

**Report from the Pembroke Regional Hospital
to the
Catholic Health Sponsors of Ontario / Meeting of the Members
June 25, 2018
Report for Fiscal Year 2017 – 2018**

We are pleased to submit this report from the Pembroke Regional Hospital to the Members of our Corporation and Sponsor, the Catholic Health Sponsors of Ontario, for the fiscal year ending March 31, 2018. As requested, this report, which focuses on the development of a Board Formation Program and the identification of risks and mitigation strategies, has been reviewed and approved by our Board of Directors at its regular monthly meeting on May 30, 2018.

Board Formation Program: A status report on the work being done to develop an ongoing Board Formation Program.

The Board of the Pembroke Regional Hospital acknowledges that sustaining and building upon the legacy of the Grey Sisters of the Immaculate Conception in an ever changing and ever more complex world is a challenging endeavor and welcomes the call to develop a more formalized Board Formation Program. While we are early in our journey of developing a formal program, we are eager to move forward and look forward to learning from others who are further along in the development of a formation program within our family of CHSO organizations.

In preparation for the establishment of a formalized formation program by our Board, we have circulated the guidance document “Formation for Boards of Directors in Catholic Health Care” to our board members and have established a sub-committee of our Board Governance Committee tasked with the development of the program. As well, in preparation for our work, we had a delegate attend the CHAC’s Annual Conference entitled “Towards Formation: Creating the path to strong lay leadership of the healing ministry of Jesus Christ in Canada” from May 9th to 11th in Niagara Falls in order to identify the essential elements of our program.

We believe that our more formalized Board Formation Program will be built on the robust foundation that we already have in place here at the Pembroke Regional Hospital, including:

- A Mission Statement that explicitly identifies that “following Catholic tradition, we will meet the physical, emotional, and spiritual needs of all.”
- Our values of Compassion and Caring, Excellence and Innovation, Social and Fiscal Responsibility, Sacredness of Life, Mutual Respect and Community Spirit.
- Our use of an opening prayer at our Board and committee meetings, in keeping with our mission.
- Our Board having completed all three modules of the Catholic Health Association of Ontario’s program entitled “Mission Leadership: Governing in Catholic Health Care Organizations” in the fall of 2014 which was facilitated by Dr. Hazel Markwell.
- Our Pastoral Care Service which provides for the needs of those who are rooted in a sacramental faith tradition through pastoral daily visiting supported by a strong volunteer visiting program.
- Our Hospital Chapel, which is available as a sacred space for private prayer and celebrations of Mass weekly and with various services held on special occasions (e.g. a

celebration of our foundress Saint Marguerite d'Youville, a volunteer appreciation service, a celebration of Mission Awareness Week, Ash Wednesday, an advent wreath celebration and mass, etc.)

- A bi-annual ecumenical memorial service for those who have died in our care.
- The dissemination of the Catholic Health Ethics Guide within our facility and its ongoing use as a guide to our Board and our Board Ethics Committee.
- A contract with Hazel Markwell for ongoing support to the organization on ethical matters directly related to care and educational offerings.

Identification of Risks and Mitigation: *What significant risks are being experienced by the Pembroke Regional Hospital?*

The Board of the Pembroke Regional Hospital is of the firm belief that significant risks within our environment are being proactively identified and actively mitigated on an ongoing basis. The Board and the management team are very much aware that when risk issues arise, they have the potential for damage to the organization and by extension, to CHSO as the corporate Members and sponsor, and to Catholic health care more generally. Pembroke Regional Hospital maintains comprehensive Insurance for both liability and property to mitigate any risk that can be covered by insurance.

Significant risks are reported by management either directly to the Board or through the Board's committee structure. Existential risks, should they arise, would be proactively reported to the CHSO, as the Members of our Corporation, and organizational risks of a serious but lesser nature are reported through the regular communication channels established between CHSO and our CHSO Designate.

Under the Excellent Care for All Act (ECFAA) management is required to report any "critical incidences" to the Medical Advisory Committee and to the Board of Directors. There have been two critical incidents reported in fiscal 2017-18 both of which related to patient falls resulting in significance patient harm. As a result, patient falls risk has been identified as a top risk for PRH and risk mitigation countermeasures have been identified within our Quality Improvement Plan for 2018-19.

PRH monitors risk on an ongoing basis through the use of an electronic Integrated Risk Management (IRM) system developed by our insurer, the Health Insurance Reciprocal of Ontario (HIROC). This system assists us with the identification, assessment, management and reporting of key organizational risks. It is a continuous, proactive, systematic approach to identifying, assessing, understanding, acting upon and communicating risk from an organization-wide perspective. The top five risks for PRH as identified in our IRM system are currently:

- Plant/Systems Failure (Backup Generators)
- Revenue / Funding
- Recruitment/Retention of Professional Staff (Psychiatry, Emergency, Hospitalist)
- Patient Falls
- Ongoing Board Formation Process not yet developed

These have been noted on the attached Risk Identification Worksheet in Appendix 1 and further commentary on these is included in the sections below.

Mission Integration

Mission integration is an area of oversight by the PRH Board with the support of the Board's Governance Committee and its Ethics Committee. The only area of risk to mission that has been identified is that our more formalized Formation Program has not yet been completed as noted earlier in this report. We anticipate that this will be completed in 2018-19.

Quality of Care

Quality of Care is an area of oversight by the PRH Board with the support of the Board's Quality and Patient Safety Committee. The two areas of risk identified within this quadrant are patient falls risk and the risk associated with our difficulties in the recruitment and retention of certain professional staff in the areas of psychiatry, emergency medicine and hospitalist medicine. Falls risk is being mitigated through countermeasures identified in our 2018-19 Quality Improvement Plan (QIP) as noted above. Recruitment risk is being mitigated through enhanced recruitment and program development efforts in these key areas.

Organizational Effectiveness

Organizational effectiveness is an area of oversight by the PRH Board with the support of the Board's Governance Committee and its Executive Compensation and Evaluation Committee. There have been no risks identified within this quadrant.

Financial Health

The financial health of the organization is an area of oversight by the Board with the support of the Board's Resource and Audit Committee. One of our top risks is our deteriorating balance sheet and our working capital position resulting from six years of funding constraint. Any small amount of funding received over the period fell well below the rate of inflation. Despite this, we have been maintaining balanced budgets over the years and we anticipate having a balanced budget for 2018-19. However, our ability to replace equipment and to make infrastructure and other strategic investments is now being compromised. In order to mitigate this risk we have been working with the Champlain LHIN to ensure that they have a solid appreciation of our financial situation and, at their request, we have submitted a working capital recovery plan over a ten year time horizon. The investment in the new Tower D in 2014 and assumption of the parking operations and associated revenues has created opportunities to improve and extend our service offerings to the community but has created an ongoing need to ensure that these new revenues are segregated to service the debt.

Our second risk within this quadrant is the risk of a significant plant/systems failure as a result of deficiencies identified with our backup generators by the Technical Standards & Safety Authority (TSSA). This is currently ranked as our highest risk in terms of likelihood and potential impact. An application for \$2M has been submitted to the "Exceptional Circumstances Fund" within the Health Infrastructure Renewal Fund (HIRF) of the Ministry of Health and Long-Term Care to replace our generators. We are in dialogue with the Champlain LHIN about the urgency of an approval for the replacement of our generators.

The Board of Directors of the Pembroke Regional Hospital would like to take this opportunity to thank its Members and staff of CHSO for their support and guidance over the course of the past year. We value our relationship and look forward to our work together in the year ahead.

This report was reviewed and approved by the Pembroke Regional Hospital Board of Directors at the meeting held May 30, 2018.