

BUILD | MEASURE | MONITOR | PARTNER

2015 | 2016 ANNUAL REPORT

ABOUT the Health Quality Council of Alberta

The Health Quality Council of Alberta (HQCA) is a provincial agency that pursues opportunities to improve patient safety and health service quality for Albertans.

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STRATEGIC FRAMEWORK

While the HQCA's responsibilities are set forth in the *Health Quality Council of Alberta Act*, our work is guided by a strategic framework, which highlights our vision, mission, and values and defines four strategic areas of focus. By aligning ongoing and future projects to this strategic framework, we will continue to support our partners in improving health system quality and patient safety for Albertans.

VISION

Excellence in health system quality and patient safety for Albertans

MISSION

With our patient and health system partners, continue to improve the quality of Alberta's health system through measuring and monitoring of performance, identifying opportunities for improvement and supporting implementation of improvement initiatives.

VALUES

- Hold patients and the population at the forefront
- Be informed by evidence
- Analyze objectively
- Inform transparently
- Partner collaboratively

STRATEGIES

BUILD capacity



Enable high quality and safe patient care by assisting stakeholders at multiple levels to develop skills in system improvement.

- Quality and safety education program
- Frameworks and related resources
- Health ethics

MEASURE to improve



Measure, analyze and report on healthcare delivery to drive actionable improvement that enhances the quality of healthcare for Albertans.

- Patient-focused measurement
- Sector or service-focused measurement
- Assessments and studies

MONITOR the health system



Monitor and report on health system level indicators to characterize health system performance over time and enable comparison where appropriate.

- System level indicator development
- Population level surveys
- Clinical standards monitoring and reporting
- Health system performance reporting

PARTNER with the public



To support and enable effective citizen participation in their healthcare and the healthcare system.

- HQCA Patient/Family Safety Advisory Panel
- Provincial citizen participation model and capacity building

MESSAGE FROM THE CHAIR AND THE CEO



*Dr. Tony Fields,
Board Chair*



*Andrew Neuner,
Chief Executive Officer*

CONVERSATIONS PRODUCE RESULTS

In our working relationships, as in our personal ones, things get done when we talk to each other. The work we do at the HQCA is all about having conversations, learning from each other, and working better together for the health and well-being of all Albertans.

That work is supported by the HQCA's new strategic framework, implemented in June 2015. It provides our organization with new rigour and direction on how we can best hold meaningful conversations that produce relevant, actionable results.

A disciplined application of the framework over the past year has allowed the HQCA to build on an already strong foundation. This commitment to continuous improvement has seen us achieve more, with the same resources. We've done much work as a board and as an organization to foster the conversations providers need to have to improve. Learning from each other, inviting curiosity, and sharing successes are fundamental to continuous improvement – and everyone benefits.

Our achievements in the past year not only relate to the strategic framework, but also to our high-performing team members, who strive to do their

best work every day. In this annual report, you'll read about some of the initiatives the team has undertaken in the past year, starting on page 6. We have reported on the prevalence and management of overweight and obesity among Albertans; provided advice on the delivery of lab services; prepared a report on electronic referrals; and developed a website targeting reduction in the abbreviations used in prescriptions – among other initiatives.

HQCA employees, along with our many volunteer partners and those who have generously shared their time and thoughts, have created positive forward movement to improvements in Alberta's healthcare system – all thanks to conversations.

[Original signed by A.L.A. Fields]

A.L.A. (Tony) Fields, CM, MA, MD, FRDPC, FACP
Board Chair

[Original signed by Andrew Neuner]

Andrew Neuner, MA, MBA
Chief Executive Officer

GOVERNANCE

The Lieutenant Governor in Council appoints the Board of Directors, who represent a diverse group that includes health professionals, business leaders, academic representatives, and members of the public.

CHAIR

A.L.A. (Tony) Fields, CM, MA, MD, FRCPC, FACP, Edmonton

BOARD OF DIRECTORS

Robin Cox, MD, Calgary
Annamarie Fuchs, Blackfalds
Douglas Gilpin, Edmonton
Bruce Harries, Edmonton
Anthony Lam, Edmonton
Irene Pfeiffer, Okotoks

Our deepest thanks go to outgoing board members Annamarie Fuchs and Anthony Lam for their commitment, leadership and service.

Chief Executive Officer Andrew Neuner is an ex-officio member of the Board and is supported by Charlene McBrien-Morrison, executive director.

The HQCA advises the Minister of Health and prepares and submits reports on the HQCA's activities as requested by the Minister, as well as shares information directly with Albertans through a variety of means including public survey reports, reviews, and other publications.

The work
of the Board
is accomplished
through the
following
committees:

Executive Committee

The Executive Committee is responsible for facilitating effective communication between the Board and administration. The committee liaises with the chief executive officer and provides direction and support for carrying out the objects of the HQCA as set out in Section 3 of the *Health Quality Council of Alberta Act*.

Quality Assurance Committee

This committee collects and analyzes information about specific aspects of the healthcare system, with a view to continual improvement of the quality and safety of healthcare and healthcare services.

Audit & Finance Committee

The Audit & Finance Committee's purpose is to monitor the HQCA's financial matters and risk management. It is responsible for presenting the HQCA budget and audited financial statements to the Board for approval and submission to the Ministry of Health.

Patient/Family Safety Advisory Panel

This advisory panel represents the experiences and perspectives of patients and their families. Through the HQCA, the panel works to improve and promote patient safety principles, concepts and actions in all aspects of Alberta's publically funded healthcare system.

As a result of committee restructuring approved by the Board in February 2016, key functions of the former Patient Safety Committee and Research & Analytical Studies Committee have been transferred to other committees and/or the larger Board.

ACTIVITIES AND ACCOMPLISHMENTS

The following information highlights the HQCA's activities and accomplishments over the 2015-16 fiscal year.



BUILD capacity

Enable high quality and safe patient care by assisting stakeholders at multiple levels to develop skills in system improvement.

QUALITY AND SAFETY EDUCATION

Centre for Collaborative Learning & Education

Education and capacity building have always been a part of the HQCA's work, and fit with our strategic framework to enable high quality and safe patient care by assisting stakeholders at multiple levels to develop skills in system improvement. Key to this is our quality and safety education program – this year branded the Centre for Collaborative Learning & Education.

Certificate in Patient Safety and Quality Management

The HQCA partnered for the sixth year with the University of Calgary's Cumming School of Medicine's Ward of the 21st Century (W21C) to provide a certificate course in patient safety and quality management. The course is designed for healthcare professionals who want to expand their working understanding of concepts in patient safety and quality management. Participants completed a combination of in-person classroom sessions and interactive online sessions that began in September 2015 and concluded with a presentation day in March 2016. Candidates who successfully completed the course received a Certificate in Patient Safety and Quality Management from the University of Calgary's Office of Continuing Medical Education & Professional Development, the HQCA, and W21C.

Investigating and Managing Patient Safety Events

In partnership with the University of Calgary and W21C, the HQCA offers introductory and advanced courses in conducting patient safety reviews and managing patient safety events. Introductory courses were offered in both Calgary and Edmonton, and the advanced course was offered in Calgary. Completion of both courses and a mentored project earns participants a Certificate in Investigating and Managing Patient Safety Events. A one-day workshop on conducting safety reviews was held as part of the College and Association of Registered Nurses of Alberta's centennial conference in March 2016.

Quality & Patient Safety Education Framework

With the University of Calgary's Department of Anesthesiology, the HQCA is working to integrate the Quality & Patient Safety Education Framework across the university's five-year post graduate program. The framework, in development, provides structure for a consistent approach to patient safety and quality education for healthcare providers. A detailed curriculum for years one and two has been created, and using feedback from participants and faculty, curriculum for years three, four, and five will be developed.

Indigenous cultural safety training program

The HQCA explored the need for and approach to providing indigenous cultural safety training for the province. We will submit a project proposal to the Ministry for consideration and funding in 2016-17.

FRAMEWORKS AND RELATED RESOURCES

Abbreviations initiative

The HQCA has worked for many years to disseminate key messages about the risks to patient safety posed by using abbreviations in medication communications. Beginning in 2010, the HQCA led a comprehensive literature review of the patient safety risks of using abbreviations in medication ordering, and developed resource materials to encourage reducing abbreviations in communication about medications. In 2015, we launched an interactive website which features this content, to help healthcare providers plan and implement abbreviation reduction initiatives in their own workplace.

“ Using abbreviations can cause serious medical errors. The HQCA provides us with a tangible resource that helps organizations remove error-prone abbreviations from common usage. The toolkit can assist organizations to move forward, as they don't have to do the groundwork.”

*Kathy James Fairbairn,
consultant pharmacist*



BUILD capacity

FRAMEWORKS AND RELATED RESOURCES – continued

Quality & patient safety management

In collaboration with provincial stakeholders and the Health Quality Network, the HQCA is developing a provincial quality and patient safety management framework that is broadly applicable across the health system. We expect to complete the framework in the next fiscal year.

Simulation-based Mock-up Evaluation Framework

The physical space, equipment, and people within any healthcare environment have a bearing on patient experience. A poorly designed space can inadvertently introduce hazards for both patients and healthcare workers. Many of these scenarios can be anticipated and avoided by involving users in the design process of the healthcare space, to help the end product meet their needs. The Simulation-based Mock-up Evaluation Framework, developed by the HQCA in collaboration with experts and health system stakeholders, outlines an approach to collect and analyze data from mock-up healthcare environments from which an improved design process can result.

Health ethics

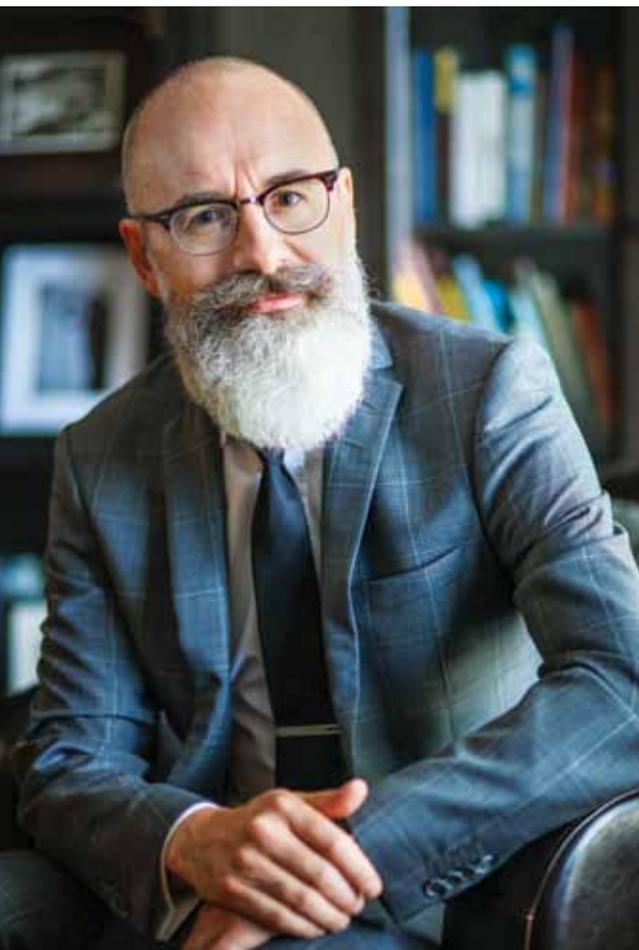
The HQCA is developing an internal ethics framework that will provide a structure and process for identifying and addressing ethics issues in all of our work. In 2015-16, the HQCA supported funding for one of the leadership positions within the Secretariat that worked with health system partners to address operational readiness, education, and policy development to implement the newly legal service of medical assistance in dying.

Partnerships with provincial and national quality and safety organizations

We partner with a number of quality and safety organizations at both the provincial and national levels. This includes assisting with curriculum development, participating in various educational initiatives where HQCA expertise is helpful, providing support and mentorship specific to healthcare quality and patient safety, and providing ethics advice and counsel.

Alberta Quality Matrix for Health User Guide

In 2005, the HQCA led the development of the Alberta Quality Matrix for Health on behalf of the Health Quality Network. The Quality Matrix enables the public, patients, providers, and organizations to see how levels of quality and areas of need might intersect and can be used for things such as policy development, strategic and service planning, and for educational purposes. In 2016 we published a new Quality Matrix User Guide to support our healthcare partners in understanding and using the Quality Matrix.



“ There are fewer more meaningful, important things we can do as people than the act of providing quality care to those who need service. But defining ‘quality’ isn’t so easy. The real utility of the Quality Matrix is that it provides a way to practically and intentionally break down the often complex and interrelated components of quality, and make sure we are providing a balanced approach. At Covenant Health we use the matrix to help ensure we’re covering the terrain.”

*Jon Popowich, chief quality & privacy officer,
Covenant Health*



MEASURE to improve

Measure, analyze and report on healthcare delivery to drive actionable improvement that enhances the quality of healthcare for Albertans.

PATIENT-FOCUSED MEASUREMENT

Long term care family experience survey

In 2014-15, the HQCA began data collection for its third long term care family experience survey since 2008. Family members of residents in long term care facilities across Alberta were asked about their experience and satisfaction with the quality of health services their family members receive. We published the results in the fall of 2015, distributed a summary of the results to all family members who received the survey, and provided facility-level results to 158 participating facilities.



“ When a family member has information at their fingertips about each long term care facility, they can make better choices based on what’s best for their loved one. This survey is a helpful tool in determining what each facility across the province offers. I hope the information helps make facility choice a seamless process for families, and also leads individual care facilities, AHS and the government to take action to improve quality of care.”

Judie Laird, survey participant and family member of a long term care resident

Home care client experience survey

In 2014-15, the HQCA continued its work developing a home care client experience survey for the province. In March 2015, in co-operation with Alberta Health and Alberta Health Services, the HQCA began data collection across Alberta. Focusing on clients over the age of 65 who receive long term supportive and maintenance home care services, the information gathered will be used to better understand the quality of care and services these clients received. We will publish the survey results in 2016-17.

Primary healthcare patient experience pilot survey

In March and April of 2016, the HQCA conducted a pilot survey with patients at a select group of participating primary healthcare clinics in Alberta. This mail-in survey asked the patients about their experiences during their most recent visit. To represent all patient perspectives, each patient who visited the clinic received a survey. Each doctor will receive a summary report about their patient group that will help the doctor and his or her clinic to improve the quality of healthcare their patients receive. This pilot will inform planning for expanded surveys of this population in the future.

Pediatric emergency department patient experience survey

In August 2015, the HQCA released *Urban and Regional Emergency Department Patient Experience Report: Pediatric Sites*, which reported on pediatric patients' experience of care from 2010 to 2013 at the Alberta Children's Hospital and the Stollery Children's Hospital. This report was the pediatric version of the HQCA's broader emergency department survey that was reported in December 2014.

EQ-5D

The EQ-5D is a patient-reported outcome measure (PROM) that captures five dimensions of health-related quality of life: mobility, self-care, usual activities, pain/discomfort, and anxiety/depression. We collaborated with the EuroQuol Foundation, the University of Alberta, and Alberta Health Services to establish a research and support unit (APERSU) at the University of Alberta that will support health system stakeholders in Alberta on the use, analysis, and reporting of EQ-5D.

MEASURE to improve PATIENT-FOCUSED MEASUREMENT – continued

Physician advocacy survey

The Minister of Health in March 2011 requested the HQCA to conduct an independent review of the role and process of physician advocacy in Alberta. The HQCA developed and conducted a survey to assess the extent to which the advocacy role of Alberta physicians is supported or obstructed; factors which contribute to this; and how Alberta physicians see their training and experience in advocacy. Alberta Health Services took a number of actions in response to the recommendations in our 2011 report. To assess the impact of these actions, Alberta Health Services requested the HQCA to repeat the survey in 2014. The HQCA published the survey findings in August 2015.

Overweight and obesity in adult Albertans

The HQCA published the report *Overweight and Obesity in Adult Albertans* in 2015. This report provides an in-depth analysis of the prevalence, burden, and rates of use of a number of key healthcare services for overweight and obese individuals. The report also provides a rationale for the role of primary healthcare in weight management for adult Albertans living with overweight and obesity.



“ With its focus on treatment, the HQCA’s report fills an important gap – very little is known about access to obesity care in Canada. The report provides strong evidence to support the management of obesity in primary care.”

*Dr. Arya Sharma, professor of medicine,
chair for obesity research and
management, University of Alberta*

SECTOR OR SERVICE-FOCUSED MEASUREMENT

Primary care

The HQCA continued to collaborate with primary care stakeholders across the province in various ongoing measurement initiatives. We have developed a collaborative, scalable and sustainable measurement program that primary care physicians can use to inform practice improvements that will positively affect the care of specific patient populations.

Physician panel identification and maintenance

The HQCA is developing a process that physicians can use to identify and maintain their patient panel list. A panel list is a roster of unique patients that have an established relationship with a physician, and there is an implicit or explicit agreement that the identified physician will provide primary care services to that group of patients. This project will continue into the next fiscal year.

Innovator group

The innovator care planning initiative has become part of a larger Alberta Medical Association Towards Optimized Practice (TOP) initiative on chronic disease management in primary care. The HQCA is designing and testing a care planning process and supporting tools. TOP will assist with designing electronic medical record tools and messages. Implementation and evaluation will occur with the larger TOP chronic disease management initiative, and testing of a care planning process and template is planned for 2017.

Assessment and studies

Understanding patient and provider experiences with relationship, information, and management continuity

The HQCA started to explore continuity of care from the patient and provider perspectives in 2014-15. This work included a literature review, environmental scans, and interviews. In addition, we conducted a patient journey storyboarding exercise, and conducted structural equation modelling to assess the nature and importance of how different components of continuity drive and shape patient experience and outcomes. This work continued in 2015-16 and will be published in 2016-17.

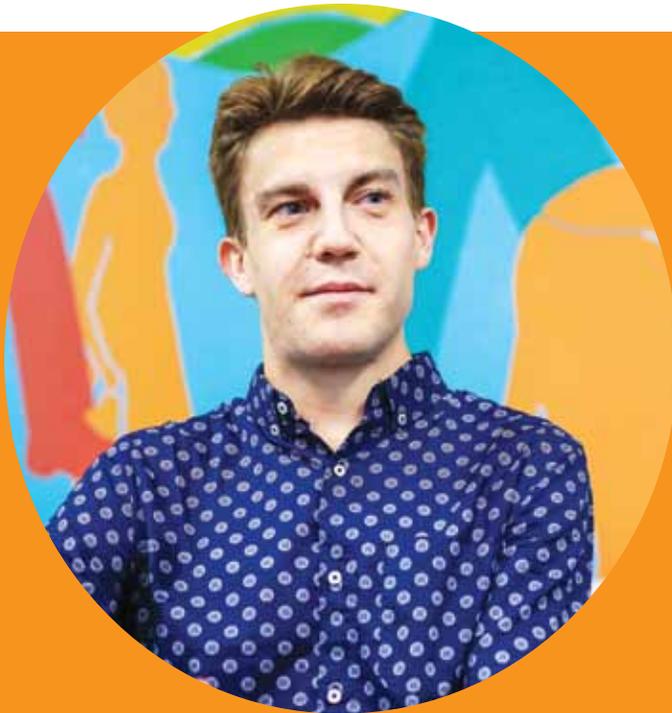
Status report on recommendations from the 2013 *Continuity of Patient Care Study*

In October 2015 Alberta Health requested the HQCA to provide an assessment of progress made toward implementation of the recommendations from our 2013 *Continuity of Patient Care Study*, and to provide insight into bringing the recommendations to a conclusion. In 2015-16, we focused on reviewing documentation and relevant literature, interviewing individuals, meeting with stakeholders, analyzing the information, and writing the report. It is scheduled to be published in 2016-17.

MEASURE to improve SECTOR OR SERVICE-FOCUSED MEASUREMENT Assessment and studies – continued

Patient perspectives on an electronic referral system

The HQCA published a report in January 2016 that captures patient opinions on an electronic system to refer patients for specialized tests, procedures, or consultations. Many Albertans gave their time in focus groups and interviews, and shared their thoughts on how a province-wide electronic referral system might best serve the needs of patients and families. Organizations looking to either improve the overall referral process or implement an electronic referral system can benefit from considering the patient perspective described in detail in this report.



“ I believe the healthcare system benefits from the patient perspective. In the focus group on e-referral, patient opinions were quite different than those of the healthcare professionals who participated. And the report highlights that the younger cohort would greatly prefer to use electronic means — we do everything else that way nowadays. Anything that can encourage the healthcare system to adopt more modern ways of operating is useful — while still understanding that not everyone has access to technology.”

*Sam Brunton, member of the HQCA's
Patient/Family Safety Advisory Panel*

Moving ahead on transformation of laboratory services

The Minister of Health requested the HQCA to undertake a comprehensive review of available evidence supporting the options for delivery of laboratory services, with a focus on the provision of lab services in Edmonton and Northern Alberta. Our report, published in January 2016, provides four recommendations that align with an overall provincial plan for laboratory services.



MONITOR the health system

Monitor and report on health system level indicators to characterize health system performance over time and enable comparison where appropriate.

HEALTH SYSTEM PERFORMANCE REPORTING

The HQCA initiated stakeholder consultation in 2015-16 in preparation to publicly report interactive data from the 16 busiest emergency departments in Alberta. The consultation involved a working group of emergency department stakeholders that included individual medical practitioners as well as representatives from Alberta Health Services, Alberta Health, the University of Calgary's Cumming School of Medicine, and the Alberta Medical Association. We also conducted focus groups with members of the public. This working group agreed on a set of administrative and patient experience measures that would be most useful in informing quality improvement. The HQCA continues to collect data for these measures and develop interactive visualizations for each on a website platform. The outcome will be an emergency department public reporting website.



PARTNER with the public

To support and enable effective citizen participation in their healthcare and the healthcare system.

PATIENT/FAMILY SAFETY ADVISORY PANEL

The HQCA's Patient/Family Safety Advisory Panel leverages the experiences and perspectives of patients and their families to improve and promote patient safety in Alberta's health system. The Panel continues to provide valuable input to the HQCA's strategic direction and business plan. Panel members also provide the patient/family perspective to numerous initiatives both internal and external to the HQCA. These include participating in Choosing Wisely Alberta, membership in the Health Quality Network, being part of the planning committee for the Patient Experience Awards Program, and helping inform survey questions.

PARTNER with the public – continued

PATIENT EXPERIENCE AWARDS

This year, the HQCA, together with its Patient/Family Safety Advisory Panel, established the Patient Experience Awards to recognize individuals or teams of healthcare workers in Alberta involved in implementing an initiative that promotes a positive patient, client, or resident experience. We received nearly 50 applications, and awarded four initiatives in June 2016.

CHANGE DAY ALBERTA

Change Day is centred around the idea that one act can lead to improvement in care for patients, clients, residents, families, and the system. Through a website, social media and many other communications tools, Albertans were invited to pledge to change their health or the healthcare system – and more than 6,000 of them took the challenge. The HQCA, in collaboration with the Health Quality Network members, co-sponsored the launch and support of the first Change Day Alberta.



“ Change Day provided an opportunity for me to put my money where my mouth was. I pledged to look at everything I was doing as if the patient was a member of my own family. I’ve been surprised by the positive response to my pledge and the impact it has had on others.”

*Theresa Patenaude,
Integrated Quality Management,
Alberta Health Services*

HEALTH QUALITY COUNCIL OF ALBERTA

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

MARCH 31, 2016

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards, and of necessity, include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Health Quality Council of Alberta's Board of Directors carries out their responsibility for the financial statements through the Audit and Finance Committee. The Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Health Quality Council of Alberta Board of Directors for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures, which allow him to report on the fairness of the financial statements prepared by management.

On behalf of the Health Quality Council of Alberta.

[Original signed by Andrew Neuner]

Chief Executive Officer
Andrew Neuner
May 31, 2016

[Original signed by Jessica Wing]

Controller
Jessica Wing
May 31, 2016



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Health Quality Council of Alberta

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Health Quality Council of Alberta, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Health Quality Council of Alberta as at March 31, 2016, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCPA, FCA]

Auditor General
May 31, 2016
Edmonton, Alberta

HEALTH QUALITY COUNCIL OF ALBERTA
STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2016		2015
	BUDGET	ACTUAL	ACTUAL
	(in thousands)		
REVENUES			
Government transfers			
Alberta Health - operating grant	\$ 6,611	\$ 6,611	\$ 6,959
Investment income	8	9	17
Other revenue	–	26	101
	<u>6,619</u>	<u>6,646</u>	<u>7,077</u>
EXPENSES			
Administration	2,666	2,838	2,419
Survey, measure and monitor initiatives	2,463	2,257	2,176
Patient safety initiatives	1,171	1,038	947
Quality initiatives	772	707	817
Communication	389	402	460
Ministerial assessment/study	–	109	22
Other assessment/study	–	–	27
	<u>7,461</u>	<u>7,351</u>	<u>6,868</u>
Annual operating (deficit) surplus	(842)	(705)	209
Accumulated operating surplus, beginning of year		2,595	2,386
Accumulated operating surplus, end of year	\$	\$ 1,890	\$ 2,595

The accompanying notes and schedules are part of these financial statements.

HEALTH QUALITY COUNCIL OF ALBERTA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2016	2015
	(in thousands)	
FINANCIAL ASSETS		
Cash	\$ 1,579	\$ 2,271
Accounts receivable (Note 5)	47	109
	1,626	2,380
LIABILITIES		
Accounts payable and accrued liabilities	844	834
Employee future benefits (Note 7)	43	17
Deferred revenue (Note 8)	7	–
Deferred lease inducements (Note 9)	81	110
	975	961
NET FINANCIAL ASSETS	651	1,419
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	1,186	1,137
Prepaid expenses	53	39
	1,239	1,176
NET ASSETS	1,890	2,595
NET ASSETS		
Accumulated operating surplus (Note 12)	\$ 1,890	\$ 2,595

Contractual obligations (Note 11).

The accompanying notes and schedules are part of these financial statements.

HEALTH QUALITY COUNCIL OF ALBERTA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2016		2015
	BUDGET	ACTUAL	ACTUAL
	(in thousands)		
Annual operating (deficit) surplus	\$ (842)	\$ (705)	\$ 209
Acquisition of tangible capital assets		(217)	(1,007)
Amortization of tangible capital assets (Note 10)	111	168	19
Changes in prepaid expenses		(14)	(4)
(Decrease) in net financial assets in the year		(768)	(783)
Net financial assets, beginning of year		1,419	2,202
Net financial assets, end of year	\$	\$ 651	\$ 1,419

The accompanying notes and schedules are part of these financial statements.

HEALTH QUALITY COUNCIL OF ALBERTA
STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2016	2015
	(in thousands)	
OPERATING TRANSACTIONS		
Annual operating (deficit) surplus	\$ (705)	\$ 209
Non-cash items:		
Amortization of tangible capital assets (Note 10)	168	19
Amortization of tenant inducements (Note 9)	(47)	(27)
Increase in employee future benefits (Note 7)	26	17
	(558)	218
Decrease in accounts receivable	62	123
(Increase) in prepaid expenses	(14)	(4)
Increase (Decrease) in accounts payable and accrued liabilities	10	(202)
Increase (Decrease) in deferred revenue	7	(5)
Increase in deferred tenant inducements	18	137
Cash (applied to) provided by operating transactions	(475)	267
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(217)	(1,007)
Cash applied to capital transactions	(217)	(1,007)
(Decrease) in cash	(692)	(740)
Cash at beginning of year	2,271	3,011
Cash at end of year	\$ 1,579	\$ 2,271

The accompanying notes and schedules are part of these financial statements.

HEALTH QUALITY COUNCIL OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

NOTE 1 AUTHORITY

The Health Quality Council of Alberta (HQCA) is a corporation under the *Health Quality Council of Alberta Act* and a government not-for-profit organization.

Pursuant to the *Health Quality Council of Alberta Act*, the HQCA has a mandate to promote and improve patient safety and health service quality on a province-wide basis.

The Health Quality Council of Alberta is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the HQCA.

(b) Basis of Financial Reporting

REVENUES

All revenues are reported on the accrual basis of accounting. Cash received, for which services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta, other governments and other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with the HQCA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the HQCA complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recorded as revenue when the transfer is authorized and the HQCA meets the eligibility criteria (if any).

HEALTH QUALITY COUNCIL OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES – continued

(b) Basis of Financial Reporting – continued

EXPENSES

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Government transfers are recorded as expenses when the transfer is authorized and eligibility criteria, if any, have been met by the recipient.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

The HQCA's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

The HQCA does not hold equities traded in an active market, nor engage in derivative contracts or foreign currency transactions. The HQCA is not exposed to remeasurement gains or losses and, consequently, a statement of remeasurement gains and losses is not presented.

FINANCIAL ASSETS

Financial assets are the HQCA's financial claims on external organizations and individuals at the year end.

Cash

Cash comprises cash on hand and demand deposits.

Accounts Receivable

Accounts receivable are recorded at the lower of cost or net recoverable value. A valuation allowance is recorded when recovery is uncertain.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES – continued

(b) Basis of Financial Reporting – continued

LIABILITIES

Liabilities represent present obligations of the HQCA to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:

- All financial claims payable by the HQCA at year end;
- Accrued employee vacation entitlements; and
- Contingent liabilities where future liabilities are likely.

Deferred Tenant Inducements

Deferred tenant inducements represents amounts or an amount received for leasehold improvements and the value of a rent-free period. Lease inducements are deferred and amortized on a straight-line basis over the term of the related lease and the amortization is recorded as a reduction of rent expense for the year.

Employee Future Benefits

The HQCA Board has approved a defined contribution Supplementary Executive Retirement Plan (SERP) for certain members of its executive staff. The SERP supplements the benefit under the HQCA registered plan that is limited by the *Income Tax Act* (Canada). The HQCA contributes a certain percentage of an eligible employee's pensionable earnings in excess of the limits of the *Income Tax Act* (Canada). This plan provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participants.

HEALTH QUALITY COUNCIL OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES – continued**(b) Basis of Financial Reporting – continued****NON-FINANCIAL ASSETS**

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Work-in-progress, which includes leasehold improvement projects, is not amortized until after the project is complete and the asset is put into service.

The cost, less residual value, of the tangible capital assets, excluding work-in-progress, is amortized on a straight-line basis over their estimated useful lives as follows:

Computer hardware and software	5 years
Office equipment	10 years
Leasehold improvements	Over term of lease

Tangible capital assets are written down when conditions indicate that they no longer contribute to the HQCA's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their book value.

Prepaid Expense

Prepaid expense are recorded at cost and amortized based on the terms of the agreement.

FUNDS AND RESERVES

Certain amounts, as approved by the Board of Directors, are set aside in accumulated operating surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES – continued

(b) Basis of Financial Reporting – continued

MEASUREMENT UNCERTAINTY

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recorded for amortization of tangible capital assets are based on estimates of the useful life of the related assets. Actual results could differ from estimates.

(c) Accounting Change

ADOPTION OF THE NET DEBT PRESENTATION

The net debt model (with reclassification of comparatives) has been adopted for the presentation of financial statements. Net financial assets or net debt is measured as the difference between the HQCA's financial assets and liabilities.

The effect of this change results in changing the presentation of the Statement of Financial Position and adding the Statement of Change in Net Financial Assets.

NOTE 3 FUTURE ACCOUNTING CHANGES

In June 2015 the Public Sector Accounting Board issued the following accounting standards:

- **PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions (effective April 1, 2017)**

PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is currently assessing the impact of these standards on the financial statements.

HEALTH QUALITY COUNCIL OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

NOTE 3 FUTURE ACCOUNTING CHANGES – continued

- **PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights (effective April 1, 2017)**

PS 3210 provides guidance for applying the definition of assets set out in FINANCIAL STATEMENT CONCEPTS, Section PS 1000, and establishes general disclosure standards for assets; PS 3320 defines and establishes disclosure standards on contingent assets; PS 3380 defines and establishes disclosure standards on contractual rights. Management is currently assessing the impact of these standards on the financial statements.

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**

This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities. Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 BUDGET

The HQCA's 2015-2016 business plan with a budgeted deficit of (\$842) was approved by the Board of Directors on May 28, 2015. The approved financial plan was submitted to the Ministry of Health.

NOTE 5 ACCOUNTS RECEIVABLE

	2016			2015
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Due from Alberta Health Services	\$ –	\$ –	\$ –	\$ 2
Other receivables	47	–	47	107
	<u>\$ 47</u>	<u>\$ –</u>	<u>\$ 47</u>	<u>\$ 109</u>

NOTE 6 FINANCIAL RISK MANAGEMENT

The HQCA has the following financial instruments: accounts receivable, accounts payable and accrued liabilities.

The HQCA has exposure to the following risks from its use of financial instruments: interest rate risk, liquidity risk and other price risk.

(a) Interest rate risk

Interest rate risk is the risk that the rate of return and future cash flows on the HQCA's short-term investments will fluctuate because of changes in market interest rates. As the HQCA invests in short term deposits of 90 days or less and accounts payable are non-interest bearing, the HQCA is not exposed to significant interest rate risk relating to its financial assets and liabilities.

(b) Liquidity risk

Liquidity risk is the risk that the HQCA will encounter difficulty in meeting obligations associated with financial liabilities. The HQCA enters into transactions to purchase goods and services on credit. Liquidity risk is measured by reviewing the HQCA's future net cash flows for the possibility of negative net cash flow. The HQCA manages the liquidity risk resulting from its accounts payable obligations by maintaining cash resources and investing in short-term deposits of 90 days or less.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Price risk is managed by holding short-term deposits for 90 days or less.

(d) Credit risk

The HQCA is exposed to credit risk from potential non-payment of accounts receivable. During the fiscal year most of the HQCA's receivables are from provincial agencies; therefore the credit risk is minimized.

HEALTH QUALITY COUNCIL OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

NOTE 7 BENEFIT PLAN

The HQCA participates in the Local Authorities Pension Plan (LAPP), a multi-employer defined benefit pension plan.

The HQCA accounts for this multi-employer pension plan on a defined contribution basis. The HQCA is not responsible for future funding of the plan deficit other than through contribution increases. Pension expense recorded in the financial statements is equivalent to HQCA's annual contributions of \$383 for the year ended March 31, 2016 (2015 – \$330).

At December 31, 2015, the Local Authorities Pension Plan reported a deficiency of \$923,416 (2014 deficiency of \$2,454,636).

The Supplementary Executive Retirement Plan (SERP) expense for the year ended March 31, 2016 is \$26 (2015 – \$17).

NOTE 8 DEFERRED REVENUE

Deferred revenue represents unspent externally restricted resources. Changes in the balance are as follows:

	2016	2015
Balance, beginning of the year	\$ –	\$ 5
Amount received	25	–
Amounts recognized in revenue	(18)	–
Amount repaid	–	(5)
Balance, end of the year	\$ 7	\$ –

NOTE 9 DEFERRED LEASE INDUCEMENTS

The HQCA received a leasehold inducement of \$137 for renovations in 2015. The inducement is accounted for as a reduction of rent expense and amortized over the term of the lease.

In 2016, the HQCA received a lease inducement in the form of free rent relating to a lease renewal of the premises effective 2018. This amount will be amortized on a straight-line basis over the term of the related lease and the amortization is recorded as a reduction of rent expense for the year starting 2018.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

NOTE 9 DEFERRED LEASE INDUCEMENTS – continued

	2016	2015
Lease inducements - renovations	\$ 137	\$ 137
Lease inducements - rent free periods	18	–
Less accumulated amortization	(74)	(27)
	<u>\$ 81</u>	<u>\$ 110</u>

NOTE 10 TANGIBLE CAPITAL ASSETS

	2016				2015	
	Work-in-progress	Equipment	Computer Hardware & Software	Leasehold Improvements	TOTAL	TOTAL
Estimated useful life		10 yrs	5 yrs	5 – 10 yrs		
Historical cost						
Beginning of year	\$ 1,029	\$ 133	\$ 371	\$ 45	\$ 1,578	\$ 679
Transfer	(1,029)	120	–	909	–	–
Additions	–	112	51	54	217	1,007
Disposals, including write-downs	–	–	–	–	–	(108)
	<u>–</u>	<u>365</u>	<u>422</u>	<u>1,008</u>	<u>1,795</u>	<u>1,578</u>
Accumulated Amortization						
Beginning of year	–	95	312	34	441	530
Amortization expense	–	26	22	120	168	19
Effect of disposals including write-downs	–	–	–	–	–	(108)
	<u>–</u>	<u>121</u>	<u>334</u>	<u>154</u>	<u>609</u>	<u>441</u>
Net book value at March 31, 2016	<u>–</u>	<u>\$ 244</u>	<u>\$ 88</u>	<u>\$ 854</u>	<u>\$ 1,186</u>	
Net book value at March 31, 2015	<u>\$ 1,029</u>	<u>\$ 38</u>	<u>\$ 59</u>	<u>\$ 11</u>		<u>\$ 1,137</u>

HEALTH QUALITY COUNCIL OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

(in thousands)

NOTE 11 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the HQCA to others that will become liabilities in the future when the terms of those contracts or agreements are met.

Estimated payment requirements for each of the next five years and thereafter are as follows:

Year ended March 31	Total lease payments
2016 – 17	\$ 414
2017 – 18	378
2018 – 19	394
2019 – 20	489
2020 – 21	502
Thereafter	1,013
	<u>\$ 3,190</u>

NOTE 12 ACCUMULATED OPERATING SURPLUS

Accumulated operating surplus is comprised of the following:

	Investment in Tangible Capital Assets ^(a)	Internally Restricted Surplus ^(b)	Unrestricted Surplus (Deficit)	TOTAL	2015
Balance, April 1, 2015	\$ 1,026	\$ 71	\$ 1,498	\$ 2,595	\$ 2,386
Annual operating (deficit)	–	–	(705)	(705)	209
Net investment in capital assets	17	–	(17)	–	–
Transfers	–	776	(776)	–	–
Balance, March 31, 2016	<u>\$ 1,043</u>	<u>\$ 847</u>	<u>\$ –</u>	<u>\$ 1,890</u>	<u>\$ 2,595</u>

(a) Net assets equal to the net book value of internally funded tangible capital assets are restricted as these net assets are not available for any other purpose.

HEALTH QUALITY COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2016
 (in thousands)

NOTE 12 ACCUMULATED OPERATING SURPLUS – continued

- (b) The internally restricted surplus represents amounts set aside by the Board for future purposes. Those amounts are not available for other purposes without the approval of the Board. Internally restricted surplus is summarized as follows:

	2016	2015
Framework and related resources development	\$ 132	\$ –
Patient focused measurement	465	–
Health system performance reporting	250	–
Ministerial review ⁽¹⁾	–	71
	\$ 847	\$ 71

(1) Funds have been reallocated to projects

NOTE 13 COMPARATIVE FIGURES

Certain 2015 figures have been reclassified to conform to the 2016 presentation.

NOTE 14 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the HQCA Board of Directors on May 31, 2016.

SCHEDULE 1

HEALTH QUALITY COUNCIL OF ALBERTA EXPENSES – DETAILED BY OBJECT

YEAR ENDED MARCH 31, 2016

	2016		2015
	BUDGET	ACTUAL	ACTUAL
	(in thousands)		
Salaries and benefits	\$ 4,335	\$ 4,210	\$ 3,755
Supplies, services and other	3,015	2,973	3,094
Amortization of tangible capital assets	111	168	19
	<u>7,461</u>	<u>7,351</u>	<u>6,868</u>

SCHEDULE 2

HEALTH QUALITY COUNCIL OF ALBERTA SALARY AND BENEFITS DISCLOSURE

YEAR ENDED MARCH 31, 2016

	2016			2015
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-Cash Benefits ⁽³⁾	TOTAL
	(in thousands)			
Board of Directors-Chair	\$ –	\$ 12	\$ –	\$ 12
Board of Directors-Members	–	35	–	35
Chief Executive Officer ⁽⁴⁾	350	–	56	406
Acting Chief Executive Officer ⁽⁵⁾	–	–	–	251
Executive Director	184	–	35	219
	<u>\$ 534</u>	<u>\$ 47</u>	<u>\$ 91</u>	<u>\$ 672</u>
				<u>\$ 770</u>

- (1) Base salary includes pensionable base pay.
- (2) Other cash benefits include honoraria for board members and vacation for employees.
- (3) Other non-cash benefits include: employer's portion of all employee benefits and contributions or payments made on behalf of employees, including pension, Supplementary Executive Retirement Plan, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, employee assistance program, employment insurance and parking.
- (4) In 2015, the current CEO held the position for 6 months effective September 8, 2014 versus 12 months in 2016.
- (5) The Acting CEO held the position from October 1, 2013 to September 5, 2014.

SCHEDULE 3

HEALTH QUALITY COUNCIL OF ALBERTA

RELATED PARTY TRANSACTIONS

YEAR ENDED MARCH 31

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include key management personnel in the HQCA.

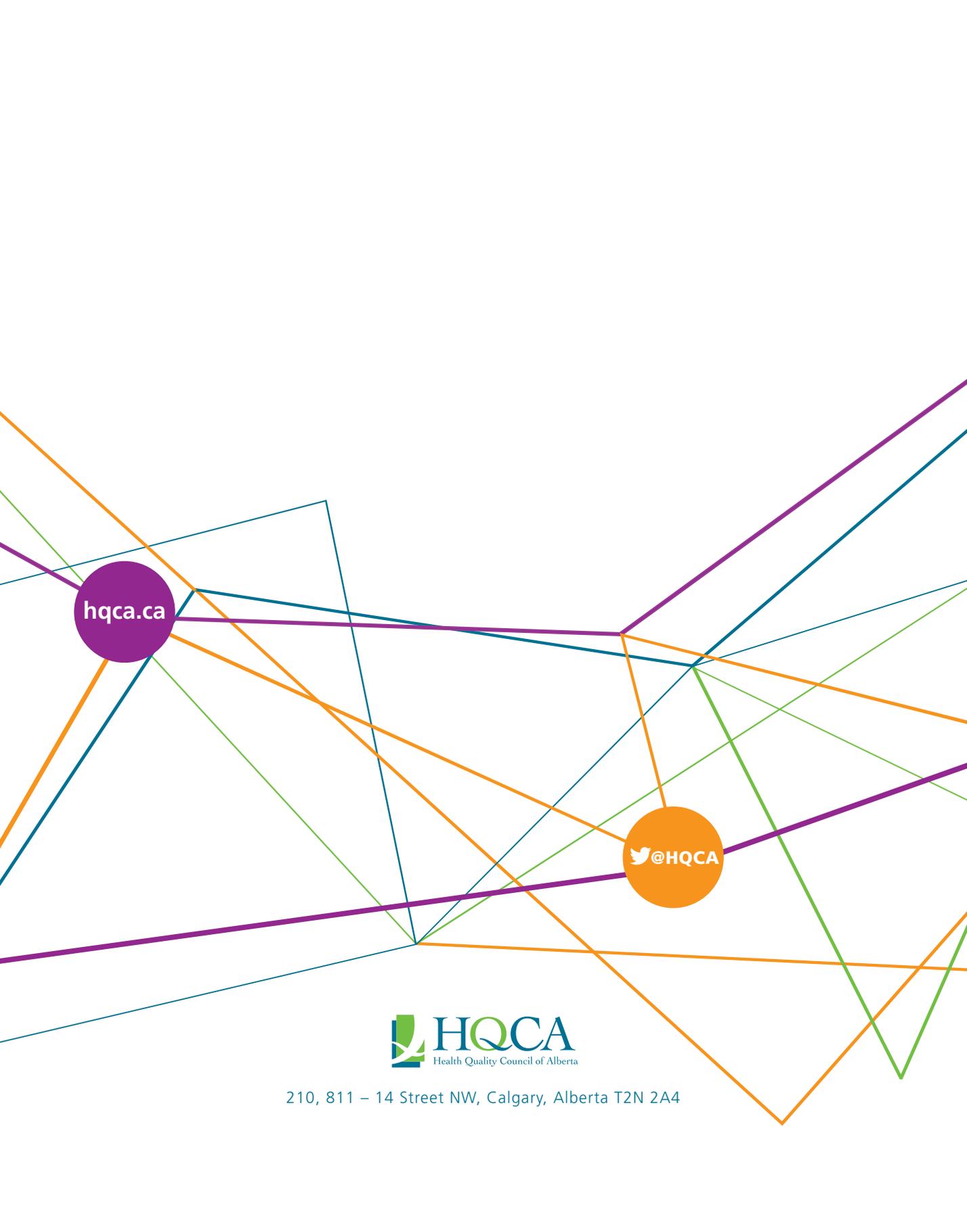
The HQCA had the following transactions with related parties recorded in the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties.

	2016	2015
	(in thousands)	
REVENUES		
Grants	\$ 6,611	\$ 6,959
Other	–	99
	<u>\$ 6,611</u>	<u>\$ 7,058</u>
EXPENSES		
Other services	\$ 465	\$ 465
Grants	30	20
	<u>\$ 495</u>	<u>\$ 485</u>
Receivable from related parties	<u>\$ –</u>	<u>\$ 2</u>
Payable to related parties	<u>\$ 76</u>	<u>\$ 79</u>



“ Things get done when we talk to each other.”

Dr. Tony Fields, HQCA Board Chair



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