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<u>Information Previously Distributed</u> To Be Listed on Community Services Committee Agenda 6 Mar 97
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DATE 14 January 1997

TO/DEST. Chair and Members of Regional Council

FROM/EXP. Regional Internal Auditor

SUBJECT/OBJET **HOMES FOR THE AGED - INTERNAL AUDIT REPORT**

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### BACKGROUND

Over the past year, Homes for the Aged (HFTA) was faced with funding shortfalls on two fronts - significant changes in Provincial funding levels related specifically to long term care as well as the more general Provincial funding reductions addressed by the Corporate Review. The impact of these funding reductions for HFTA was to be particularly severe considering they had already made reductions during the three previous years.

### DISCUSSION

In response, HFTA's management launched a comprehensive review of their operations and Internal Audit was asked to help. The purpose of this report is to inform Committee and Council of Audit's work with Homes for the Aged.

Audit's work with HFTA was highly collaborative and spanned several months. It focused on helping HFTA management find practical solutions to its funding issues. This involved analysing certain activities (both operational and administrative), facilitating group sessions, proposing options, testing out the practicality of some proposals, making comparisons (including interviews and site visits to other private and municipal facilities), assessing impacts on service levels and job losses, assisting with implementation plans and providing independent advice and opinions to the HFTA Commissioner and Management Team.

## PROJECT RESULTS AND FINANCIAL IMPLICATIONS

The result of this project is the identification of budget reductions for the next three years which meet, and in some cases exceed, the presently known funding shortfalls. Changes are significant. Every function in the Department has been affected. The review was comprehensive and the impacts on service levels and job losses were thoroughly assessed. The proposed changes resulting from this work represent total reductions in excess of \$4 million - or 12.5% of the Department's current budget.

## PUBLIC CONSULTATION

As with other reviews involving internal management issues, public consultation was not deemed appropriate. Extensive consultation was conducted with HFTA management and discussions were held with management of other similar private and charitable facilities.

## CONCLUSION

HFTA's pro-active response to its financial pressures is particularly noteworthy in light of previous years' reductions. The commitment and creativity of management and staff were evident throughout the process. The most challenging part of the process, implementing the proposed changes, is now underway. With the support of the Corporation on a number of labour relations and human resource issues, the Department appears well positioned to take on these challenges in the coming months.

Audit will continue to support the Department as required.

*Approved by  
Richard F. Palmer  
Regional Internal Auditor*

Attach

Our File/N/Réf.  
Your File/V/Réf.

DATE 17 January 1997

TO/DEST. Chair and Members of Regional Council

FROM/EXP. Commissioner, Homes for the Aged

SUBJECT/OBJET **HOMES FOR THE AGED - INTERNAL AUDIT REPORT**

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The organizational review of the Homes for the Aged Department, conducted with Internal Audit, has now been completed. This comprehensive review accurately analysed the current situation, proposed changes that will assist the department to meet program standards with reduced resources and identified a number of areas for streamlining and reorganization. The results are realistic and feasible.

This project represents a great deal of hard work by both in Internal Audit and the Homes for the Aged Department. I would like to thank all who were involved, including Dick Palmer and Dan Presse in Internal Audit, Diane Officer, Director, Administration and Planning, in the Homes for the Aged Department as well as the Senior Management Team in the Homes for the Aged Department.

The internal audit process was collaborative and involved Homes for the Aged staff throughout. The process effectively combined the management services and organizational design expertise of Internal Audit and the subject expertise of the department.

We will be implementing organizational change through a three-year plan that will impact every function of the department. The objective is to create an affordable and effective service delivery model while maintaining and improving quality care programs in the face of rapid change and future funding challenges. The financial implications of the first year of this plan are reflected in the Department's 1997 Draft Estimates tabled with Council on January, 7, 1997.

*Approved by*  
*Garry Armstrong*