

MEMORANDUM OF UNDERSTANDING

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO
As represented by
THE MINISTER OF HEALTH AND LONG-TERM CARE**

And

ERIE ST. CLAIR LOCAL HEALTH INTEGRATION NETWORK

Made effective as of April 1, 2007

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1.0 Definitions

As used in this MOU the following terms have the following meanings:

"**Accountability Agreement**" means the accountability agreement in effect between the LHIN and the Minister as representative of the Queen in right of Ontario during each year of the term of the MOU and includes the agreement required under s.18 of the Act;

"**Act**" means the *Local Health System Integration Act, 2006*;

"**Board**" means the Board of Directors of the LHIN;

"**By-laws**" mean the by-laws as adopted by the Board;

"**Chair**" means the Director who is designated by the Lieutenant Governor in Council as chair of the Board;

"**CEO**" means the individual employed by the Board as the chief executive officer of the LHIN;

"**Common Issue**" means an issue, policy or other matter on which the LHINs want, or are required by the Ministry, to have a common position. In the absence of agreement, an issue, policy or other matter will be deemed to be a Common Issue, and subject to the provisions of subsection 5.6, with the support of at least two-thirds of the LHINs.

"**Common Service**" means a service required, used or available for use, by all LHINs. In the absence of agreement, a service will be identified as a Common Service, and subject to the provisions of subsection 5.6, with the support of at least two-thirds of the LHINs.

"**Deputy Minister**" means the Deputy Minister of Health and Long-Term Care;

"**Director**" means a person appointed by the Lieutenant Governor in Council as a member of the Board;

"**Government**" means the Government of Ontario;

"**LHIN**" means the [insert LHIN name] LHIN, a corporation without share capital continued under, and subject to, the provisions of the Act;

"**LHINs**" means all the local health integration networks established or continued as corporations under the Act;

"**MOU**" means this Memorandum of Understanding;

"**Minister**" means the member of the Executive Council to whom the administration of the Act is assigned, presently the Minister of Health and Long-Term Care;

"**Ministry**" means the Ministry of Health and Long-Term Care; and

"**TBC/MBC**" means Treasury Board and Management Board of Cabinet.

2.0 Purpose and Principles

2.1 Ministry's Role

The Ministry's role is to provide strategic leadership, planning and central oversight as steward of the health system in Ontario. The Ministry establishes strategic directions and provincial priorities, and develops legislation, regulations, standards, policies and directives. The Ministry also monitors, evaluates and reports on the performance of the health system and the health of Ontarians, and establishes funding models and funding levels for the health system.

2.2 LHIN's Role

Further to section 5 of the Act, the objects of the LHIN are to plan, fund and integrate the local health system to achieve the purpose of the Act. The LHIN is an operational service agency of the Crown. It may exercise its powers only as an agent of the Crown and is accountable to the Crown, through the Minister in exercising its mandate.

2.3 Purpose of the MOU

The purpose of this MOU is to clarify the relationship between the Minister and the LHIN and is to be considered in conjunction with the Accountability Agreement that sets out specific funding, accountability and performance commitments. The MOU is intended to supplement and clarify, not modify, the obligations and responsibilities of the parties under law. In the event of a conflict, the parties' responsibilities under applicable law shall prevail. The MOU between the Minister and each of the LHINs shall be the same.

2.4 The Agreement

The Minister and the LHIN shall act according to the responsibilities set out for each in this MOU. In addition, the LHIN is subject to, and shall comply with, the legislation, policies, guidelines and directives identified in Schedule A to this MOU. The Ministry will provide written notice to the LHIN of any updates or changes to the policies, guidelines or directives.

2.5 Mutual Support

The Minister and the LHIN shall respect each others' responsibilities in the transformation and management of health care in Ontario and shall ensure that in fulfilling their respective responsibilities, they will do so in a manner that supports and enables the other party.

3.0 Roles and Responsibilities

3.1 Minister

- (a) The Minister is accountable to the Cabinet and the Legislative Assembly for the LHIN's fulfillment of its mandate, its compliance with applicable Government policies and for reporting to the Cabinet and Legislative Assembly on the affairs, activities and operations of the LHIN.
- (b) The Minister is responsible for:
 - (i) providing the Government's strategic direction to the LHIN for the health system and informing the Board, through the Chair, of the government's priorities and broad policy directions for the LHIN;
 - (ii) ensuring that the Ministry works with the LHINs to achieve the LHIN's mandate;
 - (iii) consulting with the Board, through the Chair, on changes in direction, regulation or legislation that would impact the LHIN;
 - (iv) reviewing, approving and presenting the recommended annual allocation for the LHIN as part of the Government's budget process;
 - (v) providing direction on the development of the LHIN's annual service plan;
 - (vi) recommending a Chair for designation by the Lieutenant Governor in Council;

- (vii) and meeting with the Board, through the Chair, annually.
- (c) The Minister may delegate any of the Minister's responsibilities in this MOU, except those set out in sections 3.1(a) and 3.1(b)(vi).

3.2 Deputy Minister

- (a) The Deputy Minister is accountable to the Minister for the performance of the Ministry in respect of this MOU and for carrying out the roles and responsibilities assigned to him or her by the Minister, TBC/MBC directives and this MOU.
- (b) The Deputy Minister is responsible for:
 - (i) monitoring the performance of the LHIN on behalf of the Minister;
 - (ii) consulting and meeting with the CEO and/or the Chair as needed;
 - (iii) providing the administrative, financial and other support to the LHIN as delegated by the Minister or specified by this MOU or the Accountability Agreement;
 - (iv) maintaining an open and co-operative working relationship with the LHIN with respect to all planning, financial, administrative and management matters through regular meetings with the LHIN;
 - (v) directing the Ministry to operate in alignment with the LHIN's need to function effectively, efficiently, accountably, and within a balanced budget;
 - (vi) advising the Minister on fulfilling the Minister's and Ministry's responsibilities under the MOU, the Accountability Agreement and applicable legislation with respect to the LHIN; and
 - (vii) undertaking or participating in reviews as directed by the Minister or TBC/MBC.

3.3 The Board

- (a) The Board is accountable to the Minister for the performance of the LHIN, its use of public funds and for results in terms of goals, objectives and performance of the local health system.
- (b) The Board is responsible for:
 - (i) setting the goals, objectives and strategic direction for the LHIN;
 - (ii) directing the affairs and monitoring the performance of the LHIN to ensure compliance with the Act, this MOU, the Accountability Agreement, and applicable law;
 - (iii) promoting public confidence in the LHIN by ensuring that the LHIN is effectively governed;
 - (iv) ensuring that Directors have received sufficient training to carry out their duties;
 - (v) performing an annual assessment of the effectiveness of the Board as a whole and on individual members using tools common to all LHINs;
 - (vi) keeping the Minister informed, through the Chair, of issues or events in the LHIN and its local health system that affect the Minister in the exercise of the Minister's responsibilities;
 - (vii) notifying the Minister, through the Chair, promptly of the appointment of a new CEO; and
 - (viii) approving the MOU, the Annual Report, the Accountability Agreement, the Annual Service Plan, the Integrated Health Service Plan and other documents as directed by the Board, and authorizing the Chair to sign them on behalf of the Board.

3.4 Chair

The Chair is accountable to the Board and is responsible for:

- (i) providing leadership to the Board;
- (ii) communicating strategic directions and decisions of the Board to the CEO;
- (iii) convening and chairing meetings of the Board in accordance with applicable policies;
- (iv) being chief spokesperson, in partnership with the CEO, on all LHIN matters and delegating this role in whole or in part to Board members as necessary or appropriate;
- (v) representing the Board at meetings with the Minister, the Deputy Minister, joint LHINs meetings or on working groups, and delegating this role in whole or in part to Board members as necessary or appropriate;
- (vi) communicating to the Board about the meetings that the Chair attends, including the substance of the issues discussed and any consensus reached for consideration by the Board; and communicating the Board's position back to the Minister, the Deputy Minister, the joint LHIN meetings or the working groups as the case may be; and
- (vii) taking such other actions on behalf of the Board as may be directed by the Board.

3.5 Chief Executive Officer

The CEO of the LHIN is accountable to the Board for the management and administration of the LHIN and is responsible for:

- (i) managing the day-to-day operations of the LHIN;
- (ii) translating the goals, objectives and strategic direction of the Board into operational plans and activities;
- (iii) supporting the Board and Chair in meeting their responsibilities;
- (iv) monitoring the LHIN's operational performance and reporting on it to the Chair and the Board;
- (v) consulting with the Deputy Minister, as needed, on matters of mutual importance;
- (vi) establishing appropriate systems and controls so that the LHIN operates in compliance with the Act, this MOU, the Accountability Agreement and corporate policies;
- (vii) preparing the Integrated Health Service Plan, Annual Service Plan, an Annual Report, quarterly reports, financial reports, budgets and any other reports, plans or documents as required by the Accountability Agreement or as directed by the Board; and
- (viii) being chief spokesperson, in partnership with the Chair, on all LHIN matters and delegating this role in whole or in part to senior staff members as necessary or appropriate.

4.0 APPOINTMENT OF BOARD MEMBERS

4.1 Qualifications of a Board member

Members of the Board must meet the following criteria.

- i) Members must:
 - A. have a background in health care, public administration, management, accounting, finance, law, human resources, labour relations, communications, information technology, marketing, or such other skills and professions that can assist a Board in meeting the LHIN's objects;
 - B. be at least eighteen years of age;
 - C. not be an undischarged bankrupt;
 - D. be interested in furthering the objects of the LHIN; and

- E. attend directors meetings on a regular basis.
- ii) Except as may be permitted by the Lieutenant Governor in Council, members cannot be
- A. a member of the board, chief executive officer, an officer, employee or staff of:
 - 1. any corporation, agency or entity that represents the interests of persons who are part of the health sector and whose main purpose is advocacy for the interests of those persons;
 - 2. a College of a health profession or group of health professions as defined under the *Regulated Health Professions Act, 1991*; or
 - 3. an entity that receives funding from a LHIN;
 - B. an employee of the Ministry of Health and Long-Term Care;
 - C. an employee of the LHIN; or
 - D. an associate of any person referred to in A, B, or C above, where associate means with respect to an individual, any member of the individual's immediate family who resides with the individual, including a child, parent, sibling, spouse, including a common law partner, or a same-sex partner of such individual.

4.2 Term

Members of the Board will be appointed by the LGIC for a term of up to three years at the pleasure of the LGIC and may be reappointed for one further term of up to three years. If a person ceases to be a member of the Board before the term of the member expires, the first term of the person's successor shall be for the remainder of the first person's term or 13 months, whichever is the longer.

4.3 Resignation of Board Members

- (a) Members and directors may resign at any time by resignation in writing given to the Secretary of the LHIN and to the Minister, with a copy to the Chair.
- (b) Members must resign if the member no longer meets the qualifications set out in 4.1. Members wishing to seek nomination for, be a candidate for, or hold a municipal, provincial or federal elected office, are subject to the provisions of the Public Service Act.

4.4 Termination of Membership

A member ceases to be a member of the Board, if before the term of the member expires:

- (i) the Lieutenant Governor in Council revokes the member's appointment as a member of the Board; or
- (ii) the member dies, resigns as a member of the Board, or becomes a bankrupt.

5.0 **LHIN Governance & Administration**

5.1 A Separate Corporate Entity

The LHIN is a corporate entity that exercises powers and performs duties to meet its objects as set out in the Act. It is not subject to the *Corporations Act* or the *Ontario Business Corporations Act* except as provided in the Act.

5.2 Role of the Board and CEO

The Board is responsible for governing the LHIN. The CEO is responsible for managing and administering the operations of the LHIN, subject to the supervision and direction of the Board. The Directors and staff of the LHIN acknowledge and will respect the different roles:

5.3 General Principles

The LHIN shall conduct itself according to the following principles: ethical behaviour, accountability, excellence in management, responsible and appropriate use of public resources, value for money, high-quality service provided with integrity and honesty, fair and equitable access, openness and transparency.

5.4 Funding

The LHIN will be funded through transfer payments from the Ministry in accordance with the terms of the Act and the Accountability Agreement.

5.5 Liability for Goods and Services Tax

The Ministry will work with the Ministry of Finance to obtain an exemption for the LHIN from liability for Goods and Services Tax (GST). Until such time as the exemption is confirmed by the Government of Canada, the LHIN may use the Ministry's GST exemption number.

5.6 Common Issues and Common Services

- (a) The LHIN acknowledges that it is one LHIN in a province-wide network of LHINs under the Act, each of which is subject to the same objects and substantially the same obligations as a result of its agency relationship with the Ministry. Without limiting the foregoing each LHIN:
- (i) is subject to the Act;
 - (ii) has the same MOU with the Government;
 - (iii) has the same By-law No. 1 as each other LHIN;
 - (iv) has the same conflict of interest policies;
 - (v) has the same basic operating policies; and
 - (vi) has the same Accountability Agreement and substantially the same performance requirements.

Recognizing the inherent efficiencies for both the Ministry and the LHINs in maintaining common structures and policies, the LHIN agrees that it will act in concert with the other LHINs to resolve Common Issues in a common manner. The LHIN agrees that it will respect and abide by the position approved by a two-thirds majority of the LHINs if a consensus cannot be reached through discussion and debate.

- (b) The LHIN further acknowledges that, as a condition of establishing the LHINs, TBC/MBC directed the Ministry to ensure that Common Services were delivered efficiently and cost effectively to the LHINs. Accepting that centralized sourcing and sharing of services is an efficient and effective use of LHIN resources, the LHIN agrees to enter into a shared services agreement with the other LHINs to enable the procurement and management of Common Services on behalf of all the LHINs. The LHIN agrees that it will respect and abide by the direction on Common Services approved by a two thirds majority of the LHINs if a consensus cannot be reached through discussion and debate.
- (c) For the purpose of the above paragraphs, the position of each LHIN will be determined by the CEO or the Board, as appropriate, and will be represented to the group of LHINs by the CEO or Chair. The common position will be determined by a vote conducted in-person, by e-mail or by any combination of methods that allow all LHINs to communicate their position to the other LHINs. The results of the vote will be tabulated and confirmed by the LHINs' legal counsel or such other person as may be determined from time to time.

- (d) The Ministry will recognize positions determined by the above process as the common position of the LHINs on a Common Issue or Common Service.

5.7 Legal Services

Each LHIN shall use the same in-house counsel as all other LHINs, either directly or indirectly through a shared service arrangement among the LHINs.

5.8 Audit Services

Each LHIN Board shall appoint the same auditor as all other LHINs. Notwithstanding the foregoing, the conduct of the audit is under the direction and control of the LHIN Board.

5.9 HR Services

Each LHIN shall employ the same individual to provide human resource expertise, as all other LHINs, either directly or indirectly through a shared service arrangement among the LHINs.

5.10 IM & IT Infrastructure Development and Management

Each LHIN shall use the same IM and IT infrastructure, standards, practices and policies as all other LHINs.

5.11 Management of Recorded Information

Each LHIN shall appoint the same individual to assume corporate responsibility for the management of recorded information pursuant to the Directive on Management of Recorded Information.

5.12 Employees

The LHIN staff, other than the CEO, report to and are accountable to the CEO for their performance.

5.13 Financial Management Branch and Transitional Matters

(a) In accordance with the Accountability Agreement, the Ministry's Financial Management Branch shall, on behalf of the LHIN and as directed by the LHIN:

- (i) process payments of funding to health service providers and assist the LHIN to respond to questions raised by health services providers about the payment processing;
- (ii) assist the LHIN with in-year and year-end financial reporting by health service providers, including collecting the reports, assessing the data for accuracy and reasonableness and providing the reporting to the LHIN in such form and with such analysis as the Ministry and the LHIN may determine; and
- (iii) reconcile and settle funding payments made to health service providers as directed by the LHIN.

(b) The Ministry and the LHIN will work together to deal with issues related to the transition of responsibilities from the Ministry to the LHIN and will develop appropriate policies related to the operational support of the LHIN by the Ministry.

6.0 **COMMUNICATIONS**

6.1 General Agreement

The parties agree that the timely exchange of information and consultation is essential to success in discharging their respective responsibilities. In particular, the Minister and the LHIN, through the Chair, shall consult with each other and keep each other advised of significant public issues, communication strategies and publications, such consultation and advice to be

provided as soon as reasonably possible and sufficiently in advance of any public release to allow a considered response by the recipient.

6.2 Communications Committee

There shall be a Communications Committee consisting of staff of the Ministry and representatives of the LHINs which shall meet as necessary to discuss matters of mutual interest. This committee shall work co-operatively with the Ministry's Director of Communications and Information Branch to develop and implement a comprehensive, multifaceted communications strategy that coordinates the Ministry's, the LHIN's and the LHINs' communications and marketing activities.

6.3 Ministry Activities Affecting the LHIN

The Minister will keep the LHIN informed of (i) comments, announcements, and/or public appearances of interest to the LHIN's stakeholders; and (ii) the results of stakeholder and other public consultations on matters relevant to the LHIN that were conducted by or on behalf of the Ministry (other than LHIN community engagement activities) in areas within or adjacent to the LHIN.

6.4 Recognition of Financial Support

The LHIN shall recognize the financial support of the Government of Ontario, through the Ministry of Health and Long Term Care, in all its financial, educational, and promotional materials, in accordance with guidelines established by the Ministry.

7.0 **REVIEW OF THE LHIN**

7.1 The Minister or TBC/MBC may conduct a review of the LHIN at their discretion. The Minister or TBC/MBC shall determine the timing, terms of reference and responsibility for conducting the review, the roles of the Chair and Deputy Minister and how any other parties may be involved. The Minister or TBC/MBC will reimburse the reasonable costs incurred by the LHIN from participating in the review. The results of the review may include options for changes to the mandate, consolidation, alternative service delivery, and termination of the LHIN. The results of any such review shall be shared with the Board. The Board shall be given an opportunity to provide comments on the final draft report, prior to its submission to the Minister or the TBC/MBC, as the case may be.

8.0 **TERM, REVIEW AND AMENDMENT OF THE MOU**

8.1 Effective Date and Term

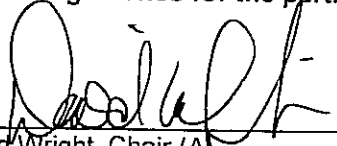
This MOU is in effect for no more than 5 years. This MOU must be renewed or revised by the expiry date. Notwithstanding the foregoing this MOU will continue in effect temporarily until a new MOU has been approved and signed.

8.2 Review and Amendment

- (a) This MOU must be (i) affirmed or revised by the Minister whenever the Minister changes and (ii) affirmed by the Chair whenever the Chair changes. It may be reviewed at the discretion of the Minister or TBC/MBC. The Minister will review the MOU if requested to do so by a simple majority of the LHINs.
- (b) The MOU may only be replaced or amended with the agreement of the Minister and all the LHINs. Either the Minister or a LHIN may propose amendments to the MOU. All amendments must be made in writing and approved by all the LHIN Boards, the Minister and TBC/MBC before a new or revised MOU can be signed.

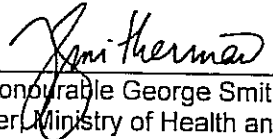
The authorized signatories for the parties have signed this MOU as of the date first noted above.

By:



David Wright, Chair (A)
Erie St. Clair Local Health Integration Network

2007 April 03
Date Signed



The Honourable George Smitherman,
Minister, Ministry of Health and Long-Term Care

Date Signed

Approved by Management Board of Cabinet on:

January 24, 2007

SCHEDULE A

List of Legislation, Directives, Policies and Guidelines Applicable to the Local Health Integration Networks

1. The LHIN shall comply with the following Directives, Policies and Guidelines, as well as any additional policies or guidelines related to the listed directives:¹

- Agency Establishment & Accountability Directive
- Advertising Content Directive
- Advertising and Creative Communications Services Procurement Directive
- Cash Management Directive
- Enhancing Privacy: Computer Matching of Personal Information Directive
- Freedom of Information and Privacy Directive
- Government Appointees Directive
- Indemnification Directive (Ministry of Finance Directive)
- Internal Audit Directive
- Internal Controls Management Directive (Ministry of Finance Directive)
- MAG Corporate Operating Policy on Acquiring and Using Legal Services
- MAG Internal Guidelines for Legal Directors on Acquiring Private Sector Lawyers
- Procurement of Goods and Services Directive
- Procurement of Consulting Services Directive
- Procurement of IT Services Directive
- Procurement of Translation Services Directive
- Risk Management Policy (Ministry of Finance Directive)
- Travel, Meals and Hospitality Directive
- Visual Identity Directive

and such other written directions as may be issued by the Minister. Minister's directions will be addressed to the Chair and signed by the Minister. If the Minister delegates the power to issue a direction to another person, the person issuing the direction shall indicate in the direction that he or she is signing and issuing the direction to the LHIN pursuant to a power delegated by the Minister.

The applicable content of these documents, and any related policies or guidelines, is that content in effect on the effective date of the MOU, together with any amendments to the content that the LHIN is notified of in writing.

2. The LHIN shall comply with all applicable legislation, including the following:

- (a) *Financial Administration Act*,
- (b) *Freedom of Information and Protection of Privacy Act*,
- (c) *French Language Services Act*,
- (d) *Ombudsman Act*, and
- (e) *Public Sector Salary Disclosure Act, 1996*.

¹ And any applicable Policies or Guidelines related to the listed directives.