

TO: Chair and Members of the Board of Health

FROM: Bryna Warshawsky, Acting Medical Officer of Health

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## **TERMS OF REFERENCE FOR A REVIEW OF ADMINISTRATIVE FUNCTIONS, INCLUDING SHARED SERVICES**

### **Recommendation**

*It is recommended that the Terms of Reference in Appendix A of this report (Report No. 133-12 re “Terms of Reference for a Review of Administrative Functions, Including Shared Services”) be approved with revisions confining the scope to the areas of Finance, Human Resources, Purchasing, Payroll, Facility Management and Information Technology.*

### **Key Points**

- The Terms of Reference are presented for review by the Board of Health.
- The Terms of Reference outline a process to look for efficiencies within administrative functions of the Health Unit, including the possibility of sharing services with the City of London and/or Middlesex County.
- To ensure that the review focuses on specific areas and is done as quickly and cost-effectively as possible, it is recommended that the review be confined to Finance, Human Resources, Purchasing, Payroll, Facility Management and Information Technology.

### **Background**

At the June 21, 2012 Board of Health meeting, Board Members passed the following resolution:

*“That a decision re determining the status of the 2005 Business Plan as it relates to the development of the 2013 budget be deferred until Health Unit and City staff have had an opportunity to discuss and report back on potential cost efficiencies that could be realized through shared service agreements.”*

As updated at the September Board of Health meeting ( [Report No. 102-12](#) ), a meeting took place on June 29, 2012 involving Health Unit and City of London staff. Based on this meeting, draft Terms of Reference were created by the Health Unit and submitted to the City on July 17, 2012. City of London staff also involved Middlesex County in the review of the Terms of Reference and a second draft was returned to the Health Unit on October 18, 2012.

The Health Unit has been working in collaboration with the City of London and Middlesex County to refine this draft for presentation to the Board of Health. This included a meeting involving the Acting Medical Officer of Health and Mr. John Millson, Director, Finance and Operations with Mr. Grant Hopcroft, Director of Intergovernmental & Community Liaison at the City of London, and Mr. James Gates, County Treasurer, on October 29, 2012. [Appendix A](#) contains the current draft of the Terms of Reference for review by the Board of Health.

## Considerations Regarding the Terms of Reference

The following outlines considerations for the Board of Health when reviewing the Terms of Reference.

- 1) **Looking for Efficiencies:** The Terms of Reference have been expanded to instruct the reviewer to look for efficiencies within the administrative functions of the Health Unit, including the potential for sharing of services. In this way, should other methods for obtaining efficiencies be identified, these will be articulated to the Board of Health for considerations.
- 2) **Involvement of Middlesex County:** The Terms of Reference now include a review of the possibility of sharing services with the City of London and/or Middlesex County.
- 3) **Scope of the Review:** The Terms of Reference currently include that the review is:

*“including **but not limited to** the areas of Finance, Human Resources, Purchasing, Payroll, Facility Management and Information Technology.”*

Although the term “not limited to” is not defined, this clause could support a broader review including areas within the Office of the Medical Officer of Health such as special projects, privacy, emergency planning and communications. As these areas are closely tied to the delivery of programs and services and must directly support the interests of the Health Unit without competing demands from other organizations, Health Unit staff members do not consider it appropriate for the review to extend to these areas. Therefore, it is recommended that the review be limited to the areas of Finance, Human Resources, Purchasing, Payroll, Facility Management and Information Technology. Containing the scope of the review will also ensure that review can be done as quickly and cost-effectively as possible.


- 4) **Third Party Reviewer:** The Terms of Reference states the following:

*“To ensure this assessment is conducted in an objective manner, all parties have agreed to engage the financial auditing firm Price Waterhouse Coopers LLP (the Consultant) to undertake the review process”*

Price Waterhouse Cooper is recommended to conduct the review as this firm already has considerable knowledge of the City of London’s operations in the areas of interest as it performs the City of London’s internal audits. This prior knowledge should make the review process go more quickly, therefore resulting in a lower cost. It should be noted that according to the Middlesex-London Health Unit procurement policy, the Health Unit may waive a competitive process and obtain services from a single/sole source on the grounds that it is more cost effective or beneficial to the Health Unit.

- 5) **Initiator and Payer of the Review:** The Board of Health is the initiator of the third party review which is being conducted on behalf of the Board of Health. As such, the terms of the review are directed by the Board of Health, with the agreement of the other involved parties. Recognizing that the review is being done on behalf of the Board of Health, it is felt to be appropriate that the Board of Health pay for the review. It should be noted that the City of London and Middlesex County will support the review through their respective contributions to Board of Health Funding.

This report was prepared by Dr. Bryna Warshawsky, Acting Medical Officer of Health & Chief Executive Officer, and Mr. John Millson, Director, Finance and Operations.



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