



2006 – 2007 ANNUAL REPORT

Partnering to achieve world-class excellence in all dimensions of quality and safety across Alberta's health system.

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## LETTER OF ACCOUNTABILITY

We have the honour to present the annual report for the Health Quality Council of Alberta for the fiscal year ended March 31, 2007.

This annual report was prepared under the Board's direction, in accordance with the *Government Accountability Act*, *Regional Health Authorities Act* and directions provided by the Minister of Health and Wellness. All material economic and fiscal implications known as of July 31, 2007 have been considered in preparing the annual report.

Respectfully submitted on behalf of the Health Quality Council of Alberta,

[Original signed by D. Lorne J. Tyrrell]

D. Lorne J. Tyrrell, OC, AOE, MD, PhD, FRCPC  
Board Chair, Health Quality Council of Alberta

## About the Health Quality Council of Alberta

The Health Quality Council of Alberta (HQCA) is an independent organization legislated under the *Regional Health Authorities Act*. The HQCA is engaged in gathering and analyzing information and collaborating with health regions, health professions, health boards, government and academia to translate that knowledge into practical applications to improve the quality and safety of Alberta's health system.

### OUR MANDATE

To promote and improve patient safety and health service quality on a provincewide basis.

*Section 7(1) Regional Health Authorities Act, Health Quality Council of Alberta Regulation*

### OUR MISSION

Listening and responding to Albertans to continuously improve the quality and safety of Alberta's health system.

We do this by:

- Reporting to Albertans on the quality of the health system based on accessibility, acceptability, appropriateness, efficiency, effectiveness and patient safety.

- Conducting surveys of Albertans to determine their satisfaction with the health system and reporting the results to the public.
- Identifying concerns about the quality of the health system including patient safety and access.
- Analyzing trends in the concerns raised by Albertans and providing advice for system quality improvement.
- Collaborating with health regions, health boards and professions to identify best practices and facilitate knowledge transfer of leading health care practices throughout Alberta.
- Advising the Minister of Health and Wellness on the quality of Alberta's health system and areas for quality research.

### OUR VALUES

- Partnerships, collaboration and teamwork
- Population and patient-centered results
- Evidence-based decision making
- Effective communication
- Fairness, objectivity and transparency

## Message from the Chair & CEO

The past year was an exciting one for the Health Quality Council of Alberta (HQCA). In June 2006, the Alberta government announced regulation changes that strengthened the Council's role in improving health system quality and safety. Under the *Health Quality Council of Alberta Regulation* (AR 130/2006), the council, while not a service provider, now has similar accountabilities as a regional health authority and is designated a provincial health board.

From our perspective, the changed legislation gives the council more independence and allows for increased ease of administration as we continue to work with our many stakeholders on initiatives aimed at improving the quality and safety of the health system.

Collaboration is the key to our success. We have a strong team of professionals who are dedicated to the goal of improving health care quality and safety across Alberta. Their commitment is evident in initiatives like the provincial *Disclosure of Harm to Patients and Families* framework, which we released last summer after an extensive consultation process with many stakeholders. We are delighted by the positive response we've had to the framework, a response that reinforces the importance of collaboration and co-operation at the provincial level.

We also believe the HQCA has a responsibility to provide Albertans with information so they can become more active partners in their own health. In January we released *Playing It Safe*, a publication that focuses on the role Albertans can play in their own medication safety. The report was developed with the help of a provincial expert panel that included physicians, nurses, pharmacists and Alberta Poison and Drug Information Services. We

distributed nearly 250,000 copies of the publication as inserts in the Calgary Herald and Edmonton Journal and also ran a series of advertisements in various daily and weekly newspapers across the province. We've been pleased with the positive response we've received from the public as well as health care providers.

While our organization and initiatives continue to grow, we are also cognizant of the need to remain relevant and focused. In fall 2006, we undertook a stakeholder communications audit with a purpose of improving the effectiveness of the HQCA's communication with key stakeholders. The audit produced a rich body of insights for the council to draw upon as we continue to develop based on the experience of our first three years.

As we move forward, we congratulate our board and staff, who daily promote and improve patient safety and health service quality across this province. And we thank our many stakeholders for giving freely of their time and expertise. Their support is the cornerstone of the collaborative environment we continue to nurture and champion, an environment where anything is possible.

[Original signed by D. Lorne Tyrrell]

D. Lorne J. Tyrrell, OC, AOE, MD, PhD, FRCP  
Board Chair

[Original signed by John W. Cowell]

John F.W. Cowell, M.Sc., MD, CCFP, FRCPC  
Chief Executive Officer

## GOVERNANCE

### BOARD CHAIR

D. Lorne Tyrrell, MD, PhD

### BOARD MEMBERS

Bonnie Laing, Vice-Chair, Calgary

Doug Tupper, P.Eng., Edmonton

Linda Steinmann, Ponoka

Michael Lee, DDS, Edmonton

Peter Norton, MD, Calgary

Robert Johnston, MD, Calgary

Terry Klassen, MD, Edmonton

Members of the Health Quality Council of Alberta board are appointed by the Alberta Minister of Health and Wellness. The Health Quality Council of Alberta, through the board chair Dr. Lorne Tyrrell, reports to the Minister and through our public surveys and reports, directly to Albertans.

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

#### EXECUTIVE COMMITTEE

This committee was appointed for the purpose of facilitating effective communication between the board and administration. The Executive Committee liaises with the chief executive officer and provides direction and support for carrying out the objects of the HQCA as set out in regulation 130 of the *Regional Health Authorities Act* RSA 2000, c. R-10.

#### RESEARCH, STUDIES AND SURVEYS COMMITTEE

The primary functions of the Research, Studies and Surveys Committee are to:

- Identify and make recommendations to the board relating to research priorities and studies with a focus on informing quality improvement, quality assurance and best practices.
- Facilitate knowledge transfer once research projects are complete.
- Encourage and facilitate research by other agencies in the province.

#### COMMUNITY RELATIONS AND COMMUNICATIONS COMMITTEE

The Community Relations and Communications Committee monitors and manages matters related to community relations and external communication. It liaises with the chief executive officer on matters related to public and community relations and communications directed to external bodies.

#### QUALITY AND SAFETY COMMITTEE

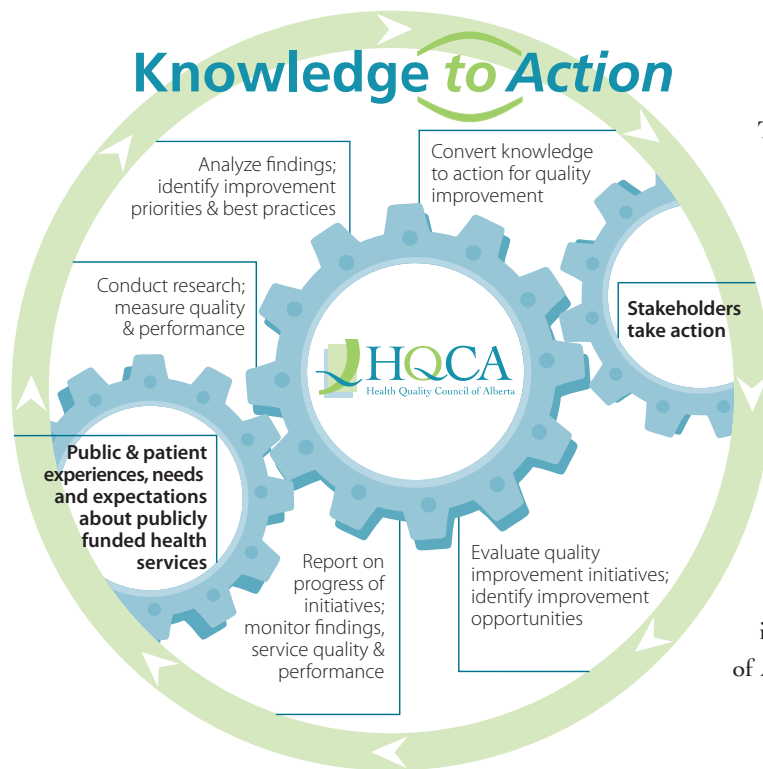
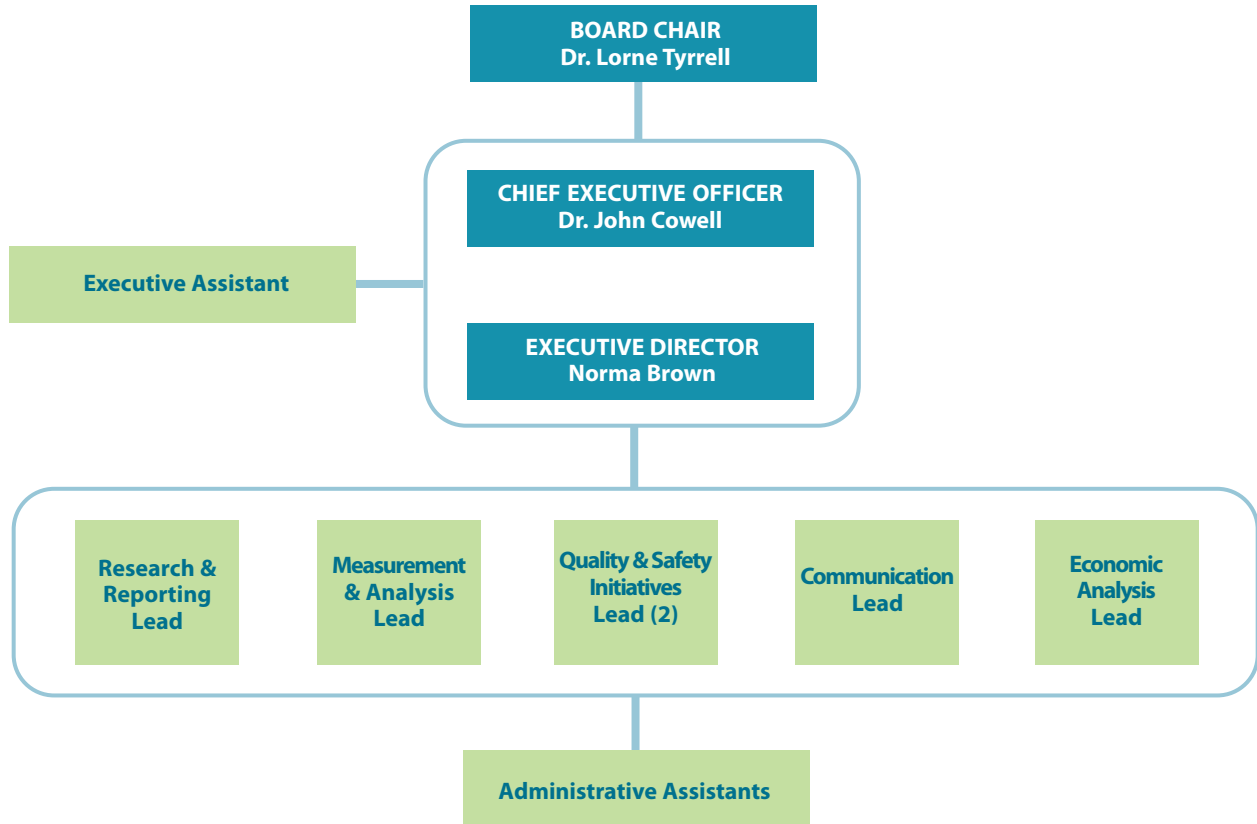
The Quality and Safety Committee's role is to identify, analyze and study health system quality and safety issues and to make recommendations to facilitate change where necessary and based on best practice determination. This committee provides support to safety and quality reviews and initiatives undertaken by the Health Quality Council.

#### AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee is appointed by the council for the purpose of monitoring and managing the financial matters of the Health Quality Council of Alberta. The committee is responsible for presenting the HQCA budget and audited financial reports to the board for approval and submission to the Minister of Alberta Health and Wellness.

#### QUALITY ASSURANCE COMMITTEE

The Quality Assurance Committee's purpose is to carry out quality assurance activities throughout the province of Alberta. The committee shall collect and analyze information about significant incidents and shall, through systematic and planned activity, study, assess and evaluate the provision of health services with a view to the continual improvement of the quality of health care and health care services throughout Alberta.



The council's operating model is based on a quality cycle that begins with the public/patient experience. Through tools such as surveys and focus groups, we try to understand Albertans' views by asking them their perceptions of, and actual experiences with, the health system.

Our goal is to bring the public/patient experience back to service providers and policymakers in a way that is as objective and scientific as possible. Gathering public/patient feedback helps us identify priority initiatives and opportunities for quality improvement that make a difference in the lives of Albertans.

## ACTIVITIES & ACCOMPLISHMENTS

As per section 7(2) of the *Regional Health Authorities Act, Health Quality Council of Alberta Regulation*, the HQCA shall undertake the following activities in co-operation with health authorities and in accordance with an approved health plan:

### 1. Measure, monitor and assess patient safety and health service quality.

#### HEALTH CARE QUALITY MEASURES STRATEGY

This new initiative focuses on developing a strategy for measuring health service quality, with the intent of fostering a co-ordinated effort within Alberta to measure and report on health service quality in key areas. The performance measure initiative is closely linked to the Alberta Quality Matrix for Health, which will be used as a tool to inform the development of indicators that map to the six dimensions of quality and four areas of need that comprise the matrix. The performance measure project is currently in the stakeholder feedback stage and will be a major initiative for the coming year.

#### QUALITY AND SAFETY REVIEWS

As part of our mandate, the HQCA may be requested to conduct reviews and make recommendations for strategies to improve patient safety and health service quality in the province. In 2006-2007, the council was involved in three reviews.

- At its request and as per the HQCA regulations, the council is undertaking a review of emergency and urgent care services within the Calgary Health Region. The comprehensive project includes a literature review, surveys and interviews with key region staff and physicians, as well as data analysis and consultation with external expert advisors. The results of the review will be made public in autumn 2007.
- At the request of the Alberta Cancer Board, the HQCA undertook a review and will make recommendations related to the critical incident that occurred at the Cross Cancer Institute in Edmonton. The report is being developed in collaboration with ISMP-Canada, who is conducting the root cause analysis of the incident, and the Alberta Cancer Board. The review will be completed and the recommendations publicly released in May 2007.

- The HQCA was asked by Alberta Health and Wellness to review the systems in place that ensure health service quality and patient safety at St. Joseph's General Hospital in Vegreville, Alberta. This request was made as a result of the East Central Health region's Medical Officer of Health order of March 16, 2007. That order identified infection prevention and control issues at St. Joseph's General Hospital. Results of the review will be made public in summer 2007.

### 2. Identify effective and leading practices and make recommendations for the improvement of patient safety and health service quality.

#### HEALTH REPORT TO ALBERTANS 2006

The focus of this HQCA publication in 2006 was the role Albertans can play in their own medication safety. The report was developed with the help of a provincial expert panel that included physicians, nurses, pharmacists and Alberta Poison and Drug Information Services. It was released in January 2007 and nearly 250,000 were distributed across the province. The publication continues to receive positive feedback from the public, stakeholders and other organizations interested in health service quality and safety. The report included information on medication safety at home, in a doctor's office and at the community pharmacy, as well as other tips to help people learn what they can do to increase their safety when it comes to medications.

#### HEALTH QUALITY NETWORK

Throughout the past year, the Health Quality Network remained a critical vehicle for the council as a way to communicate and collaborate with stakeholders to address concerns raised by the citizens of Alberta. A significant accomplishment for the network was completion of two provincial frameworks: *Disclosure of Harm to Patients and Families*, which was released in July 2006, and *Concerns/ Complaints Resolution* in April 2007. Under the network's direction, the HQCA also began work on two targeted

provincial surveys, one focused on emergency department and urgent care services and another on long term care centres. The network is now in the process of determining new priority areas for provincewide quality and safety improvement projects.

#### **ALBERTA MEDICATION SAFETY COLLABORATIVE**

In collaboration with ISMP-Canada, the Alberta Medication Safety Collaborative undertook two projects to establish a baseline for medication safety within the acute care sector in Alberta: the Medication Safety Self-Assessment and the Survey of Opioid Management. Completion of the surveys and identification of priority initiatives on a provincewide basis were delegated to the Pharmacy Directors Network. It is planned to repeat these surveys in 2008 to document progress with medication safety in Alberta.

#### **PHARMACY DIRECTORS NETWORK**

The Pharmacy Directors Network is a subgroup of the Alberta Medication Safety Collaborative. It was established in 2005 with a goal of developing a medication safety agenda for Alberta using collective resources and building on other organization's initiatives. Members include Alberta health region and Alberta Cancer Board pharmacy directors and quality improvement staff and the Health Quality Council of Alberta.

On behalf of the collaborative, network members completed the ISMP Medication Safety Self-Assessment and Survey of Opioid Management for facilities in their health regions in 2005-06. They met in May 2006 to discuss the survey results and determine priorities for action on a provincewide basis. In February 2007, the group met again to review progress on the May 2006 work plan and to determine where to focus ongoing provincial efforts. Document sharing through the secure part of the HQCA website was initiated in March 2007.

The network will be making a presentation about its activities to the Health Quality Network in June 2007. A priority activity for 2007/2008 is to expand initiatives around prohibited abbreviations to a broader stakeholder group.

#### **QUALITY IMPROVEMENT NETWORK**

Established in 2005, this network provides a forum for members to share information and spread successful quality improvement learnings, methods and strategies across Alberta and build capacity through education and networking. Members include front-line quality improvement representatives from Alberta's nine health regions and the Alberta Cancer Board.

#### **PATIENT REPRESENTATIVES NETWORK**

The focus of this network is to provide professional development through educational opportunities and networking for people responsible for handling complaints/concerns in their organization. The network also seeks to promote best practices and quality improvement for the complaint handling process. Members include Alberta Health and Wellness, Alberta's nine health regions, Alberta Cancer Board, Alberta Mental Health Patient Advocate Office, College of Physicians and Surgeons of Alberta, Health Quality Council of Alberta and other regulatory bodies. The council is a sponsor of the network's education workshop.

#### **WESTERN PROVINCES QUALITY AND SAFETY ORGANIZATIONS**

The HQCA remains actively involved in this group, which includes representatives from the B.C. Patient Safety Task Force, Saskatchewan Health Quality Council, Manitoba Institute for Patient Safety, and the Canadian Patient Safety Institute. The group meets quarterly to provide updates, share ideas and determine opportunities for working together on cross provincial initiatives.



### 3. Assist in the implementation and evaluation of strategies designed to improve patient safety and health service quality.

#### PROVINCIAL DISCLOSURE OF HARM TO PATIENTS AND FAMILIES FRAMEWORK

In July 2006 the council released the provincial framework for *Disclosure of Harm to Patients and Families*, which provides guidelines for sharing information with patients and families when a patient experiences unanticipated harm. Supporting materials including posters, a patient brochure, wallet cards and a checklist for health care providers were also developed and distributed to all stakeholder groups in Alberta.

To assist the regional health authorities with staff and physician education around disclosure, the HQCA contracted with the Institute for Healthcare Communications (IHC) to deliver *Disclosure of Unanticipated Outcomes and Medical Errors* situation manager and faculty development programs. Subsequent to the initial workshops in Calgary and Edmonton in May 2006, 28 managers and physicians in Alberta have become certified to deliver the IHC disclosure training program to their staff and colleagues. A further 24 people completed the situation manager training program, which enables them to guide colleagues and staff through the disclosure process. Another faculty development program was held in April 2007 for an additional 15 managers and physicians.

#### PROVINCIAL CONCERNS/COMPLAINTS RESOLUTION FRAMEWORK

In the first quarter of 2007, the council finalized a provincial framework that provided guidelines for an effective and consistent process for handling complaints/concerns across and between the health regions, providers and regulated health professions. The framework will be distributed to stakeholders in May 2007.

A Concerns/Complaints Resolution Education Committee has been created to advise the council on the educational needs of health care providers in Alberta related to concerns/complaints resolution and to provide input into developing educational initiatives to support the framework. The HQCA will sponsor an education day in May 2007 for those responsible for handling concerns/complaints in all sectors of Alberta's health system.

#### SAFER HEALTHCARE NOW!

The Health Quality Council of Alberta continues to support the western node of the *Safer Healthcare Now!* campaign. Based on the U.S. Institute for Healthcare Improvement's *100K Lives Campaign*, this Canadian initiative is enlisting hospitals across Alberta and the rest of Canada to implement changes that are proven to prevent adverse events. Currently all of the health regions in Alberta are enrolled and there are over 600 teams across the country enrolled in one or more of the six strategies.

In March 2007, the second Western Collaborative focused on improved care for acute myocardial infarction care and medication reconciliation across the continuum. This collaborative was launched for Alberta, British Columbia, Saskatchewan and Manitoba teams and is funded by the Health Quality Council of Alberta, B.C. Patient Safety Task Force, Saskatchewan Health Quality Council and Manitoba Institute for Patient Safety.

The HQCA's chief executive officer Dr. John Cowell is one of the senior sponsors for this collaborative, which addressed medication reconciliation in community areas such as long term care, home care and acute care.

### 4. Survey Albertans on their experience and satisfaction with patient safety and health service quality.

#### SATISFACTION WITH HEALTH CARE SERVICES: A SURVEY OF ALBERTANS 2006

This population-based survey, which is conducted every two years, includes Albertans' perception of and actual experiences with overall quality, satisfaction and access with specific health services like: family doctors; emergency departments; hospitals; walk-in clinics; mental health; pharmacists; specialists; and diagnostic testing. It also looks at patient safety, complaints and the provincial Health Link telephone line. The 2006 survey results were publicly released October 4, 2006. Individual briefings with the health regions and health professions were held to review individual survey results. The information gained in the survey will be used to inform future HQCA initiatives.

### LONG-TERM CARE RESIDENT AND FAMILY EXPERIENCE SURVEY

The *Long-term Care Resident and Family Experience Survey* is designed so facilities can use the findings to identify quality improvement initiatives to improve resident care. The pilot testing phase for both the resident and family surveys took place throughout the summer and autumn of 2006 in 14 facilities of varying size and location across the province. The survey processes and tools were also tested and refined. The full provincial survey will be conducted between May and September 2007, with results expected in late 2007 or early 2008.

### EMERGENCY DEPARTMENT PATIENT EXPERIENCE SURVEY

The *Emergency Department Patient Experience Survey* is designed so health care providers can use the findings to identify quality improvement initiatives to improve patient care. The full survey went into the field in the first quarter of 2007 and 50,000 surveys were mailed to patients attending emergency departments in Alberta. The results will be released publicly in autumn 2007.

### QUALITY AND SAFETY RESEARCH

In 2005 the HQCA funded 15 studentships at Alberta's universities for 2005-2006 for a total of \$60,000. The focus of these research studentships is quality and safety in the health care system and projects must fit within the Alberta Quality Matrix for Health. Each university was responsible for awarding its own studentships. The studentships allowed for health quality and safety research in areas such as influenza pandemic planning and health system capacity. All projects were completed in 2006.

In 2006, the council also awarded funding for seven research projects related to quality and safety. These projects are ongoing as funding was for the period 2006-2008.

## Performance Report

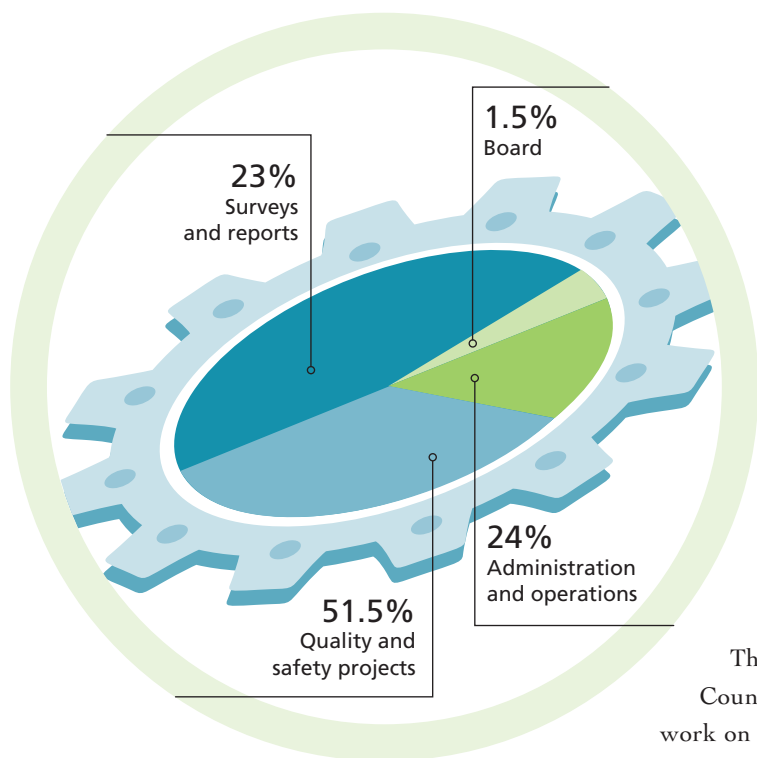
The Health Quality Council of Alberta, since its inception, has demonstrated its ability to bring people and organizations together to deliver a quality product. The Alberta Quality Matrix for Health is one outcome of that collaborative approach. The framework is now recognized across the province as a common lens for viewing the health system. This type of collaborative approach is especially helpful in assisting those organizations that may not have the infrastructure required to undertake or complete major processes.

With the HQCA's new legislated mandate, the organization is likely to be consulted on a more regular basis. Indeed, the council has seen increased demands for service over the past year. While this is a great opportunity, given the small staff and limited budget, these increased demands also create new challenges. The challenges will require the council to continue to find and use human resources in a timely, flexible and optimal manner. Specialized skill sets, project management expertise and consistent provision of a value-add response to requests for assistance will be needed to ensure the ongoing viability and recognized value of the organization.

The council's stated and demonstrated approach is through influence and added value rather than through direct authority. This approach requires an ability to analyze situations in such a way that recommendations for action are practical and achievable, and position organizations to readily move forward in an appropriate way.

While the significant opportunity is apparent and manifest through the increasing frequency of requests for assistance from health regions, boards and government, a challenge continues to arise in attempting to provide efficient and appropriate responses given the council's limited capacity and resources. Currently, the council is addressing these challenges by hiring individuals with specific skill sets and complementing the staff with contracted individuals on an as-needed basis.

## FINANCIAL SUMMARY



Through careful management, the Health Quality Council of Alberta had the fiscal resources to work on the various initiatives identified in the 2006 strategic plan. The HQCA will continue with the projects as approved by the board in December 2006 in the 2006-2009 Health Plan. Many of these projects are highlighted in the annual report. As we go forward, the council will continue to balance growth needs with fiscal prudence as we fulfill our mandate of promoting and improving patient safety and health service quality throughout the province.

# **HEALTH QUALITY COUNCIL OF ALBERTA**

## **FINANCIAL STATEMENTS**

**March 31, 2007**

**Statement of Management's Responsibility for Financial Reporting**

**Auditor's Report**

**Statement of Financial Position**

**Statement of Operations**

**Statement of Changes in Net Assets**

**Statement of Cash Flows**

**Notes to the Financial Statements**

**Schedule 1 - Schedule of Expenses by Object**

**Schedule 2 - Schedule of Salaries and Benefits**

**HEALTH QUALITY COUNCIL OF ALBERTA  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

The accompanying financial statements are the responsibility of management and have been approved by the Health Quality Council of Alberta. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts 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 of written policies, standards, procedures, a formal authorization structure, and satisfactory processes to review internal controls. This system offers management reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. Health Quality Council of Alberta has established a code of ethics and corporate directives, which include communication of the code to employees.

Health Quality Council of Alberta carries out its responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the external auditor, Auditor General of Alberta, to review financial matters, and recommends the financial statements to the Health Quality Council of Alberta Board for approval. The external auditor has free access to the Audit and Finance Committee.

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

[Original signed by John W. Cowell]

*Chief Executive Officer*

[Original signed by Norma J. Brown]

*Executive Director*



## Auditor's Report

To the Members of Health Quality Council of Alberta  
and the Minister of Health and Wellness

I have audited the statement of financial position of Health Quality Council of Alberta as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the nine months then ended. These financial statements are the responsibility of management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Health Quality Council of Alberta as at March 31, 2007 and the results of its operations and its cash flows for the nine months then ended in accordance with Canadian generally accepted accounting principles.

[Original signed by Fred J. Dunn FCA]

Auditor General

Edmonton, Alberta  
September 5, 2007

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2007**  
*(thousands of dollars)*

|   | 2007<br>Actual  |
|---|-----------------|
| <u>ASSETS</u>   |                 |
| Current:  |                 |
| Cash  | \$ 417          |
| Accounts receivable   | 64              |
| Prepaid expenses  | 22              |
| Contributions receivable from Alberta Health and Wellness   | 1,000           |
|   | 1,503           |
| Capital assets (Note 3)                                     | 67              |
| <b>TOTAL ASSETS</b>   | <b>\$ 1,570</b> |
| <u>LIABILITIES AND NET ASSETS</u>                           |                 |
| Current:  |                 |
| Accounts payable and accrued liabilities                    | \$ 198          |
| Accrued vacation pay  | 70              |
| Deferred contributions (Note 4)                             | 1,000           |
|   | 1,268           |
| Net Assets  |                 |
| Accumulated surplus (Note 5)                                | 235             |
| Investment in capital assets from internally funded sources | 67              |
|   | 302             |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>\$ 1,570</b> |

The accompanying notes and schedules are part of these financial statements

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**  
*(thousands of dollars)*

|  | 2007                      |               |
|--|---------------------------|---------------|
|  | Budget<br><i>(Note 7)</i> | Actual        |
| Revenue:   |                           |               |
| Alberta Health and Wellness contributions (Note 8) | \$ 2,250                  | \$ 2,593      |
| Investment and other income (Note 9)               | -                         | 14            |
|  | <b>2,250</b>              | <b>2,607</b>  |
| <br>   |                           |               |
| Expenses (Schedule 1)                              |                           |               |
| Administration (Note 12)                           | 2,250                     | 2,287         |
| Information Technology                             | -                         | 18            |
|  | <b>2,250</b>              | <b>2,305</b>  |
| <br>   |                           |               |
| <b>Excess of revenue over expenses</b>             | <b>\$ -</b>               | <b>\$ 302</b> |

The accompanying notes and schedules are part of these financial statements



**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**  
*(thousands of dollars)*

|  | 2007                            |  |               |
|--|---------------------------------|--|---------------|
|  | Accumulated<br>surplus (Note 5) | Investment in<br>capital assets from<br>internally funded<br>sources | Total         |
| <b>Balance at beginning of period</b>            | \$ -                            | \$ -   | \$ -          |
| Excess of revenue over expense                   | 302                             |  | \$ 302        |
| Capital assets purchased with internal funds     | (83)                            | 83   | \$ -          |
| Amortization of internally funded capital assets | 16                              | (16)   | \$ -          |
|  | <b>\$ 235</b>                   | <b>\$ 67</b>   | <b>\$ 302</b> |

The accompanying notes and schedules are part of these financial statements

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**  
*(thousands of dollars)*

|   | 2007   |        |
|---|--------|--------|
|   | Budget | Actual |
| Cash generated from:                                  |        |        |
| Operating activities:                                 |        |        |
| Excess of revenue over expenses                       | \$ -   | \$ 302 |
| Non-cash transactions:                                |        |        |
| Amortization of capital equipment - internally funded | -      | 16     |
| Changes in non-cash working capital account           |        | 182    |
|   |        |        |
| Cash generated from operations                        | -      | 500    |
| Investing activities:                                 |        |        |
| Purchase of capital assets:                           |        |        |
| internally funded                                     | -      | (83)   |
|   |        |        |
| Cash used by investing activities                     | -      | (83)   |
| Increase in cash                                      | -      | 417    |
| Cash, beginning of period                             | -      | -      |
|   |        |        |
| Cash, end of period                                   | \$ -   | \$ 417 |

The accompanying notes and schedules are part of these financial statements

**HEALTH QUALITY COUNCIL OF ALBERTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

**Note 1 Authority, Purpose and Operations**

The Health Quality Council of Alberta (the "Authority") was established July 1, 2006 under the Alberta Regional Health Authorities Act. The Authority is a registered charity under the Income Tax Act and exempt from payment of income tax.

The Authority's object is to promote and improve patient safety and health service quality on a province-wide basis.

**Note 2 Significant Accounting Policies and Reporting Practices**

**(a) Basis of Presentation**

- (1) The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 29.
- (2) These financial statements use the deferral method, key elements of which are:
  - (i) Unrestricted contributions are recognized as revenue in the year receivable.
  - (ii) Externally restricted contributions are recognized as revenue in the year proportional to the related expenses incurred.
  - (iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Invested amounts are transferred to unamortized external capital contributions and then recognized as revenue in the period the related amortization expense of the capital asset is recorded.
  - (iv) Unrestricted investment income is recognized in the year earned.

**(b) Full Cost**

The Authority accounts for all costs of services for which it is responsible. Fair value transactions comprise of:

Assets, supplies and services that a health authority would otherwise purchase and are recorded as revenue and expense, at fair value at the date of contribution, when a fair value can be reasonably determined.

**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(c) Employee Future Benefits**

The authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plan's deficit or surplus.

**(d) Financial Instruments**

The carrying value of cash, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

**(e) Capital Assets**

Capital assets are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

|           |                    |
|-----------|--------------------|
|           | <u>Useful Life</u> |
| Equipment | 5 years            |

**(f) Measurement Uncertainty**

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from estimates.

The amounts recorded for amortization of capital assets are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

**Note 3 Capital Assets**

| Capital Asset | Opening Balance<br>April 01, 2006 | Transfers<br>from Work in<br>Progress | Additions | Disposals | Closing<br>Balance<br>March 31,<br>2007 |
|---------------|-----------------------------------|---------------------------------------|-----------|-----------|---|
| Equipment     | -                                 | -                                     | 83        | -         | 83                                      |

**Accumulated Amortization**

| Accum. Amort. | Opening Balance<br>April 01, 2006 | Current year<br>amortization | Amortization<br>on disposals | Closing<br>Balance<br>March 31,<br>2007 | Net Book<br>Value 2007 |
|---------------|-----------------------------------|------------------------------|------------------------------|---|------------------------|
| Equipment     | -                                 | 16                           | -                            | 16                                      | 67                     |

Capital assets were funded from the following source:

|  |              |
|--|--------------|
|  | <u>2007</u>  |
| Internally funded (invested in capital assets) | 83           |
|  | <u>\$ 83</u> |

**Note 4 Deferred Contributions**

The balance at the end of the nine months is restricted for the following purposes:

|                                |                               |
|--------------------------------|-------------------------------|
|                                | <u>2007</u>                   |
|                                | <i>(thousands of dollars)</i> |
| Current:                       |                               |
| Long Term Care Survey          | 500                           |
| Emergency Services Survey      | 250                           |
| Research on Quality and Safety | 250                           |
| Total                          | <u>\$ 1,000</u>               |

**Note 5      Accumulated surplus**

The Authority's accumulated surplus is comprised of the following:

|   | <u>2007</u>                   |
|---|-------------------------------|
|   | <i>(thousands of dollars)</i> |
| Unrestricted Net Assets                           | <u>\$            -</u>        |
| Internally restricted net assets                  |                               |
| Amounts appropriated for critical incident review | 235                           |
|   | <u>\$            235</u>      |

**Note 6      Commitments and Contingencies**

Health Quality Council of Alberta is committed to contract payments in future years as follows:

|      | <i>(thousands of dollars)</i> |
|------|-------------------------------|
| 2008 | 586                           |
| 2009 | 586                           |
| 2010 | 406                           |
| 2011 | 56                            |

An "Assignment of Partial Leasehold Interest" agreement was put into place for April 01, 2007 to June 30, 2011. This commits the Health Quality Council of Alberta to annual rent in the amount of \$ 131,880 and additional rent, subject to adjustment in accordance with the lease of \$ 93,636 annually.

Health Quality Council of Alberta has a commitment with Dr. John W. Cowell Consulting Ltd. to receive executive oversight for the authority. The value of the commitment is \$ 30,000 per month and extends until September 2011.

**Note 7 Budget**

|   | 2006/2007<br>Board<br>Approved<br>Budget | Adjustments | 2006/2007<br>Reported<br>Budget |
|---|--|-------------|---------------------------------|
| <i>(thousands of dollars)</i>             |  |             |                                 |
| <b>Revenue</b>                            |  |             |                                 |
| Alberta Health and Wellness Contributions | 2,250                                    | -           | 2,250                           |
| Investment and other income               | -  | -           | -                               |
| <b>TOTAL REVENUE</b>                      | <b>2,250</b>                             | <b>-</b>    | <b>2,250</b>                    |
| <b>Expenses</b>                           |  |             |                                 |
| Administration                            | 2,250                                    | -           | 2,250                           |
| <b>TOTAL EXPENSES</b>                     | <b>2,250</b>                             | <b>-</b>    | <b>2,250</b>                    |
| <b>Excess of revenue over expense</b>     | <b>-</b>                                 | <b>-</b>    | <b>-</b>                        |

- 1) The Health Quality Council of Alberta budget was approved within Alberta Health and Wellness prior to the Authority's start-up date of July 1, 2006.
- 2) The budget for Health Quality Council of Alberta reflects nine months of operations.

**Note 8 Alberta Health & Wellness contributions**

|                            | 2007<br><i>(thousands of dollars)</i> |
|----------------------------|---------------------------------------|
| Unrestricted contributions | 2,593                                 |
|                            | <b>2,593</b>                          |

**Note 9 Investment and other income**

|                   | 2007<br><i>(thousands of dollars)</i> |
|-------------------|---------------------------------------|
| Investment income | 14                                    |
|                   | <b>14</b>                             |

**Note 10 Related Parties**

**(a) Province of Alberta**

Health Quality Council of Alberta was established under the Regional Health Authorities Act. The Minister of Alberta Health and Wellness appoints members of the Authority. Health Quality Council of Alberta is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Ministry are disclosed in the Statement of Operations and in its notes to the financial statements.

**(b) Health Authorities**

The Authority shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the Statement of Operations.

**Note 11 Pension Costs**

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Health Quality Council of Alberta's annual contributions payable. In the current fiscal year, employer rates in effect were 7.75% of pensionable earnings up to Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE), and 10.64% in excess of the YMPE.

At December 31, 2006, the Local Authorities Pension Plan reported an actuarial deficit of \$ 746,651,000.

**Note 12 Administration**

|                                  | <u>2007</u>                   |
|----------------------------------|-------------------------------|
|                                  | <i>(thousands of dollars)</i> |
| Salaries and benefits            | \$ 1,000                      |
| Contracted services              | 798                           |
| Advertising                      | 148                           |
| Materials, supplies and printing | 129                           |
| Accounting and payroll services  | 58                            |
| Other                            | 154                           |
|                                  | <u>\$ 2,287</u>               |

**Note 13 Comparative Figures**

The Health Quality Council of Alberta was established July 1, 2006 under the Alberta Regional Health Authorities Act. As such, there are no comparative figures for the year ending March 31, 2006.

**Note 14 Approval of the Financial Statements**

These financial statements have been approved by the Authority.



**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**For Nine Months Ended March 31, 2007**  
*(thousands of dollars)*

Schedule 1

|   | 2007        |                 |
|---|-------------|-----------------|
|   | Budget      | Actual          |
| Salaries and Benefits (Schedule 2)      | \$ -        | 1,000           |
| Other <sup>(1)</sup>                    | -           | 1,289           |
| Amortization                            |             |                 |
| Capital equipment - internally funded   | -           | 16              |
|   | <u>\$ -</u> | <u>\$ 2,305</u> |
| <br>                                    |             |                 |
| Other <sup>(1)</sup> :                  |             |                 |
| Office, general supplies, miscellaneous | \$ -        | \$ 466          |
| Referred-out services                   | -           | 798             |
| Equipment (minor)                       | -           | 25              |
|   | <u>\$ -</u> | <u>\$ 1,289</u> |

**HEALTH QUALITY COUNCIL OF ALBERTA**  
**SCHEDULE OF SALARIES AND BENEFITS**

Schedule 2

For Nine Months Ended March 31, 2007  
*(thousands of dollars)*

|  | # of Individuals | Salaries and Honoraria (2) | Benefits and Allowances (3) | Supplemental Executive Retirement (5) | Sub-total    | Severance        |          | Total        |
|--|------------------|----------------------------|-----------------------------|---------------------------------------|--------------|------------------|----------|--------------|
|  |                  |                            |                             |                                       |              | # of Individuals | Amount   |              |
| Health Authority Chairperson                       |                  |                            |                             |                                       |              |                  |          |              |
| L. Tyrrell   | 1                | 8                          | 1                           | -                                     | 9            | -                | -        | 9            |
| Board members (list)                               |                  |                            |                             |                                       |              |                  |          |              |
| B. Johnston  | 1                | -                          | -                           | -                                     | -            | -                | -        | -            |
| T. Klassen   | 1                | -                          | -                           | -                                     | -            | -                | -        | -            |
| B. Laing   | 1                | 20                         | -                           | -                                     | 20           | -                | -        | 20           |
| M. Lee   | 1                | 3                          | 2                           | -                                     | 5            | -                | -        | 5            |
| P. Norton  | 1                | 1                          | 3                           | -                                     | 4            | -                | -        | 4            |
| L. Steiman   | 1                | 2                          | 1                           | -                                     | 3            | -                | -        | 3            |
| D. Tupper  | 1                | 1                          | 1                           | -                                     | 2            | -                | -        | 2            |
| <b>Sub-total</b>                                   | <b>8</b>         | <b>35</b>                  | <b>8</b>                    | <b>-</b>                              | <b>43</b>    | <b>-</b>         | <b>-</b> | <b>43</b>    |
| <b>Staff</b>                                       |                  |                            |                             |                                       |              |                  |          |              |
| Chief Executive Officer (4)                        | 1                | 282                        | -                           | -                                     | 282          | -                | -        | 282          |
| Management reporting to CEO:                       |                  |                            |                             |                                       |              |                  |          |              |
| Executive Director                                 | 1                | 67                         | 11                          | -                                     | 78           | -                | -        | 78           |
| Other management reporting directly to those above | 6                | 344                        | 63                          | -                                     | 407          | -                | -        | 407          |
| Other staff  | 5                | 166                        | 24                          | -                                     | 190          | -                | -        | 190          |
| <b>Sub-total</b>                                   | <b>13</b>        | <b>859</b>                 | <b>98</b>                   | <b>-</b>                              | <b>957</b>   | <b>-</b>         | <b>-</b> | <b>957</b>   |
| <b>Grand Total</b>                                 | <b>21</b>        | <b>894</b>                 | <b>106</b>                  | <b>-</b>                              | <b>1,000</b> | <b>-</b>         | <b>-</b> | <b>1,000</b> |

- 1) Full time equivalent (FTE) is calculated based on a weighted average number of individuals occupying a category or position for a year based on a standard work year of 2,022.75 hours.
- 2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.
- 3) Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees.
- 4) Under the terms of the contract, all benefits, including employer portion, are paid by the CEO.
- 5) The Health Quality Council of Alberta does not participate in a SERP.

BOARD MEMBERS

Lorne Tyrrell, MD, Chair  
Bonnie Laing, Vice Chair  
Robert Johnston, MD  
Terry Klassen, MD  
Michael S. Lee, DDS  
Peter Norton, MD  
Linda Steinmann  
Doug Tupper, P.Eng.

MANAGEMENT TEAM

John Cowell, MD  
Chief Executive Officer  
Norma Brown  
Executive Director  
Charlene McBrien-Morrison  
Research & Reporting Lead  
Tim Cooke  
Measurement & Analysis Lead  
Anette Mikkelsen  
Quality & Safety Lead  
Dale Wright  
Quality & Safety Lead  
Pam Brandt  
Communications Lead  
Rick Schorn  
Economic Analysis Lead  
Arlene Rider  
Executive Assistant  
Marnie Cleary  
Legal & Accounting Assistant  
Denise Hofmann  
Administrative Assistant  
Dianne Schaeffer  
Administrative Assistant





210, 811-14 Street NW, Calgary, AB T2N 2A4  
Phone: 403.297.8162 Facsimile: 403. 297.8258  
E-mail: [info@hqca.ca](mailto:info@hqca.ca) [www.hqca.ca](http://www.hqca.ca)