



# RENFREW VICTORIA HOSPITAL

## **Final Report of Supervisor Altaf Stationwala**

April 24, 2025

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## Executive Summary

In June 2024 I was appointed supervisor of Renfrew Victoria Hospital (RVH) due to concerns regarding the relationship between the hospital and related entity Renfrew Health (RH). In particular, there had been a number of concerns raised with respect to the appropriateness of hospital funds transferred to this entity, which reportedly had been established to support the operations of RVH. My objectives coming into this assignment included repatriating taxpayer dollars, rebuilding public trust, and strengthening governance and leadership practices at RVH to support accountability going forward.

From early investigative work, I was under the impression that this was a case of a hospital using a related entity for the purposes of bypassing rigorous hospital financial practices, which stood to benefit RVH executives getting paid out of this entity. To support a comprehensive review of the situation, an assessment was completed across four key dimensions: Financial, Operations, Leadership and Governance. What I discovered upon further investigation and due diligence was that RH was just one piece of a larger puzzle pertaining to a series of irregular transactions and practices involving certain former executives. **It is important to note that no current active members of the RVH executive team are part of these irregularities nor were any current Board of Directors involved in initiating these irregularities.**

### FINANCIAL

A review of RVH financial statements reveals that the hospital had significant financial flexibility, regularly in a surplus situation at fiscal year end. Despite this strong financial position, many decisions were made internally under the auspice of having limited financial resources, such as under investment in clinical resources to improve access to care (e.g. increasing nursing and allied health resources), gaps in security (e.g. security coverage in emergency department) and lack of investments in administrative and governance structure (e.g. updating governance by-laws and policies in accordance with new legislation and investments in back-office technology). Meanwhile, certain executives were being compensated via RH in addition to RVH compensation and a longstanding former Chief Executive Officer (CEO) with a tenure of over 30 years received both RH compensation and a range of other financial arrangements including a Supplementary Employee Retirement Plan (SERP) and an approximately one-million-dollar interest free loan. There were also concerns regarding such former executive's use of company credit cards. These practices began at RVH as early as 1997 and continued until recently.

The following provides a summary of key financial concerns raised through deeper investigation into financial practices. It is notable that each of these benefits was centered around the one former longstanding RVH CEO.

**SERP:** Use of a SERP is not a common incentive in public hospitals, especially given that RVH is part of the well recognized defined benefit pension plan known as Healthcare of Ontario Pension Plan (HOOPP); however, RVH settled a trust for a former RVH CEO and contributed at least \$1,254,625 over its 25-year duration. This amount was never disclosed publicly.

**Interest Free Loan:** This former RVH CEO was also granted a \$1 million interest free loan for the purposes of supporting a personal property purchase and/ or personal renovations to a property on the premise of CEO retention. As part of the interest free loan agreement, this former CEO received a further sum of \$100,000 which was noted as a transitional allowance. This amount

was paid as a reimbursement to the former CEO and was not part of salary disclosures or public expense disclosures. Provisions of the loan removed any liabilities from the CEO with respect to shortfalls associated in repayment of the loan resulting in a loan write-off of \$95,744.

**Company Credit Cards:** Assessment of financial practices revealed concerns around improper use of credit cards by certain former RVH executives. Notably, a former RVH CEO spent over \$170,000 over six years using company credit cards. Based on a review of RVH records, it appears that only 9% of the credit card expenses were supported by receipts and invoices. It also appears that personal expenses were charged to company credit cards, including health related expenses, home internet, personal travel, cash advances and other expenses. The level of reimbursement back to the hospital is uncertain given lack of receipts and financial practices.

**RH Compensation:** All employees of RH, who were also previous RVH employees, benefited from a management fee despite carrying out activities that were consistent with responsibilities of their RVH role. From 2014 to 2023, over \$2.7 million in executive compensation was paid through RH, including approximately \$1.6 million to a former RVH CEO. Through RH, such former CEO was also paid an estimated additional \$660,000 related to accrued vacation and statutory holiday banks which were accumulated during the former CEO's tenure at RVH. RH employees also received Healthcare of Ontario Pension Plan (HOOPP) benefits. Payments made to executives through RH were not made public pursuant to the *Public Sector Salary Disclosure Act, 1996* ("PSSDA"), or otherwise.

In total, this former RVH CEO is estimated to have received over \$1.6 million in compensation on top of their RVH CEO salary plus a \$1 million interest free loan and \$1.3M SERP. Other former RVH executives also received compensation from RH in addition to their RVH compensation. In total nearly \$3 million over 11 years was spent in executive compensation through RH for RVH executives with no demonstrated roles or accountabilities within RH. Over time, these compensation practices became the operating norm, continuing even as new executives came on board as this was understood as the way things were done at RVH. Additionally, RVH used the same auditors for over 35 years – a poor financial practice in itself – that further propagated these questionable activities.

Interestingly, further analysis of the RH construct reveals that it was a superficial structure. Upon starting my supervisor appointment, I had RVH assume control of this entity as part of a plan to dissolve RH and reunify assets with RVH. Operationally not a single action was required to support this transition as all activities were already being managed by RVH executives as part of their regular duties. The creation of RH did not free up RVH executive time, as RVH executives did all of the work of RH as well, while benefitting from over \$2.7 million in management salaries over the course of its mandate. RH also drew on RVH staff resources who supported functions such as maintenance, finance, and leases.

Further adding to the compensation equation is that RVH executives have an integrated senior management team with St. Francis Memorial Hospital (SFMH) in Barry's Bay. This represents yet another source of compensation that would be reported separately from RVH, resulting in further understatement of public disclosure of overall executive compensation. There are also cases of duplicated benefits, such as two car allowances between RVH and SFMH. Based on the corporate records of RVH [and interviews with RVH Board members], there was never any disclosure to the RVH board of directors (RVH Board) with respect to compensation or workload distribution of executives

supporting both hospitals. Ultimately, the range of sources for executive compensation and additional benefits provided meant that there was no cumulative view on the full compensation picture.

## LEADERSHIP & GOVERNANCE

In addition to these questionable financial practices, my review also revealed that RVH had gaps in formalized oversight on medical staff. There were only limited medical staff by-laws setting out the important rules and regulations by which they practice in the hospital environment, that were outdated and not consistent with the Ontario Hospital Association (OHA)/Ontario Medical Association prototype medical staff by-law, and any acknowledgement of medical staff considerations were significantly out of date. While RVH spent significant funds on legal advice to create the related entity RH, it did not invest in foundational hospital by-laws and governing documents.

How could these practices have persisted for so long? This is where I turned to the role of governance in ensuring appropriate oversight and use of public funds. Based on a detailed review of RVH Board minutes and interviews with former and current executives, it is clear that RVH did not have a strong governance framework. For example, certain matters relating to executive compensation, which would typically be subject to approval by the board or a committee of a board were delegated to the chair of the RVH Board for approval.

The RVH Board had an important fiduciary role in questioning, preventing and stopping these practices over at least 25 years; however, they failed to ask the right questions and focus on the right issues. When informed and interviewed about the situation, current directors demonstrated strong emotion, acknowledging their failings and expressing willingness to take accountability for poor governance practices and learn from past mistakes. It is important to note that over 80% of these directors were not in place when these practices were initiated and by the end of the upcoming board cycle, there will be no legacy RVH Board members remaining that were in place at that time.

## CONCLUSIONS

Ultimately, the completed puzzle reveals a lack of sound governance and specifically, a lack of standard checks and balances in relation to executive decision making, particularly in relation to executive compensation. With nearly \$3 million directed into executive compensation alone, notwithstanding legal costs and other misguided spend of public dollars, the ultimate impact unfortunately comes at a loss to the community that could have benefitted from investment of these funds into expanded healthcare services.

Despite all of this, it is evident to me that the RVH team is a remarkable group of staff and physicians who is committed to delivering excellent patient care and ensuring needs of patients and the community are met. Front line leadership and the new senior management team are strong leaders who have played a significant role in fostering and sustaining this commitment to excellence and will continue to play a critical role in advancing the organization on the path forward. Over the course of my appointment, a number of actions have been taken to resolve identified issues and set RVH up for future success. From a financial perspective, RH is well on the path to reunification with all hospital funds repatriated back to RVH and assets to be transferred upon dissolution. A new senior management team is in place with a new CEO starting in April 2025. A structured shared service agreement is being developed between RVH and SFMH that will provide transparent disclosure on responsibilities and

compensation of the integrated management team. Finally, a comprehensive approach has been taken to build strong and sustainable governance, including a full review of governance policies and procedures, streamlining board structures, and education for directors to strengthen governance skills and capacity.

Above all, this case has served as the most valuable learning for the RVH Board on the importance of their fiduciary role in ensuring strong practices are upheld to protect public funds for the betterment of the community. This case also serves as an important reminder to all governors of the need to understand their fiduciary duties, ensure appropriate due diligence, ask questions when things seem offside, and ultimately hold each other accountable to fulfilling this mandate.

# Renfrew Victoria Hospital Background

## About Renfrew Victoria Hospital

Renfrew Victoria Hospital (RVH) is a 55-bed full-service community hospital serving the Town of Renfrew, located 45 minutes west of Ottawa. The hospital serves a catchment of over 60,000 people and offers a range of acute care services including emergency, surgical, medical and complex continuing care. RVH is the Regional Centre for Renfrew County Nephrology Services with a 20-station unit and also offers a range of other diagnostic, rehabilitation and ambulatory care services.

RVH was Accredited with Exemplary Standing by Accreditation Canada in 2021, demonstrating a commitment to the highest standards of health care services. The hospital has a strong reputation within the community and continues to be a relied upon source for acute care services for the Town of Renfrew. The hospital also continues to deliver innovative projects to meet the healthcare needs of the community, including opening the Renfrew County 911 Centre, two primary care centres and a retail sleep products store.



Photo Credit: David Vincent

RVH is uniquely situated in a campus of care that includes the hospital, a Central Ambulance Communication Centre, Medical Clinics, a heliport, Renfrew Hospice, a retirement centre, professional building, and long-term care homes. Not all buildings/ land noted are owned by the hospital.

## Related Entities

### *Renfrew Victoria Hospital Foundation*

The Renfrew Victoria Hospital Foundation (RVHF) was established in 1988 with the purpose of raising funds to help RVH bring high quality of care, extensive programs and services to the community. It is a registered charity overseen by a volunteer board of directors. RVHF owns the Medical Clinic.

### *Renfrew Health*

Renfrew Health (RH) is a not-for-profit entity that was established in February 2014 to “support the operations of the Renfrew Victoria Hospital and to advance the goals and objectives of such hospital” according to its articles of incorporation. In 2023, RH amended its articles to add the following additional purpose of RH: “to support the operations of persons and entities that provide healthcare and social services in [RH’s] catchment area or that provide such services to persons residing in [RH’s] catchment area.” Such amendment suggested that RH intended to carry on activities besides supporting RVH. The

RVH Board had authorized the CEO of RVH to explore options to optimize hospital financials while minimizing risk to the RVH and RVHF, with RH being the final result.

Based on available documentation at the time of incorporation, the following assets and responsibilities were believed to be transferred to RH:

- Retail sleep store
- Leases on three buildings in the campus of care, including two hospital owned buildings and one foundation owned building
- Ownership and operation of the medical professional building which was constructed and built on the hospital campus in 2016

There has also been transfers of funds from RVH (surplus funds) and RVHF (parking revenues) to RH. RH has used these funds to make investments, construct the professional building, pay RH salaries and physician return of service agreements, and to cover other operating expenses.

### Partnerships & Other Context

RVH has some integrated roles with SFMH, a 20-bed community hospital located in the village of Barry's Bay. In December 1998, RVH and SFMH integrated under one CEO and some shared senior administration and management roles. Both hospitals continue to maintain separate boards, corporate identities and budgets.

As a small, rural hospital, RVH has established strong partnerships with The Ottawa Hospital to ensure access to more specialized care not available within the community. Examples of services included in this partnership are: surgical services, oncology, medical imaging, telehealth, urology, gynecology, and other specialty clinics.

Being a small town, Renfrew faces challenges with physician recruitment; however, RVH narrowly misses the eligibility criteria for the Northern Rural Recruitment Retention government grants for new physicians. This often results in new physicians opting to settle in other communities in the Ottawa Valley that offer this incentive. Accordingly, RVH has sought alternative solutions to attract physicians to the area, including incentive funding.

### Supervisor Approach

In the winter of 2023, a concerned citizens group wrote a letter to Ontario Health (OH) East, the regional health agency overseeing RVH, raising concerns regarding financial practices between the hospital and RH. It was identified that contributions of \$6,595,000 had been made from RVH to RH, with concerns regarding the appropriateness of this transfer and compliance with reporting requirements.

OH East assessed the allegations and worked with RVH and RH to collect additional information to better understand the situation. Upon further review, OH East made the determination that the fund transfers were concerning and recommended engagement of a public accounting firm to conduct a forensic review of RVH financial transactions. OH East also informed the Ministry of Health of this situation.



Following ongoing discussions and information exchange between RVH, RH, OH East and the Ministry of Health, a decision was made to appoint a supervisor in June 2024. The supervisor appointment was announced on June 27, 2024 and commenced July 8, 2024.

Unlike most previous supervisor appointments under the *Public Hospitals Act*, an Investigator and Investigator Report did not precede this appointment although there was a confidential KPMG independent review commissioned by Ontario Health. KPMG was engaged to investigate a number of questions designed by Ontario Health and provide responses based on their examination of Renfrew's records. Accordingly, the supervisor's preliminary work included investigator elements to gather the appropriate information up front to inform further work. The assessment and workplan focused on four key dimensions:

Dimension	Assessment Focus
<b>Financial</b>	<ul style="list-style-type: none"> <li>• RVH financial practices</li> <li>• Appropriateness of disbursements through RVH and RH</li> <li>• Ability of auditors to meet duties</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Organizational stability and quality of care</li> </ul>
<b>Leadership</b>	<ul style="list-style-type: none"> <li>• Leadership competencies and capabilities</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Board competencies, policies and practices</li> </ul>

The following is a summary of the supervisor work plan for the duration of the appointment.



Borden Ladner Gervais LLP (BLG) was engaged to support the following scope of work:

- Governance: Assessment of practices with respect to legal and governance documentation and meetings, development of board improvement plan, delivery of board education, and revisions to legal and governance documentation.
- RH Reunification: Leading the process to dissolve RH and transfer responsibilities and assets to RVH.
- Financial Due Diligence: This work was subcontracted to Ernst & Young LLP and included analysis of expenses and vendors at RH, identification and quantification of transactions with the former RVH CEO and other associated parties through financial record analysis and information gathering interviews, and identification and analysis of revenue sources to RH.

The Ministry of Health has been kept apprised of progress throughout the supervisor appointment. RVH staff and physicians have also been regularly engaged and updated through Town Hall forums, internal memos and regular meetings between the supervisor and senior management team.

## Assessment

### Financial

*The Financial dimension focuses on assessment of financial practices, including appropriateness of disbursements through RVH and RH, and assessing the ability of the auditor to meet duties.*

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#### KEY TAKEAWAYS

***A detailed review of financial practices revealed a range of financial irregularities pertaining to actions of former longstanding RVH CEO of over 30 years. There is a recurring theme of poor business and governance practices that enabled this activity to persist over many years.***

***The RH construct was misused from the beginning through the redirection of RVH operating funds and payments to RVH executives. This was increasingly carried out over time with the continued movement of significant RVH operating funds, vacation banks, bonus payouts, and other activities that should have been under purview of the hospital.***

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#### RVH FINANCIAL OVERVIEW

RVH had significant financial flexibility, regularly in a surplus situation at fiscal year-end. Rather than using these funds to invest in important hospital and community needs, decisions were made in several years to transfer any surplus in excess of \$300,000 to RH. The resulting impact was under-investment in important hospital functions, including but not limited to:

- Clinical resources to improve access to care
  - Increasing nursing, physiotherapy, and social work coverage to support in moving patients out of acute beds (hospital on average is at 90% occupancy and often over capacity)
  - Increasing nursing and pharmacist hours in oncology to improve access to care close to home

- Increasing diagnostic imaging hours. Note: Recent investments, since the supervisor's appointment, have significantly improved access to care in this area with wait times for CT decreasing from 14 months to 7 days
- Expanding biomedical services to keep up with preventative maintenance needs associated with RVH's role as the regional program
- Security
  - Having security coverage in emergency department
- Administrative and governance structures
  - Updating governance by-laws and policies in accordance with new legislation
  - Investments in back-office technology; e.g. financial, human resource, scheduling, and materials management systems

#### RVH FINANCIAL IRREGULARITIES

While decisions were being made to restrict spending on critical items, hospital funding was being used for the benefit of certain former executives. The following section outlines the questionable financial practices uncovered during the financial review.

##### **1. Use of SERP**

RVH established a SERP for a former RVH CEO. SERPs are not common incentives in public hospitals; however, a trust was settled and regularly contributed to using hospital funds. It appears that over 260 payments for a total of at least \$1,254,625 were contributed to the trust over its 25-year duration. This incentive was never disclosed publicly and lacked transparency to the entire RVH Board. This executive also received a pension from the Healthcare of Ontario Pension Plan (HOOPP), one of the strongest defined benefit pension plans in Canada.

##### **2. Granting of interest-free loan to former CEO**

RVH granted this former CEO a \$1 million interest free loan incentive for the purposes of supporting a personal property purchase and/ or personal renovations to a property on the premise of CEO retention. As part of the interest free loan agreement, this CEO received a further sum of \$100,000 which was noted as a transitional allowance. The loan and transitional allowance had three annual draws from 2016 to 2018. The loan included a variety of unusual terms that put the hospital at risk, including payment of the loan through the proceeds of the sale of personal assets. A future amendment to the loan provided that if the net proceeds of the sale of the properties was less than the amount of the loan outstanding, RVH would accept the net proceeds of the sale of the properties as full repayment of the loan.

It is highly unusual and not recommended practice for a hospital to provide a loan to its employees. The Loan and the Transition Allowance would both likely be considered elements of compensation and may have been noncompliant with the *Broader Public Sector Accountability Act, 2010* (BPSAA) and *Broader Public Sector Executive Compensation Act* (BPSECA). The transitional allowance of \$100,000 was not reflected as part of T4 income.

The individual receiving this benefit was also not required to pay shortfalls associated with the loan resulting in a write-off of \$95,744 to close out the loan in 2023. The write-off was not reflected in the T4 as a benefit. In my opinion, forgiving the loan was not in the best interests of RVH and may have also

been non-compliant with the BPSAA and BPSECA, as well as charity law. Audited financial statements lacked disclosure of this transaction and the associated risk of a possible decline in market valuation.

### **3. Improper use of company credit cards**

Assessment of financial practices revealed concerns with improper use of credit cards by former RVH CEO. Notably, this included significant spending of over \$170,000 by a former RVH CEO over 6 years. Based on a review of RVH records, it appears that only 9% of these credit card expenses were supported by receipts and invoices. Credit card monthly statements refer to RH rather than RVH; however, RVH incurred the associated expenses and ensured payment of the account. There appears to have been no differentiating of expenses between RVH and RH.

There were also limited controls over the processing of expenses incurred by former executives. It appears that personal expenses were charged to company credit cards, including health related expenses, home internet, personal travel, cash advances and other expenses. There is also evidence indicative of excessive vehicle expenses including car washes, detailing and gas purchases. These expenses were self-approved and often lacked supporting documents, which is contrary to RVH's administrative policy. The level of reimbursement back to the hospital is uncertain given the lack of receipts and financial practices.

### **4. Executive Compensation through RH**

The relationship between RVH and RH, including assessment of appropriate use of funds, was the main focus for the supervisor appointment. Accordingly, this section gets deeper into one of the key areas of RH spend – executive compensation.

All RH staff were also members of the RVH executive team. Despite having parsed out activities previously under the purview of the hospital, a decision was made to pay RH employees a management fee, which was approved by the RH Board in March 2014. A legal memorandum provided to RVH prior to this approval indicated that many hospitals were finding alternative ways to supplement executive compensation arrangements while circumventing regulatory disclosure obligations; however, no minutes from any meetings of the RVH Board or RH board of directors (RH Board) expressly state that this was the purpose of compensating executives through RH. The RH Board appeared to have based their decision to introduce the management fees in 2014 on legal advice; however, there is not evidence that legal counsel was sought for an approximately 106% increase in management fees in 2017. From 2014 to 2023, over \$2.7 million in executive compensation was paid through RH, including over \$1.6 million to a particular former RVH CEO based on T4s. This excludes Canada Pension Plan (CPP), Employment Insurance (EI) and pension benefits. RH's payment of and RVH's non-disclosure of the management fees may have been non-compliant with the PSSDA, BPSECA and BPSAA. The following table summarizes RH executive compensation (in thousands) based on T4s:

In \$000s	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
<b>Executive 1*</b>	\$ 53.6	\$ 47.0	\$ 48.3	\$ 79.5	\$ 92.4	\$ 92.4	\$265.1	\$398.5	\$430.5	\$ 84.7	\$ 39.1	<b>\$1,631.1</b>
<b>Executive 2</b>	\$ 24.9	\$ 21.1	\$ 21.5	\$ 35.5	\$ 41.3	\$ 41.3	\$ 41.3	\$ 41.3	\$ 41.2	\$ 41.2	\$ 23.8	<b>\$ 374.4</b>
<b>Executive 3</b>	\$ 24.9	\$ 21.1	\$ 21.5	\$ 35.5	\$ 41.3	\$ 41.3	\$ 41.3	\$ 41.3	\$ 41.2	\$ 41.2	\$ 22.2	<b>\$ 372.8</b>
<b>Executive 4</b>	\$ 24.9	\$ 21.1	\$ 21.5	\$ 35.5	\$ 41.3	\$ 41.3	\$ 41.3	\$ 41.3	\$ 41.2	\$ 41.2	\$ 23.8	<b>\$ 374.4</b>

\*Former longstanding RVH CEO

There was a lack of clear job descriptions for RH employees and overlap with RVH responsibilities, adding further complexities in distinguishing between RH and RVH functions. When RH was brought back under RVH control in 2024 no actions were required to transition operations, revealing that RH activities had continued to remain under RVH purview over its duration.

This former CEO was also paid approximately \$660,000 from RH related to accrued vacation and statutory holiday banks which were accumulated during their tenure at the hospital. In the minutes of RH Board meeting held May 27, 2019, it was stated that “To lessen the burden on the hospital operating budget, the salary and benefits including accrued vacation/ stats owing to [former CEO] will be transferred from RVH to Renfrew Health...By Renfrew Health assuming the banks and salary of [former CEO] position, payments would not be subject to Executive Salary reporting as Renfrew Health is an arm’s length 3rd party”. There is no evidence that RVH or RH obtained legal advice in relation to the transition of former CEO’s vacation and statutory holiday pay from RVH to RH.

#### **Other Financial Irregularities:**

##### ***Transfer of Assets from RVH and RVHF to RH***

From the inception of RH in 2014, RVH started to transfer surplus funds from RVH to RH recorded in financial statements as “Executive Offices Professional Fees – Mgmt” and further consolidated into “Supplies and Other Expenses”, which is what was reported to the Champlain Local Health Integration Network. It is not evident from reading the financial statement that a total of \$11.7M in surplus funds had been transferred between 2014-2022 and there is no written agreement associated with these transfers. There also appears to be a number of discrepancies between RVH Board approvals and amounts actually transferred to RH. For example, in fiscal year 2014-15, according to the minutes of a March 26, 2015 RVH Board meeting, the RVH Board approved up to \$2.5 million to be transferred to RH. The minutes of the June 25, 2015 RVH Board meeting reflect that a total surplus amount of \$2 million was transferred; however, the total amount reflected in the hospital and RH general ledgers was \$3,413,402. In the years following there were cases where no approval was reflected in RVH Board minutes, the minutes were missing details on the amount to be transferred or the amount approved by the RVH Board was less than actual amount transferred.

Further reviews have called into question whether it was appropriate to transfer these public funds to RH. During the time of the OH East review, the former RVH CFO undertook an assessment of the appropriateness of funds that could have been transferred by RVH to RH and determined this was approximately \$6.1 million, compared to the total of \$11.7 million that had actually been transferred during that time. Accordingly, the RH Board approved the return of \$6 million of surplus funds back to RVH in 2023.

In addition to transfer of surplus funds from RVH, RH received \$2.5 million from the RVHF (parking revenues), \$1.5 million from operation of the Sleep Store, and \$6 million from other sources such as investment and rental income.

Note that RVH and RVHF both sought and obtained legal advice from a third-party firm regarding the creation of RH and related governance matters. As a result, it cannot be concluded that the directors of either organization breached their fiduciary duty, given they were acting on legal advice.

### ***Physician Return of Service Agreements***

RH also took on the mandate of providing physician incentives rather than administering this through RVH. In 2016, the RVH Board had discussed physician incentives to attract physicians. In 2018, the RH Board authorized allocation of funds to be used for RVH physician incentives. Given the intended purpose of RH to conduct non-hospital activities, physician agreements were framed as being for the purpose of setting up and maintaining a family medicine practice in Renfrew. While these agreements incentivized doctors to relocate to Renfrew, these physicians also had responsibilities to provide services through the hospital. In total, four physician agreements were executed relating to three physicians.

### ***Strategic Advisor Role***

A decision was made to pay a former RVH CEO to assist the transition to the new hospital CEO. This former CEO was paid over \$190,000, including benefits over three years to serve as “Strategic Advisor” to support the CEO transition.

### ***RVH-SFMH Arrangement***

RVH executives have an integrated senior management team with SFMH in Barry’s Bay. This represents yet another source of compensation that would be reported separately from RVH, resulting in further understatement of overall executive compensation. There are also cases of duplicated benefits, such as two car allowances between RVH and SFMH. There was no evidence of any disclosure to the RVH Board with respect to compensation or workload distribution of executives supporting both hospitals.

### **RENFREW VICTORIA HOSPITAL FOUNDATION**

The RVHF relationship with RH included transferring parking revenues. **A detailed financial analysis indicated that no donor funds were transferred from RVHF to RH.**

### **AUDIT PRACTICES**

RVH had the same audit firm in place for over 35 years. This firm had questionable audit practices, including the decision to leave RH out from RVH financial statements. Additionally, it is not best practice for RVH to continue with the same firm for such an extended period as the auditor may lose independence and objectivity.

### **FINANCIAL RECOMMENDATIONS**

#	RECOMMENDATION	STATUS
1	<b>Reunification of RH assets to RVH and dissolution of RH.</b>	● ONGOING: RH under control of RVH. Due diligence complete; asset transfer and dissolution underway.
2	<b>Appointment of new auditors that will uphold best practices in financial oversight.</b>	● COMPLETE: Procurement undertaken with KPMG appointed as auditor in Fall 2024.
3	<b>Complete alignment between RVH and SFMH to provide one unified compensation and transparency for cross-appointed leadership roles.</b>	● ONGOING: A structured shared service agreement is being developed between RVH and SFMH. RVH will be the paymaster for this integrated contract.

## Operations

*The Operations dimension focuses on assessment of core hospital operations, including ensuring high standards of quality, safety, and patient experience are upheld.*

### KEY FINDINGS

***The hospital was recently Accredited with Exemplary Standing and overall demonstrated strong, stable operations despite a supervisor being in place. It was determined there was no need for deep dive review/ supervisor involvement here.***

RVH has historically had a strong track record of quality and safety performance, which continued under my term as supervisor. Over the past year there were no critical incidents and continued efforts to improve on key quality and safety indicators including falls, pressure ulcers, post-operative surgical site infections and medication administration.

Ratings from patient experience surveys demonstrate continued confidence in services received in both emergency and inpatient care, with the overall hospital rating sustained at 82%.

In the early months of my supervisor appointment, medical staff indicated they heard concerns from the community regarding RVH reputation and played an important role in assuring community members that quality of care and services remain strong.

It is clear from interactions with staff and physicians that there were concerns with respect to a culture of transparency during the tenure of former longstanding CEO. For example, despite awareness of questionable financial practices staff felt unable to raise concerns. Since coming in as supervisor and with the new senior management team, I've noticed a significant shift in the willingness of staff to open up to their respective leaders, helping to foster improved transparency and to uncover past practices in support of my review.

Today, staff and physicians demonstrate strong commitment to delivering excellent patient care and ensuring needs of patients and the community are met. Front line leadership and the new senior management team have played a significant role in fostering and sustaining this commitment to excellence. Overall, operations are stable and the community continues to maintain confidence in care.

#### Quality & Safety

- No critical incidents
- 43% reduction in falls in last quarter
- Few medication incidents (all no harm)
- <5 patient concerns this month (lowest in past year)
- ALC trending down (32% Aug → 21% Oct 2024)
- Overall hospital rating sustained at 82% (inpatient)

#### Health Human Resources

- Vacancy Rate ~3%
- Zero workplace injuries resulting in lost time
- Zero new grievances in last 6 months

### OPERATIONS RECOMMENDATIONS

#	RECOMMENDATION	STATUS
4	<b>Institute Whistleblower Policy supported by engagement of a third-party organization to assist with the recording, triaging and anonymity for complainants.</b>	● COMPLETE: In place with ClearView Connects™



## Leadership

*The Leadership dimension focuses on assessment of senior management competencies and capabilities.*

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### KEY FINDINGS

***There is a completely new senior management team in place from the team that was involved in RH activities and RVH/RH financial irregularities. The current team unanimously agrees that previous activities were offside and has been very supportive of working with the supervisor to investigate and resolve concerns. This team has also been instrumental in building and executing the turnaround pertaining to financial, leadership and governance dimensions to foster a high functioning and accountable organization.***

***A new CEO has also been hired, which is expected to close the gaps created by previous members in this position and set the stage for a brighter future for the organization.***

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Supervisor interviews with RVH executives who were legacy RH employees revealed that these individuals did not fully understand the concerns or risks posed by RH. All new RVH leaders felt the activities of RH were offside and were supportive of efforts to address risks and bring RH mandates under RVH control.

From the financial due diligence review, it was clear that many concerns pertaining to financial practices and the RVH-RH relationships were a result of improper oversight and an inadequate governance framework which did not provide for proper management of conflicts of interest.

With a new senior management team in place the organization is in strong hands as it looks toward the future. The team has played an instrumental role in leading the transition and turnaround during the course of my supervisor appointment, rebuilding confidence amongst the broader RVH team and community while putting in important measures to prevent these circumstances from recurring.

#	RECOMMENDATION	STATUS
5	<b>Ensure new senior management team in place acknowledges past issues and is setup to successfully resolve them and guide the organization forward. This includes recruitment of a new CEO.</b>	● COMPLETE: All members of leadership team have replaced legacy RVH-RH executives. A new CEO who was previously a senior executive at a large academic hospital has been hired and starts April 2025.



## Governance

*The Governance dimension focuses on assessment of board competencies, policies and practices.*

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### KEY FINDINGS

***The board of directors plays an important role in ensuring an organization has strong fiduciary oversight. RVH had a number of questionable practices and arrangements that persisted over a long period of time.***

***A third-party review revealed a number of gaps in governance practices, policies and procedures. Actions have been undertaken to address these gaps and support in building board capacity, putting governance in a strong position to effectively guide the organization going forward.***

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#### **RVH Governance**

Supervisor interviews with each of the current RVH directors revealed that directors were surprised by the nature of the relationship between RH and RVH and felt that there had been a lack of transparency with this entity despite having decided to transfer RVH funds to RH. Directors felt they were misled with respect to the original decision to set up the RH structure, relying on the originating legal counsel's advice and ongoing leadership direction based on legal opinion. There also appeared to be gaps in sharing of key information from management to the RVH Board.

Upon learning of these concerns, the RVH Board demonstrated strong emotion and embarrassment with members questioning whether they should resign. Directors recognized their poor governance practices with reactions such as "we should have known better", "we should have probed deeper" and "we were focused on the wrong things". There was clear willingness to take accountability and learn from past mistakes.

BLG was engaged to complete a comprehensive review of RVH governance practices, policies and procedures, establish recommendations, and inform a board improvement plan. As part of this process, BLG completed a thorough governance document review covering letters patent, by-laws, committee terms of reference, board policies, and sample board and committee meeting minutes.

The review revealed a number of gaps with respect to compliance with the Ontario *Not-for-Profit Corporations Act* (ONCA). The following is a summary of key recommendations stemming from the review:

- Ensure compliance with ONCA.
- Separate Administrative and Professional Staff By-Laws.
- Streamline committee structure by removing some committees and combining others.
- Standardize approach to committee terms of reference ensuring compliance with ONCA.
- Review and revise all policies and procedures.
- Provide recommendations for meeting best practices to implement at board and committee levels.

BLG prepared revised drafts of RVH legal and governance documentation which has been reviewed and approved by the RVH Board. This includes revised by-laws and a board policy manual. The RVH Board has also been reconstituted in its new form, with committees streamlined.

In Fall 2024, BLG led a board education session to support in knowledge and capacity building of RVH board members. This session covered topics such as:

- Key statutes that apply to Ontario public hospital governance
- Roles, responsibilities and liabilities of hospital directors
- Key practices of high-functioning hospital boards
- Role of the hospital board in physician privileging and the relationship between the board and professional staff
- The hospital-foundation relationship
- Role of a public hospital in an integrated health system and the responsibilities of hospital directors when exploring collaborations and integrations

The supervisor approach has been to support capacity building towards a high functioning RVH Board by ensuring active involvement in decision making and knowledge transfer. The RVH Board has been functioning independently since January 2025 with the supervisor playing an observer role.

By the end of this board cycle in June 2025 there will be no remaining RVH Board members that had tenure during the former longstanding CEO's tenure at RVH.

### ***RH Governance***

Review of RH Board minutes reveals significant gaps in governance practices, such as minutes lacking information/substance, limited RH Board meetings per year, calling meetings without notice to *ex officio* directors and minutes from 10 board meetings between 2014 and 2023 approved in one meeting in December 2023. RH agendas appear to cover many hospital business items, including RVH property purchase, Ontario Health Teams, hospital programs, and physician and staff recruitment and retention. In some cases, RVH presented business cases to the RH Board for approval to release its own funds back to itself.

There was an absence of RH job descriptions despite recommendation from its auditors to put in place in 2021 and continued payouts over this time. It is also notable that RH lacked policies, procedures and rigour that would be expected of a hospital, yet RVH was transferring significant funds to this entity.

## **GOVERNANCE RECOMMENDATIONS**

#	RECOMMENDATION	STATUS
6	<b>Keep RVH Board in place and support in setting up for success through education, capacity building and updates to enabling governance practices, policies and procedures.</b>	● COMPLETE: Legal and governance documentation updated and approved by RVH Board. Board Education Retreat completed. Restructuring complete with RVH Board to have 100% new directors since tenure of former longstanding CEO as of the upcoming board cycle.

*Note:* The governance gaps at RVH also exist at SFMH, which was under the same administrative leadership. The SFMH board chair has committed to adopting the BLG governance recommendations and materials at SFMH.

## Lessons Learned & Summary of Recommendations

The concerns that elicited appointment of a supervisor related to multiple questionable financial practices that undermined the organization and misdirected funds that could have been used for patient care. Multiple questionable practices persisted over a significant period of time. A stifled culture of transparency further held this back and propagated the issues.

To prevent this from recurring in the future it will be important for:

1. Leadership to ensure strong controls are in place and remain accountable for ensuring these are met by all levels of the organization, including the CEO.
2. RVH Board to ask questions and seek further clarity when things seem irregular. This includes not accepting that something is right, even if this is “the way it’s always been done” in the past.
3. The organization to maintain a culture of transparency so any member of the team can feel comfortable coming forward with concerns.

In this situation it is also clear that a related entity was created and used for misguided purposes. While related entities can have benefits, it is important that hospitals be clear on the purpose, functions, roles and role limits and relationship between the hospital and related entity to ensure accountability in use of resources and funds, especially public sector dollars. Where activities can be reasonably completed within the mandate of the hospital, it should be questioned whether a related entity is necessary.

The following is the **Summary of Recommendations** coming out of the supervisor review:

#	RECOMMENDATION	STATUS
1	<b>Reunification of RH assets to RVH and dissolution of RH.</b>	● ONGOING: RH under control of RVH. Due diligence complete; asset transfer and dissolution underway.
2	<b>Appointment of new auditors that will uphold best practices in financial oversight.</b>	● COMPLETE: Procurement undertaken with KPMG appointed as auditor in Fall 2024.
3	<b>Complete alignment between RVH and SFMH to provide one unified compensation and transparency for cross-appointed leadership roles.</b>	● ONGOING: A structured shared service agreement is being developed between RVH and SFMH. RVH will be the paymaster for this integrated contract.
4	<b>Institute Whistleblower Policy supported by engagement of a third-party organization to assist with the recording, triaging and anonymity for complainants.</b>	● COMPLETE: In place with ClearView Connects™
5	<b>Ensure new senior management team in place acknowledges past issues and is setup to successfully resolve them and guide the organization forward. This includes recruitment of a new CEO.</b>	● COMPLETE: All members of leadership team have replaced legacy RVH-RH executives. A new CEO who was previously a senior executive at a large academic hospital has been hired and starts April 2025.

#	RECOMMENDATION	STATUS
6	<b>Keep RVH Board in place and support in setting up for success through education, capacity building and updates to enabling governance practices, policies and procedures.</b>	● COMPLETE: Legal and governance documentation updated and approved by RVH Board. Board Education Retreat completed. Restructuring complete with RVH Board to have 100% new directors since tenure of former longstanding CEO as of the upcoming board cycle.

## The Path Forward

Ultimately, I want to recognize the important role that RVH plays in delivering excellent health care and services to the Renfrew community. The team at RVH – from front line to leadership to board – all play a critical role in ensuring this standard continues to be upheld and that care continues to advance to meet the needs of communities into the future. Through the work we’ve undertaken together over the past nine months, RVH has set itself on a strong path forward and will continue to be a critical resource in ensuring health needs are met and that excellence in patient care remains the highest priority.

## Acknowledgements

I would like to express my acknowledgement and thanks to the following groups who have played an important role in supporting the successful transition and turnaround of RVH during my supervisor appointment:

- **RVH Staff and Physicians:** Your engagement, support and continued commitment to excellence in patient care delivery during this time has played a critical role in ensuring patients can maintain confidence in the high-quality services provided by RVH.
- **Board of Directors:** Your openness to acknowledge past failings, discuss challenges and concerns, and embrace change has demonstrated your strength as leaders and commitment to ongoing learning and growth to ensure you are best positioned to meet your accountabilities as directors and advance the interests of the Renfrew community.
- **Senior Management Team:** You have started in your roles during a challenging time for the organization, but have maintained strong professionalism, leadership and dedication in supporting your teams to stay focused on what matters most – delivery of excellent patient care and services. You have been valuable partners to me during my review, helping to identify and solve challenges and lead a turnaround of important RVH practices that have set the organization up for success now and into the future.
- **Renfrew Community:** It is never easy when practices of your local hospital are called into question, but during this time of uncertainty you have continued to maintain confidence in the team and services provided by RVH. This has been important for ensuring stability of the hospital and you can continue to count on RVH for excellent care and services.
- **External Advisory Support:** Lastly, I would like to thank the team of advisors that has supported me throughout my supervisor role, providing perspectives and supports that have further bolstered the review and transition of RVH to where it is today.

It takes a team to ensure strong accountability, commitment and leadership to meet the healthcare needs of a community and I am grateful to all individuals who have supported both myself and the continued delivery of excellent care and services to the Renfrew community during this time.

## Appendix

### Governance Practice Recommendations

The following is a summary of **Recommendations & Improved Governance Practices** from BLG based on the governance review and improvement workplan.

- Guiding Principles
  - Work from sector best-practice templates, being OHA prototype documents, and only deviate where there is a good legal or governance reason to do so.
  - Structure to maximize flexibility in amendment:
    - Only include governance concepts required to be in Articles that must be in Articles because it's a public record filing to change.
    - Only include governance concepts required to be in By-laws because of the 2-step process to amend.
    - All other governance concepts should be in policies and committee terms of reference.
  - Drafting:
    - Use flexible and enabling language, as opposed to prescriptive drafting.
    - Use simple, plain language where possible.
- Letters Patent: File ONCA Articles of Amendment.
- By-Laws: Separate Administrative and Professional Staff By-Laws.
  - Administrative: Streamline documentation and separate policies/ guidelines. Update membership and provisions regarding director terms.
  - Professional Staff: Ensure alignment with current procedural fairness expectations and include provision to set out RVH's departments.
- Committee Structures: Streamline by removing some committees and combining others. Standardize approach to committee terms of reference ensuring compliance with ONCA.
  - Some board committees appear to have overlap in mandate. For example,
    - Finance and Property Committee oversees the hospital's financial affairs, while Audit Committee oversees financial controls, accounting policies and procedures, and financial management irregularity.
    - The Joint Conference Committee advises on matters pertaining to Medical Staff discipline and the Medical Advisory Committee makes recommendations regarding suspension of restriction of privileges.
  - Some board committees appear to be operational - e.g. Personnel Committee and Ethics Committee (these should be embedded in operational structures).
- All policies and procedures to be reviewed and revised. Duplicates and outdated documents to be removed. Add board policies customarily adopted by other public hospitals. Eliminate operational policies (e.g. Capital Project Variance, Destruction of Health Records). Combine overlapping policies to eliminate redundancies.
- Provided list of recommendations for meeting best practices to implement at board and committee levels. Examples include: ensure notice of meetings is consistently given to all directors, follow best practices for declaration of conflicts of interest, implement use of consent agenda, keep minutes appropriately high-level, provide proper delineation between in-camera meetings vs. meetings without management.