. CEO

8.5.1. The CEO is accountable to the Board and is responsible for providing leadership and management for the Authorities for the administration of all its operations and programs ensuring financial, human, capital and other resource management.

8.5.2. The CEO ensures that high quality health care services are provided to Albertans and that all services are evaluated on an on-going basis.

- 8.5.3. The CEO keeps the Board fully informed so that it can manage its governance responsibilities and keeps the DM informed about issues, service delivery, and in compliance with Ministry directives.
- 8.5.4. The CEO shall be responsible for operating the Authorities within their allocated budgets.
- 8.5.5. The CEO shall immediately advise the DM of any adverse events or other matters affecting the safety or wellbeing of Albertans.
- 8.5.6. During the Interim Period the CEO shall do the following:
- 8.5.6.1. Report regularly to the DM and provide reports to the DM, as requested, on the affairs, budget and operations of the Authorities.
 - 8.5.6.2. Provide to the DM copies of the reports and information that the CEO provides to the Board of Authorities.
 - 8.5.6.3. Meet with the DM for the purpose of providing information and analysis of the status of duties and responsibilities of the Authorities and the transition to the DM.
 - 8.5.6.4. Provide to the DM such further information and analysis as may be required by the DM.
 - 8.5.6.5. Receive feedback and advice from the DM on the DM's and the Minister's view and perspectives on the duties and responsibilities and the transition.
 - 8.5.6.6. Such further reasonable communication, activities and actions as may be requested and required by the DM.

9. Accountability Documents

- 9.1. All accountability documents identified in this section are to be provided to the Minister in a timely manner. Where not specified in Legislation, the Minister may specify the content and format of accountability documents and the timeframe by which they are to be provided to the Minister. The following accountability documents are to allow the Minister and other stakeholders to make an assessment about how efficiently and effectively the Board and Authorities are fulfilling their mandate and responsibility.

9.2. Health Plan

- 9.2.1. The health plan is a three-year strategic document that communicates how the Authorities intend to carry out their mandate and legislative obligations.

- 9.2.2. The health plan indicates how the Authorities have aligned their strategic direction with the ministry's business plan, provincial services plans, and Minister's directions.
- 9.2.3. The health plan identifies what steps are planned to meet government expectations and include information on the key strategies to be implemented and the measures and targets to be used to assess and monitor performance.
- 9.2.4. Once approved by the Minister, the health plans represent an agreement between the Minister of Health and Wellness and the Board on what is to be accomplished and how it will be monitored and measured.

9.3. Business Plan

- 9.3.1. Health authority business plans are public documents and are submitted to the Minister in the form and manner prescribed by the Minister.
- 9.3.2. Business plans include a financial plan and describes key tactical actions the health authority will take in deploying its available resources to achieve expected results in the next fiscal year.
- 9.3.3. Business plans must include performance measures and targets against which actual results can be compared. Detailed program and service plans, implementation plans and work plans are not required to be submitted, although the business plan may make reference to significant aspects of those plans. The Board may choose to release other documents that complement the business plan for a variety of audiences.

9.4. Quarterly Performance Reports

- 9.4.1. The Authorities are responsible for carrying out their health and business plans, reporting on their performance, and explaining any variation between planned and actual performance.
- 9.4.2. Quarterly performance reports provide narrative updates on actions the Authorities have started, continued, or completed relative to the strategies presented in their three-year health plan and the tactical initiatives identified in the annual business plans.
- 9.4.3. Quarterly financial reports are prepared and submitted in accordance with the requirements set out in financial directives.
- 9.4.4. Performance reports are approved by the Board before submission and include a statement indicating the health authority's overall assessment and satisfaction with its performance progress.

9.5. Capital Plan

- 9.5.1. The Board is required to work with Alberta Health and Wellness, in accordance with government directions on capital planning, to prepare and submit to the Minister future capital expenditures needed to effectively maintain or modify the asset base to support service delivery strategies.
- 9.5.2. Capital plans are to provide a context for assessing provincial capital project priorities as the basis for annual decision on project approvals.
- 9.5.3. Capital plans provide a preliminary estimate of the operating cost implications of proposed investment.

9.6. Annual Report

- 9.6.1. The Board is required to prepare and submit to the Minister an annual report in compliance with legislation.
- 9.6.2. Annual Reports are provided to the Minister in the form and manner prescribed and are key public accountability documents for reporting how the Authorities have discharged their legislated responsibilities and any other responsibilities delegated by the Minister.
- 9.6.3. Annual reports are approved by the Board before submission and provide information on key areas fundamental to good accountability including legislated requirements, governance, organizational effectiveness and financial results. They include information on achievements relative to government expectations, including an explanation for any significant variation between actual and planned results, and financial results.
- 9.6.4. As a matter of good business practice, the Boards may require business plans and annual reports from the organizations with which they contract for service delivery.

9.7. Other Reports

- 9.7.1. Copies of all corporate governance reviews performed by or on behalf of the board.
- 9.7.2. All internal audit and compliance reports prepared for the Board's Audit Committee.
- 9.7.3. The results of all client satisfaction surveys conducted or commissioned by the Board.
- 9.7.4. The results of all accreditation surveys within one week of accreditation, or where accreditation has not been awarded, immediately.
- 9.7.5. The results of all surveys, studies or reports relating to the quality, efficiency, and effectiveness of health care service delivery conducted or commissioned by the Board.

9.7.6. Minutes of Board and Committee meetings.

9.7.7. Any other information and reports as may be requested by the Minister or the DM from time to time

10. Audit Requirements

10.1. The Board shall conform to the audit requirements in Chapter R-10 of the *Regional Health Authorities Act* and to the financial directives and associated policy statements issued by the Minister.

10.1.1. Chapter R-10, Section 13(1). This section, insofar as it applies to community health councils, only applies to community health councils that are corporations.

10.1.2. Chapter R-10, Section 13(2) A regional health authority, a subsidiary health corporation and a community health council must have an auditor.

10.1.3. Chapter R-10, Section 13(3) Unless the Minister appoints the Auditor General as the auditor for a regional health authority, a subsidiary health corporation or a community health council, a regional health authority, a subsidiary health corporation and a community health council must appoint its auditor

10.1.4. Chapter R-10, Section 13(4) The auditor of a regional health authority, a subsidiary health corporation or a community health council shall forward to the Minister copies of any audit reports, and the auditor's observation and recommendation too management relating to the auditor's audit activity.

10.1.5. The Board shall utilize the Auditor General as its auditor.

11. Dismissal of the Board.

11.1. Pursuant to the various Acts, the Minister (and the Lt. Gov. in Council in the case of AADAC) may by order dismiss all the members of the Board if the Minister considers that the Board is not properly exercising its powers or carrying out its duties under the *Act*, or if for some other reason the Minister deems it to be in the public interest to dismiss the directors of the Board. The Board members are appointed at pleasure and understand and acknowledge that the Minister (and the Lt. Gov. in Council in the case of AADAC) may dismiss them at any time without reason or notice.

12. Administration of the MOU

12.1. The lead contacts for administering this MOU are:

12.1.1. For the Minister, the Deputy Minister of Alberta Health and Wellness, and

12.1.2. For the Board, the Chair

13. Amendments

13.1. The Minister and Chair agree that this MOU may be reviewed at any time there is a material change to be considered and that either party may call for a review of the MOU. Such review is understood to be undertaken in the spirit of collaboration and in the best interests of Alberta's health system.

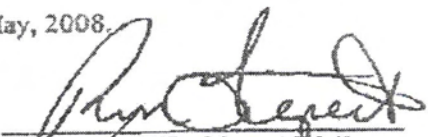
13.2. The parties acknowledge that amendments may result from changes in legislation, government direction or governance requirements. Amendments shall be made in writing.

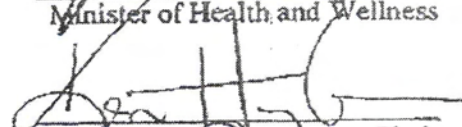
14. Operation of Law

14.1. Nothing in this MOU supersedes or replaces any legislative requirements and nothing herein shall fetter any discretion or power, legislative or otherwise of the Legislature, the Lt. Gov. in Council, the Minister or the DM.

The undersigned agree to the expectations described in this MOU and commit to carrying out the intent of this Memorandum of Understanding on Governance.

Dated at Edmonton, Alberta this 29th day of May, 2008.


Minister of Health and Wellness


Chair


CEO