Report of the Auditor General of Canada to the Yukon Legislative Assembly—2013

Capital Projects—Yukon Hospital Corporation

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Auditor General of Canada
Vérificateur général du Canada

To the Honourable Speaker of the Yukon Legislative Assembly:

I have the honour to transmit herewith my report on Capital Projects—Yukon Hospital Corporation to the Yukon Legislative Assembly in accordance with the provisions of section 35 of the *Yukon Act*.

Yours sincerely,

Michael Ferguson, FCA

OTTAWA, 26 February 2013

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Capital Projects—Yukon Hospital Corporation

Main Points

What we examined

In September 2008, the Premier announced that the Government of Yukon was going to build a new hospital in Watson Lake. In April 2009, the Minister of Health and Social Services announced the start of a process to also build a new hospital in Dawson City.

The Yukon Hospital Corporation was tasked with building and operating the new hospitals. The Corporation is responsible for providing acute health care services in the new hospitals. The Department of Health and Social Services will also occupy space in the new hospitals to provide community health care services.

In addition to operating hospitals, the Hospital Corporation provides residential accommodation on the campus of the Whitehorse General Hospital for visiting specialists, new hospital staff moving to Whitehorse, community nurses, and short-stay nurses while they are working at the hospital. In 2011, the Corporation completed construction of a new staff residence that it planned and built to replace the existing residence, which was over 50 years old.

This audit examined whether the Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, adequately planned for building the Watson Lake and Dawson City hospitals. We also examined whether the Hospital Corporation adequately planned the building of its new staff residence in Whitehorse. Finally, we examined whether the Hospital Corporation adequately managed the building of these three capital projects.

Audit work for this report was completed on 11 December 2012. More details on the conduct of the audit are in **About the Audit** at the end of this report.

Why it's important

Providing health care services in Yukon is challenging, as about one quarter of Yukon's population lives in small, remote communities with limited services. Recruitment and retention of health care professionals is an ongoing challenge and, like other parts of the country, the territory has an aging population. The challenges of providing health care services make it critical to accurately assess

health care needs and to carefully plan how best to meet them, particularly when this involves capital projects, which have large initial outlays and ongoing operating costs.

What we found

- The Corporation did not conduct a full assessment of the communities' health care needs in planning and designing the hospitals. It also did not determine the incremental operating costs for the hospitals until construction was well under way. The Corporation cannot demonstrate that the hospitals, as designed, are the most cost-effective option for meeting the communities' health care needs.
- Higher operating costs for the two hospitals are expected to significantly increase the overall costs of providing health care in the two communities. Further, the Corporation and the Department face the ongoing challenge of acquiring and retaining staff for both hospitals. In addition, the new Crocus Ridge Residence, like the hospitals, will cost more to operate than the facility it replaced.
- In all three projects, most contracts were competitively tendered and most change orders were appropriately justified and managed. The Corporation also regularly monitored the projects, but the hospital projects will be delivered later than expected and will be over budget. Completion of the Watson Lake Hospital, originally scheduled for spring 2012, is now scheduled for February 2013. Its estimated cost has risen from about $22.2 million (which included a contingency of about $806,000) to around $24.6 million. Completion of the Dawson City Hospital, originally scheduled for fall 2012, is now scheduled for March 2013. Its estimated cost has risen from about $26.5 million (which included a contingency of about $551,000) to about $29.7 million.
- The Crocus Ridge Residence also experienced construction delays and cost increases. Originally scheduled for completion in December 2010 at an estimated cost of $17 million (which included a contingency of about $500,000), the facility opened in April 2011 at a cost of about $18.3 million.

The entities have responded. *The entities agree with our recommendations. Their detailed responses follow the recommendations throughout the report.*

Introduction

1. Providing health care services in Yukon is challenging for several reasons. While the majority of Yukoners live in Whitehorse, about 8,500 of Yukon's population live in small, remote communities with limited services. Recruitment and retention of health care professionals is an ongoing challenge and, as elsewhere in Canada, the territory has an aging population. The challenges of providing health care services make it critical to accurately assess health care needs and to carefully plan how best to meet them, particularly for capital projects, which have large initial outlays and ongoing operating costs.

2. The population of Yukon as of December 2011 was 35,393. The majority—about 27,000—live in the city of Whitehorse. The 2 next largest communities are Dawson City (population of almost 2,000) and Watson Lake (population of just over 1,500). The remaining 14 communities range in population size from about 50 to 800 people.

Mandates and responsibilities for health care

3. The Minister of Health and Social Services oversees and is accountable to the Legislative Assembly for the implementation and administration of a number of Yukon Acts, including the *Health Act* and the *Hospital Act*. Under the *Health Act*, the Minister develops and implements programs and services to protect, promote, and restore the health and social well-being of Yukoners. The *Health Act* states that the Minister may "in collaboration with representatives of the providers and of consumers of health and social services, study and determine or make recommendations to the government about the health and social needs of the people of the Yukon, programs and services to meet those needs, and the systems, institutions, partnerships, facilities, and financial and human resources appropriate to provide those programs and services . . . and to develop, provide for, and coordinate comprehensive health and social services and facilities."

4. The Department of Health and Social Services, established by the *Health Act*, operates under the authority of the Minister of Health and Social Services. As the largest department of the Government of Yukon, the Department spent about $265 million in 2010–11, which accounted for 24.6% of the government's total expenses. Of that total, it spent about $106 million on health services. In 2010–11, the Department transferred approximately $45.3 million to the Yukon Hospital Corporation.

5. The Yukon Hospital Corporation, established by the *Hospital Act*, is mandated to provide hospital and medical care services to meet the needs of Yukoners. The Corporation is governed by a board of trustees, but some of the Corporation's activities require the approval of the Minister of Health and Social Services.

6. The Corporation is responsible for operating the Whitehorse General Hospital and the Watson Lake Hospital. The Department of Health and Social Services funds the Corporation through a contribution agreement. The 2011–14 agreement provided operating funds of over $149 million for the Whitehorse General Hospital and Watson Lake Hospital.

7. Health care services in most Yukon communities outside of Whitehorse are provided by registered nurses with expanded scope who work from community health centres. These health centres are managed by the Department of Health and Social Services.

8. In addition to operating hospitals, the Hospital Corporation provides residential accommodation on the campus of the Whitehorse General Hospital for visiting specialists, new staff moving to Whitehorse, community nurses, and short-stay nurses while they are working at the hospital. In 2011, the Corporation completed construction of a new staff residence to replace its existing residence, which was over 50 years old.

Premier and Minister announced hospitals to be built

9. In September 2008, the Premier announced that the government would build a new hospital in Watson Lake. In November 2008, the Minister of Health and Social Services requested that the Hospital Corporation consider taking over responsibility for the existing Watson Lake Hospital. The Hospital Corporation and the Department of Health and Social Services subsequently signed a 13-month management agreement for the hospital, effective 1 March 2009. The agreement noted that in anticipation of the transfer of the hospital to the Hospital Corporation, the Corporation would lead the functional and spatial planning for a new hospital facility in Watson Lake.

10. In April 2010, responsibility for providing **acute health care services** in Watson Lake was transferred from the Department of Health and Social Services to the Hospital Corporation. The Department would, however, continue to occupy space in the new hospital to provide **community health care services**.

Acute health care services—Short-term treatment of a serious injury or illness or of an urgent medical condition, or recovery from surgery. Care is provided by health care professionals skilled in a range of medical and surgical fields. Treatment may include a short stay in an emergency or urgent care centre, admission to a hospital, surgery, or follow-up outpatient care.

Community health care services—Health services that focus on promoting health and/or social well-being and are provided to individuals, families, and the community from birth to adulthood. Examples of services include communicable disease control, flu clinics, immunizations, vision and hearing screening, and travel health clinics.

11. In March 2009, the Government of Yukon signed a Statement of Intent with the Hospital Corporation to begin work on the functional assessment, design, and construction of a new hospital in Dawson City. The Statement of Intent noted that the Corporation would operate the hospital when it was completed. In April 2009, the Minister of Health and Social Services announced the start of a process to build a new hospital in Dawson City.

12. The Department of Health and Social Services will occupy space in the new hospitals to provide community health care services. In addition, both hospitals will have a medical clinic and a pharmacy.

Condition of existing health care facilities

13. The original Watson Lake Hospital was constructed in 1975 by the federal government. Several renovations occurred after that time to address changing needs. In 2005, construction of a multi-level residential care facility adjacent to the hospital was started, but the project was not completed. In 2007, it was determined that extensive renovations would be required to upgrade the existing hospital to meet building code standards. It was determined that even with the renovations, the hospital would not be able to deliver modern patient care. Based on the overall cost and significant disruption of services by renovations, the plan was deemed not to be cost-effective. The shell of the uncompleted multi-level residential care facility was used in the current construction of the new hospital.

14. The Dawson City Health Centre was originally constructed as a hospital in 1969 by the federal government. The facility later underwent renovations and service changes, and in recent years has been operating as a health centre/nursing station. In 2000, a study concluded that the Health Centre required mechanical, electrical, and structural upgrades and that it was not energy efficient. Upgrading it would be difficult and costly.

Focus of the audit

15. The focus of the audit was to determine whether the Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, adequately planned for building the Watson Lake and Dawson City hospitals to meet community health care needs. We also examined whether the Hospital Corporation adequately planned the building of its new staff residence. Finally, we examined whether the Hospital Corporation adequately managed the three capital projects.

16. While this report includes the name of a contractor, it must be noted that our conclusions about management practices and actions refer only to those of the Government of Yukon and the Yukon Hospital Corporation. The rules and regulations we refer to are those that apply to public servants; they do not apply to contractors. We did not audit the records of the private sector contractors. Consequently, our conclusions cannot and do not pertain to any practices that contractors followed.

17. Because critical decisions were made at different times for each project, the period under examination was different for each project. The period under examination for each project is as follows:

- Crocus Ridge Residence: September 2007–December 2012
- Watson Lake Hospital: March 2008–December 2012
- Dawson City Hospital: August 2008–December 2012

More details about the audit objectives, scope, approach, and criteria are in **About the Audit** at the end of this report.

Observations and Recommendations

Planning the new hospitals

18. We reviewed actions taken by the Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, in planning the new Watson Lake and Dawson City hospitals. We examined whether the Corporation had determined the communities' health care needs, the services required to meet those needs, the most cost-effective manner to deliver the required services, the capital costs to build the hospitals, and the ongoing operating costs for the hospitals; and whether the Corporation and the Department had sought approval of the costs.

Functional programs were completed for the hospitals

19. As part of our audit, we reviewed the steps taken by the Hospital Corporation to ensure that the hospitals, once constructed, would function effectively. Because the Corporation did not have expertise in designing hospitals, it engaged a hospital planning consulting firm—the Resource Planning Group (RPG)—to help. Two members of the Corporation's senior management team then worked with RPG on pre-design planning for the hospitals.

Functional program—Provides detailed descriptions of the activities and spaces required to meet services to be accommodated in a facility.

20. Corporation officials told us that, together with RPG, they consulted the communities to determine their health care needs as part of planning for the hospitals. RPG subsequently developed a **functional program** for each hospital.

21. Functional programs are an important part of hospital planning in that they help ensure the hospital will be built to function the way it should. For example, they describe site considerations, such as traffic circulation and parking; the amount and configuration of physical space required to deliver services safely and efficiently; and the system and mechanical requirements for the facility, such as ventilation and information technology. The builder can then incorporate these considerations into the facility.

Communities' health care needs were not fully assessed

22. We examined whether the Corporation conducted a health care needs assessment in the Watson Lake and Dawson City communities before starting to build the hospitals. Conducting such an assessment is important because the results of the assessment can be used to help design and build hospitals that better meet the communities' needs.

23. A health care needs assessment is a systematic process for collecting and examining information about health issues and health care in a population. A health care needs assessment includes determining the medical conditions in a population, the demographics of those affected, and options for intervention. Information gathered in a needs assessment is important to help prioritize goals, develop plans, and allocate funds and resources with the overall goal of improving people's health.

24. We reviewed documentation related to the projects provided by the Corporation and the Department. We also spoke to residents and health care workers in Watson Lake and Dawson City to obtain their perspectives on how well the new hospitals will meet the communities' needs. Finally, we toured the partially constructed hospitals in May 2012.

25. Corporation officials told us that they took the request from government to build the hospitals as an indication that the facilities were required. We found that, in planning the hospitals, the Hospital Corporation met with health professionals, First Nations, seniors, politicians, and residents in both Watson Lake and Dawson City. The Corporation told us that it did not prepare reports from these meetings. We visited most of the groups to obtain their perspectives on

the meetings. Most of them characterized the meetings as information sharing on the Corporation's part as to what the new hospitals would offer, rather than information gathering.

26. Although we found that the Corporation had spent a lot of time in the communities while planning the hospitals, it was unable to provide us with any analysis that it had conducted of the communities' health care needs. For example, it could not provide us with analysis that linked demographics and population forecasts with a requirement for specific health care services. Nor did it have analysis that linked medical usage data to, for example, predicted health care needs. It also did not have written information on the communities' health care needs, such as the number of residents who might benefit from outpatient dietetic counselling—one of the new services being offered.

27. Corporation officials told us that they collaborated with the Department to determine the health care needs of the communities. We found evidence that the Corporation and the Department collaborated on determining how services would be delivered, such as coordinating the shared delivery of a nutrition course, but not on determining the health care needs of the communities. The Department told us that the hospital projects were the responsibility of the Corporation.

28. The Yukon Hospital Corporation faced a number of challenges in managing several large capital projects at the same time. We found that the Corporation worked to deal with those challenges and was successful in dealing with many of them. While the hospitals have been designed to provide services that the communities may benefit from, the Corporation missed an opportunity to determine the services most needed by the communities so that they could then design and build facilities that would meet those needs in the most cost-effective manner. See our recommendation at paragraph 37.

Options to meet communities' needs were not evaluated

29. In reviewing actions taken by the Corporation in planning the hospitals, we also examined whether the Corporation, in collaboration with the Department, evaluated options for meeting the communities' needs most cost-effectively. Evaluating options would help the Corporation to determine the most appropriate facility for delivering health care programs and services. This is important because the Hospital Corporation and the Department have a duty to provide health care services to residents of Yukon while, at the same time, to spend public funds in a cost-effective manner.

30. We found that the Corporation had not evaluated options on how to meet residents' health care needs most cost-effectively. Such options could have included, for example, continuing to operate the Watson Lake Hospital as a cottage hospital or operating it as a hospital with increased acute services; another example would be continuing to operate the Dawson City Hospital with an expanded role for nurses or operating it as a physician-based model of care. However, we found no evidence that the Corporation had analyzed such options. We also found that the Corporation did not analyze existing health care information that it could have used in evaluating options. For example, although the Corporation has claimed that having more comprehensive care in the communities will benefit residents by resulting in less medical travel to Whitehorse and outside the territory, it did not analyze the amount of medical travel that had taken place in the communities previously, the reasons the travel occurred, or how it anticipates that the services to be provided in the new hospitals would reduce the travel.

31. We also found that the Corporation did not analyze the ongoing financial resources needed to operate the hospitals before starting to build them. See further information on operating costs for the new hospitals starting at paragraph 55. See our recommendation at paragraph 37.

The Corporation is unable to show that the hospitals are the most cost-effective means of meeting health care needs

32. We examined whether the Hospital Corporation adequately managed the building of the Watson Lake and Dawson City hospitals by designing them to meet the identified health care needs of the communities to be served. This is important because the hospitals should be designed for programs and services that respond to the health needs of the communities' residents.

33. The new Watson Lake Hospital was designed to have six emergency beds and six inpatient beds (the same number that are provided in the existing hospital). In addition to the programs and services provided in the existing hospital, the new hospital has additional space for dietetic counselling services, better facilities for visiting occupational therapists and physiotherapists, and for the First Nations Health Program. The new hospital will also have a seclusion room for safer patient care while waiting for relocation, and a decontamination room. It will not offer obstetrical or surgical services.

34. The new Dawson City Hospital is also designed to have six emergency beds and six inpatient beds. Outpatient services previously provided in Monday to Friday clinics (such as administering IV antibiotics) will be provided in the hospital. Like the Watson Lake Hospital, it will also have a First Nations Health Program, dietetic services, and improved space for occupational therapists and physiotherapists. It will not offer obstetrical or surgical services.

35. There is evidence to support the government's position that the health care facilities in Watson Lake and Dawson City required repair or replacement, and the new hospitals have been designed to provide health care services to these communities. However, without a complete health care needs assessment and an analysis of the options available to meet identified health care needs—including the costs of those options—the Corporation is unable to demonstrate that the hospitals have been designed to meet the communities' health care needs or that they will provide services as cost-effectively as possible.

36. Construction of the hospitals in Watson Lake and Dawson City was nearly complete at the time of this audit and the costs of building them have been incurred. Nonetheless, it is still important that the Corporation be able to provide the services most needed in the communities. Completion of a health care needs assessment of the communities would help the Corporation adjust services where necessary and make the best use of the facilities that have been built.

37. **Recommendation.** The Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, should conduct a health care needs assessment in the communities of Watson Lake and Dawson City. The information gathered in this exercise should then be used to ensure that the services delivered in the hospitals are designed to meet the communities' needs in the most cost-effective way possible.

The Corporation's response. *Agreed. A more comprehensive needs assessment would improve the ability to ensure the appropriate decisions regarding effective programs for the new hospitals. To mitigate potential risks, the Corporation included as much flexibility as possible in the design and construction. For example, in Dawson City, where the model of care had not yet been determined, it was recognized that a typical hospital model of care rather than a collaborative care model requires different space. The new hospital was designed to allow either. The design of both hospitals allows for future changes in use and programming.*

The Corporation will collaborate with stakeholders to review current and future programming and provide opportunities for community input. For example, we will continue to work with the First Nations Health Committee, Tr'on dëk Hwëch'in, Na-Cho Nyak Dun, and the Vuntut Gwitchin to develop an appropriate First Nations Health Program that meets their communities' needs. Another example is the Corporation's partnership with the Department of Health and Social Services in developing a therapy model to best serve the Watson and Dawson catchment areas. We are committed to ongoing program assessments.

The Department of Health and Social Services' response. *Agreed. The Department, as part of its regular meetings with the Chief Executive Officer of the Corporation and the Assistant Deputy Minister of Health Services, will collaborate on assessing the health care needs of the communities of Watson Lake and Dawson City, where both the Department and the Corporation provide services.*

Risks associated with building the hospitals were not fully mitigated

38. We examined whether the Hospital Corporation and the Department of Health and Social Services adequately assessed and managed the risks associated with the decisions to build the Watson Lake and Dawson City hospitals, including funding, staffing, and housing risks.

39. We also examined whether the Corporation and the Department incorporated mitigation strategies for identified risks. This is important because if risks are not adequately managed, the Corporation may not be able to provide hospital services as planned. For example, if the Corporation did not identify sufficient sources of continued funding, it might not be able to fully operate or maintain the hospitals.

40. We interviewed officials from the Hospital Corporation and the Department and analyzed documentation to determine whether they had identified risks and, if they had, what they had done to mitigate the risks.

41. The Corporation and the Department could not provide us with documented risk analysis to show that they had identified and assessed risks before beginning to build the hospitals. Instead, they identified and assessed risks and developed mitigation strategies for them at the same time as the Corporation was beginning to build the hospitals.

See our recommendation in paragraph 88.

42. Corporation officials told us that they had identified the following three risks associated with building the hospitals and worked to mitigate them on an ongoing basis:

- Program delivery—it might not be possible to obtain accreditation for the hospitals.
- Staffing—it might not be possible to recruit and retain staff in the communities, including the appropriate number of physicians to operate the hospitals.
- Funding—it might not be possible to obtain sufficient funding to operate the hospitals.

43. **Program delivery.** We found that the Corporation has taken steps to address the risk of not being able to deliver good-quality programs by working to have the hospitals accredited. The Corporation completed an accreditation primer for the Watson Lake Hospital in May 2012. An accreditation primer helps identify the key plans and processes that need to be in place to achieve success in accreditation. It also forms the foundation for implementing quality improvement efforts that are intended to continue throughout the accreditation process. Completing an accreditation primer is a good first step in addressing the risk of not being able to deliver quality programs. However, if other risks, such as staffing, are not adequately managed, they could negatively affect the Corporation's ability to have the hospitals become fully accredited.

44. **Staffing.** We found that the Corporation and the Department have made efforts to manage the staffing risk. For example, the Corporation worked to successfully become one of Canada's top 100 employers in an effort to attract new employees by increasing its profile as an employer and showing the benefits of working for the Corporation. To manage the staffing risk associated with the transfer of employees from the Department to the Corporation for the existing Watson Lake Hospital, the two organizations established a committee with the Public Service Commission to provide direction and resolve issues that arose from the transfer. The committee succeeded in overseeing the transfer of the majority of the hospital employees from the Department to the Corporation.

45. The Department of Health and Social Services is actively participating in the recruitment and retention of physicians in Yukon. To help with recruitment of physicians, the Government of Yukon participates in the International Medical Graduate (IMG) program. The IMG program allows the government to hire international doctors

under a limited practice license for a specified period of time while they train under a local doctor and prepare for their Canadian medical exams. The *Medical Profession Act* requires that the Minister of Health and Social Services declare a demonstrated need for IMG physicians in order to participate in the program. Up until 2010, the government had declared a demonstrated need for IMG physicians in Yukon, and IMGs were hired for up to a five-year period under a limited practice license. In the fall of 2012, the Minister of Health and Social Services once again declared a need for IMG physicians across the territory, and extended the limited practice license from five to seven years.

46. Under the model of care at the new Watson Lake Hospital, the Corporation estimates that the equivalent of three full-time physicians will be required. We found that recruiting and retaining physicians has been an ongoing challenge for Watson Lake. Further, although the new Watson Lake Hospital is designed to accommodate a private medical clinic, an agreement has not yet been reached between the clinic and the Corporation.

47. Given the ongoing challenges of recruiting physicians for Watson Lake, there is a risk that the hospital will be unable to open on time and/or operate under the physician-led model of care currently in place. For example, if the Corporation is unable to attract a sufficient number of physicians to work in the hospital, it will not be able to offer 24/7 emergency service. As with the Watson Lake Hospital, the Corporation estimates the equivalent of three full-time physicians will be required for the new Dawson City Hospital. The equivalent of three full-time physicians has not yet been hired for either community.

48. Another staffing risk for the Dawson City Hospital is that the model of care for the hospital, approved by the Government of Yukon's Management Board in October 2012, differs from the model of care used in the Dawson City Health Centre, which will close when the new hospital opens. The model of care in the Health Centre includes nurses with extended or expanded roles (for example, they can diagnose some illnesses). The model of care for the new hospital does not include this type of nurse; rather, it includes general duty nurses only. If the expanded-role nurses are not willing to work as general duty nurses, the Corporation could have difficulty recruiting a sufficient number of nurses for the new hospital, which could delay its opening.

49. Related to the risk of acquiring and retaining staff is a housing shortage that exists in both communities. We found that the Corporation helps to find housing for its employees as part of its recruitment efforts. As of November 2012, 5 of the 12 housing units

required in Dawson City were ready to move into, and the other 7 were expected to be ready in time for the hospital's opening. However, the Corporation was faced with a shortage of three housing units in Watson Lake. An insufficient number of units to accommodate staff could limit new program and service delivery once the new facilities are open.

50. While we found that the Corporation has worked to manage the staffing risks for the new hospitals, including helping to find housing for staff, staffing of both nurses and physicians remains a very real risk. Not being able to address these issues could seriously affect the operation of these hospitals. It is possible that the Corporation will not be able to open the hospitals or provide the level of services it has planned.

51. **Funding.** As we noted previously (see paragraph 6), the Department of Health and Social Services funds the Hospital Corporation through a contribution agreement, using money it receives through the Government of Yukon's appropriation process. Financing to build the hospitals did not go through this process. Instead, the Minister of Health and Social Services authorized the Corporation to borrow the money from a large Canadian chartered bank that had been the successful bidder on a proposal for the loan. The Corporation could not provide us with any explanation regarding why the loans were secured through banks rather than from the Government of Yukon.

52. Initially, the Corporation approached two banks to finance the first of the three capital projects (the Crocus Ridge Residence). For the hospital projects, the Corporation issued a Request for Proposal to five banks. It awarded the contract to the same bank that had the contract for the first project.

53. In July 2010, the Corporation entered into loan agreements of approximately $67 million to finance the projects during construction. In November 2011, the loan agreements were increased to $72.4 million. The loan agreements were based on prime interest rates, which fluctuated between 2.5% and 3% for the period of the loans.

Interest rate swap—An agreement between two parties (in this case, the Hospital Corporation and a large Canadian chartered bank) that exchanges one stream of future interest payments for another, based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment linked to an interest rate. An entity will typically use interest rate swaps to limit or manage exposure to fluctuations in interest rates.

54. The Corporation also entered into **interest rate swaps** with the bank. The swaps total approximately $55 million (of the $72.4 million borrowed). The swaps provide certainty by fixing the interest rates and protecting the Corporation from potential increases in interest rates. However, there is also a risk that, should interest rates be lower than was anticipated when the Corporation entered into the agreement, it will pay more interest than it would have paid without the swaps. We found that the swap interest rates to date have fluctuated between 4.53% and 5.23%. We are concerned that the Corporation

entered into these swaps without documented analysis and the advice of an independent financial expert to help it make a fully informed decision for which all the risks and costs were assessed at the outset.

Hospital operating costs were not known before construction started

55. When the operations and management of the existing Watson Lake Hospital were transferred to the Corporation, the Corporation secured additional funding to operate it. However, we found that the Corporation did not identify the incremental operating costs for the two new hospitals until December 2010, after the new hospitals had been designed and construction was under way. According to the Corporation's most recent estimates, the cost of operating the new facilities will increase significantly over that of the older facilities. These costs include the costs of the Department of Health and Social Services' community health care services, as well as some physician costs for office visits. As with all forecasts, there is a risk that actual costs may be higher.

- Annual operating costs (unaudited) of $3.4 million for the Watson Lake Hospital in 2009–10 are estimated to increase to about $9.2 million by 2013–14 for the new hospital. Loan servicing costs represent about $2.5 million of the increased costs in 2013–14.

- Annual operating costs (unaudited) of $2.7 million for the Dawson City Health Centre in 2011–12 are estimated to increase to about $9.3 million by 2013–14 for the Dawson City Hospital. Loan servicing costs represent about $2.5 million of the increased costs in 2013–14 (for 10 months only; in 2014–15, loan servicing costs for 12 months will be about $3 million).

56. We are concerned that the construction of the hospitals began before the health care needs of the communities were assessed or options for the most cost-effective way to deliver programs and services were determined. The process was also weak in that the hospitals were designed and built without knowing the incremental operating costs—costs that should have been available to decision makers before approval for the projects was given. Further, although the Corporation has actively tried to address significant risks while building the hospitals, it needs to do some work before those risks have been fully addressed. In addition, the Corporation did not properly assess the risks of entering into interest rate swaps. See our recommendation in paragraph 88.

Planning the new staff residence

Replacement of the staff residence was adequately planned but not well documented

57. We examined the Hospital Corporation's planning for its staff residence—the Crocus Ridge Residence capital project—to determine whether planning was adequate.

58. Until the completion of the new residence, health care professionals (for example, students and visiting specialists) were housed primarily in the Mountainside Apartments. Additional accommodations were provided in the Whitehorse General Hospital, the Thomson Centre (a continuing care facility adjoining the Whitehorse General Hospital), and Yukon College. In total, the Corporation had 28 short-term suites for health care professionals. The new staff residence has 34 suites as well as two floors of office space, which it leases to the Department of Health and Social Services and a not-for-profit daycare centre.

59. We examined whether the Corporation had identified a need for the staff residence and evaluated options on how to meet the need most cost-effectively. We also examined whether the Corporation identified the requirement for the staff residence in its strategic and capital planning and whether it explained how the project would help meet the Corporation's mandate. This is important because, given that the Corporation provides short-term housing for health professionals who work for the Corporation, it should do so in a way that reflects value for money—for example, by having a residence that has the right number of rooms to accommodate the visiting staff.

60. We interviewed officials from the Hospital Corporation and analyzed documentation to examine whether the Corporation had determined the need for the residence, evaluated options, and identified the need in the capital plans.

61. We found that the Corporation had been planning to replace the Mountainside Apartments since at least 2007, and had identified this need in its capital and business plans. It determined that replacement of the building was the best option because ongoing maintenance costs and extensive renovation work and capital costs would be required to bring the older facility up to current standards. We also found that the Corporation's business plan explained how a new residence would help the Corporation achieve its mandate to recruit and retain staff by providing the housing accommodations.

62. According to the Hospital Corporation's business plan for the new facility, prepared in 2008, an internal needs analysis had indicated that there was a need for 28 to 32 suites to accommodate visiting specialists and staff on an ongoing basis. Corporation officials told us that, given the lack of available rental units in Whitehorse, the option of renting units for its staff was not a viable one. The cost of hotel accommodations was too high over the long term, and the Corporation had already experienced several instances where Whitehorse hotels had been completely booked and unable to accommodate its need for lodging.

63. We reviewed the occupancy rates of the residence after it opened and found that between June 2011 and August 2012, occupancy rates averaged 82 percent. The Corporation told us that it feels these occupancy rates confirm that the number of rooms in the residence was warranted.

64. Corporation officials provided a logical explanation of their decisions to replace the Mountainside Apartments, and their decisions seemed reasonable in light of the realities they faced. However, they were unable to provide us with sufficient documentation of their analysis and the decisions they made. For a project the size and cost of the Crocus Ridge Residence, we expected documentation to support the Corporation's decisions.

65. The Hospital Corporation has budgeted $348,400 in operating and maintenance expenses and $1.5 million in annual loan servicing expenses (to continue for 18 years, or until 2028, under the current agreement with the bank), for a total of about $1.8 million to operate the facility.

66. The Hospital Corporation was unable to demonstrate that it had evaluated options for meeting the housing needs of its staff other than building the Crocus Ridge Residence. However, we found it had otherwise adequately planned for building the residence in that it had identified the need for the facility.

67. **Recommendation.** The Yukon Hospital Corporation should document the analysis on its decisions for capital projects.

The Corporation's response. *Agreed. The Corporation will ensure that it documents and retains information and analysis that support decisions to proceed with capital projects.*

Building the three capital projects

Most contracts were tendered and awarded in a fair and competitive manner

68. As part of our review of project management, we examined contracts awarded by the Hospital Corporation between July 2009 and September 2011 for the three capital projects to determine if contracts had been awarded according to relevant authorities.

69. **Project management.** The Yukon Hospital Corporation faced a number of challenges in managing the capital projects we examined in this audit. The senior management team of the Corporation is relatively small (nine members). The three capital projects, along with the renovation of the Thomson Centre, are the first major capital projects it has managed in many years (since the construction of the Whitehorse General Hospital in 1994), and the projects were all being carried out at the same time. Further, when the Corporation began these capital projects, it had no formal project management or contracting policies or processes in place, and it had no project manager on staff. The Corporation has since created a contracting policy; however, this policy was not in place when the Corporation awarded contracts for the projects. In addition, managing the construction of the two hospitals was challenging in that the Corporation's management team is located in Whitehorse and the communities of Watson Lake and Dawson City are over 400 and 500 kilometres away, respectively.

70. The Corporation advised us that, because it did not have its own contracting policies in place, it followed the spirit of the government's contracting policy and contracted a local firm with expertise in Government of Yukon contracting to manage the projects. We therefore used the government's contracting policy in our review of the Corporation's contract-awarding process for the projects.

71. The objectives of the Government of Yukon's contracting policy are to ensure that contracting activities are carried out in a fair, fiscally responsible, accountable, open, and competitive manner, and that they benefit Yukon residents and Yukon businesses where practicable.

72. **Awarding of contracts.** To determine whether the Hospital Corporation awarded contracts according to the Government of Yukon's contracting policy, we examined whether the Corporation followed appropriate processes and obtained necessary approvals. We also examined whether the Corporation advertised contracts as required and appropriately evaluated bids and proposals that were submitted.

73. We reviewed 10 contracts related to the three capital projects with a total value of about $59 million (94 percent of the total amount spent on contracts as of 25 May 2012). Of these 10 contracts, the Corporation publicly advertised 5 of the contracts (with a total award value of about $55 million), sole-sourced 3 of the contracts (with a total award value of about $3.2 million), and invited bids or proposals for the remaining 2 contracts (with a total award value of about $230,000).

74. The Government of Yukon contracting policy allows sole sourcing in special cases authorized by the Minister of the contracting authority. However, in the Corporation's case, it is not required to go to the Minister for contracting decisions. Instead, the Board of Trustees is the highest authority for the Corporation's contracting decisions.

75. The Corporation's Board of Trustees authorized sole-sourcing for two contracts because they did not feel they could complete the projects on time if they followed a competitive process. While these decisions may have been reasonable at the time the contracts were awarded, better planning, including longer project timelines, may have helped to avoid this situation and allowed for a competitive process to occur. For the third sole-sourced contract, Corporation officials told us that they used this method to award the contract because they thought they knew the best contractor for the job. However, the Board of Trustees had not authorized sole-sourcing of this contract and therefore the contract should have been competitively awarded.

76. For the two contracts that were awarded using an invitational method, we found that the Corporation did not follow all of the contracting regulations in awarding the contracts. Specifically, using an invitational method for contracts over $50,000 requires that an organization invite all contractors from an established source list to submit a bid or proposal; however, the Corporation does not have such a list. The Corporation should therefore have either followed the process to establish a source list or publicly advertised the contracts.

77. We also found that the Corporation had not followed additional regulations for the two invitational contracts. For example, one of the contract proposals did not include all the information required by the request for proposal. The Corporation should have rejected the proposal because of this. Instead, we found that the Corporation evaluated the proposal and subsequently awarded the contract to this vendor. For the other contract, the Corporation was unable to show us that using the invitational method had been approved by the Corporation's Board of Trustees (the appropriate authority).

78. With respect to advertising and evaluating the bids and proposals related to the contracts, we found many instances where the Corporation was unable to provide us with documentation to show that it had met particular requirements of the regulations—for example, whether bids had been submitted on time. Management of the Corporation told us that they had not kept the documentation that would demonstrate when bids were submitted, but that the Corporation has since improved many of its practices and processes as a result of our audit work, including maintaining this documentation.

79. **Recommendation.** Corporation staff involved in awarding contracts should document the Corporation's contracting processes.

The Corporation's response. *Agreed. The Corporation has established a new contracting policy and continues to work on improving process documentation for awarding of contracts, and capital projects administration. The Corporation will strive to carry out contract activities in a fair, fiscally responsible, accountable, open, and competitive manner.*

Most change orders were appropriately justified and managed

80. We also examined whether the Corporation challenged proposed change orders for each of the 10 contracts sampled and whether the change orders were appropriately justified and managed.

81. We found that 24 of the 29 change orders examined were appropriately justified and managed. For the 5 non-compliant change orders,

- 3 could reasonably have been foreseen and therefore avoided with better planning; and
- 3 were not approved by the Board of Trustees (1 change order was non-compliant for both reasons).

Projects were regularly monitored

82. Regular monitoring is an aspect of project management that is important for providing insight into the status of the project. Monitoring identifies areas that require special attention to ensure that projects are completed on time and within budget, and are built to specifications. We reviewed documentation and interviewed Corporation officials to determine whether the three capital projects had been regularly monitored by the Corporation's senior management.

83. We found that senior management of the Hospital Corporation monitored all three capital projects and that the project manager provided regular progress updates to the Board of Trustees. Project management plans, in terms of tasks and timelines, were created for the projects. The Corporation received site reports for the projects from the contract administrators. In addition, Corporation officials made visits to the project sites in Watson Lake and Dawson City. Project delays and changes were brought to the attention of the Board, and appropriate approvals were sought to authorize most change orders for the projects. However, as noted below, we found that despite this monitoring, the projects were not completed on time or within budget. See our recommendation in paragraph 88.

Projects are behind schedule and over budget

84. Watson Lake Hospital was originally scheduled for completion in spring 2012, at an estimated cost of $22.2 million (which included a contingency of about $806,000); it is scheduled to be substantially completed in February 2013, at an estimated cost of $24.6 million ($2.4 million, or 11 percent, over budget). Dawson City Hospital was originally scheduled for completion in fall 2012, at an estimated cost of $26.5 million (which included a contingency of about $551,000); it is scheduled to be substantially completed in March 2013, at an estimated cost of $29.7 million ($3.2 million, or 12.1 percent, over budget).

85. Based on our interviews with the Corporation, our review of documentation, and our tour of the partially constructed hospitals in June 2012, we found that the projects were designed in accordance with the functional plans. However, since the hospitals were not complete, we were unable to conclude whether they were built to specifications.

86. The new Crocus Ridge Residence was built according to the Corporation's specifications, in that it has suites designed for short-term use by health care professionals, two floors of office space, and a daycare centre. However, the project, originally scheduled for completion in December 2010 at an estimated cost of $17 million (which included a contingency of about $500,000), opened in April 2011 at a cost of about $18.3 million ($1.3 million, or 7.6 percent, over budget). See our recommendation in paragraph 88.

The Corporation needs to do better planning for future projects

87. The Hospital Corporation is developing a Strategic Facilities Plan and Master Plan for the Whitehorse General Hospital. The Corporation expects this plan will help to identify larger capital needs, including significant work on the Whitehorse campus.

88. **Recommendation.** Before beginning future capital projects, the Corporation should

- carry out a needs assessment, a risk assessment, and an options analysis (including how the projects will be funded);
- collaborate with the Department of Health and Social Services to ensure that it is aware of any potential impacts on the Yukon health care system and on the funding of the Corporation by the Department;
- establish reasonable budget and completion dates for its projects and ensure that they are adhered to; and
- ensure that both capital and incremental operating costs are known before proceeding.

The Corporation's response. *Agreed. The Corporation will endeavour to mitigate risk by developing, where applicable, the appropriate needs assessment and business cases to make informed decisions. This includes critical decision points at which analysis and decision support information is available to determine whether to proceed with projects at various stages. The Corporation will strive to improve project management discipline, which includes the development of reasonable budgets and timelines for projects.*

The Corporation will liaise with the Department of Health and Social Services to ensure that the Corporation is aware of any potential impacts on the Yukon health care system and on the funding of the Corporation by the Department.

Conclusion

89. We found that the Hospital Corporation did not adequately plan for building the Watson Lake and Dawson City hospitals. It did not conduct a full assessment of the health care needs of the communities before starting the hospital projects. The Corporation did not document how it collaborated with the Department of Health and Social Services to determine what new programs and services each entity would provide. It also did not document how it mitigated the risks associated with the decisions to build the hospitals. Further, although the Corporation has actively tried to address significant risks while building the hospitals, it needs to do some work before those risks have been fully addressed. As a result, the Corporation cannot demonstrate that the hospitals it has been building are the most cost-effective means of meeting the communities' health care needs. Questions remain about the staffing of the hospitals and about staff housing.

90. The Hospital Corporation was unable to demonstrate that it had evaluated options for meeting the housing needs of its staff, other than making the decision to build the Crocus Ridge Residence. However, we found it had otherwise adequately planned for building the residence in that it had identified the need for the facility.

91. The Hospital Corporation adequately managed the building of the three projects. Most contracts were competitively tendered and most change orders were appropriately justified and managed. The Corporation also regularly monitored the projects, but the Watson Lake and Dawson City hospital projects will be delivered later than expected and will be over budget. Since they were not yet complete at the time of our audit, we could not conclude on whether they were built to specifications. The Crocus Ridge Residence was also delayed and over budget, but it was built to specifications.

About the Audit

All of the audit work in this report was conducted in accordance with the standards for assurance engagements set by The Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

Objectives

The audit objectives were

- to determine whether the Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, adequately planned for building the Watson Lake and Dawson City hospitals;
- to determine whether the Yukon Hospital Corporation adequately planned for building the Crocus Ridge Residence; and
- to determine whether the Yukon Hospital Corporation adequately managed the building of the three projects.

Scope and approach

The audit examined four issues:

- whether the Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, adequately identified the health care needs of the communities to be served by the Watson Lake and Dawson City hospitals;
- whether the Yukon Hospital Corporation and the Department of Health and Social Services adequately assessed and managed the risks (for example, staffing and housing) associated with the decisions to build the Watson Lake and Dawson City hospitals;
- whether the Yukon Hospital Corporation adequately planned for building the Crocus Ridge Residence; and
- whether the Yukon Hospital Corporation adequately managed the building of the individual projects.

To assess whether the Yukon Hospital Corporation awarded contracts according to the Government of Yukon's contracting policy, we used a targeted selection of 10 contracts from a total of 26, awarded between April 2009 and May 2012. The selected items were chosen to achieve equivalent coverage over the three capital projects (Crocus Ridge Residence, Watson Lake Hospital, and Dawson City Hospital) and to provide enhanced coverage of high-value contracts (7 of 8). Low-value contracts were also randomly selected (3 of 18). This sample covered 95 percent of total project funding. Three of the contracts tested had no change orders. For the remaining 7 contracts in our sample, we tested the 4 highest-value change orders plus 10 percent of the remaining change orders, for a total of 29 out of 89 change orders.

Criteria

Criteria	Sources
To determine whether the Yukon Hospital Corporation (YHC), in collaboration with the Department of Health and Social Services (HSS), adequately identified the health care needs of the communities to be served by the Watson Lake and Dawson City hospitals, we used the following criteria:	
YHC and HSS conducted an analysis of the health care needs of the communities and evaluated options on how to meet those needs most cost-effectively, including assessing how new services/programs would be integrated with existing ones.	• Yukon *Hospital Act* • Yukon *Health Act* • Yukon Financial Administration Manual 2.3.4.1 • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010 • Project Management Body of Knowledge, 2004 • YHC Governance Guide, 2009 • Program, Personnel, and Asset Transfer Agreement for Watson Lake Hospital, 2010 • Contribution Agreement between HSS and YHC, 2011–14 • YHC Response to HSS's 2010–11 Letter of Expectation
YHC and HSS identified the requirement for these capital projects in their strategic and capital planning and explained how the projects would help them meet their respective mandates.	• Yukon *Hospital Act* • Yukon *Health Act* • Yukon Financial Administration Manual • YHC Strategic Plan, 2009–2013 • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010 • Program, Personnel, and Asset Transfer Agreement for Watson Lake Hospital, 2010 • Contribution Agreement between HSS and YHC, 2011–14 • YHC Response to HSS's 2010–11 Letter of Expectation
YHC and HSS collaborated with each other in determining the hospital facilities necessary to meet the needs of Yukon residents.	• Yukon *Health Act* • YHC Governance Guide, 2009 • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010 • Program, Personnel, and Asset Transfer Agreement for Watson Lake Hospital, 2010 • Contribution Agreement between HSS and YHC, 2011–14 • YHC Response to HSS's 2010–11 Letter of Expectation

Criteria	Sources
To determine whether YHC and HSS adequately assessed and managed the risks associated with the decisions to build the Watson Lake and Dawson City hospitals, including risks of funding, staffing, and housing, we used the following criteria:	
YHC and HSS conducted a risk analysis for the decisions to build the Watson Lake and Dawson City hospitals.	• Project Management Body of Knowledge, 2004
YHC and HSS incorporated mitigation strategies for identified risks.	• Project Management Body of Knowledge, 2004
To determine whether YHC adequately planned for building the Crocus Ridge Residence, we used the following criteria:	
YHC identified a need for the Crocus Ridge Residence project and evaluated options on how to meet the need most cost-effectively.	• Yukon *Hospital Act* • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010 • Project Management Body of Knowledge, 2004 • Yukon Financial Administration Manual • Contribution Agreement between HSS and YHC, 2011–14 • YHC Response to HSS's 2010–11 Letter of Expectation
YHC identified the requirement for the Crocus Ridge Residence in its strategic and capital planning and explained how the project would help meet the Corporation's mandate.	• Yukon *Hospital Act* • Yukon Strategic Plan, 2009–2013 • Yukon Financial Administration Manual • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010
To determine whether YHC adequately managed the building of the individual projects, we used the following criteria:	
YHC designed the buildings to meet the identified needs.	• Yukon *Hospital Act* • Project Management Body of Knowledge, 2004 • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010
YHC awarded contracts related to the projects according to relevant authorities.	• Yukon *Hospital Act* • Yukon Territorial Government Contract Regulations and Contracting Directive
YHC developed a project management plan to oversee the work of the contractors for the design and building of the projects.	• Project Management Body of Knowledge, 2004 • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010
Senior management regularly monitored the projects to determine whether they were on time, on budget, and being built to specifications.	• Yukon *Hospital Act* • Project Management Body of Knowledge, 2004 • Yukon General Administration Manual, Directive 2.17: Project Planning and Implementation Directive, 2010

Management reviewed and accepted the suitability of the criteria used in the audit.

Period covered by the audit

The audit covered different periods of time, depending on the capital project:

- For the Crocus Ridge Residence, the audit covered the period from September 2007 to December 2012.
- For the Watson Lake Hospital, the audit covered the period from March 2008 to December 2012.
- For the Dawson City Hospital, the audit covered the period from August 2008 to December 2012.

Audit work for this report was completed on 11 December 2012.

Audit team

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Appendix List of recommendations

The following is a list of recommendations found in the report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Planning the new hospitals	
37. The Yukon Hospital Corporation, in collaboration with the Department of Health and Social Services, should conduct a health care needs assessment in the communities of Watson Lake and Dawson City. The information gathered in this exercise should then be used to ensure that the services delivered in the hospitals are designed to meet the communities' needs in the most cost-effective way possible. **(18–36)**	**The Corporation's response.** Agreed. A more comprehensive needs assessment would improve the ability to ensure the appropriate decisions regarding effective programs for the new hospitals. To mitigate potential risks, the Corporation included as much flexibility as possible in the design and construction. For example, in Dawson City, where the model of care had not yet been determined, it was recognized that a typical hospital model of care rather than a collaborative care model requires different space. The new hospital was designed to allow either. The design of both hospitals allows for future changes in use and programming. The Corporation will collaborate with stakeholders to review current and future programming and provide opportunities for community input. For example, we will continue to work with the First Nations Health Committee, Tr'on dëk Hwëch'in, Na-Cho Nyak Dun, and the Vuntut Gwitchin to develop an appropriate First Nations Health Program that meets their communities' needs. Another example is the Corporation's partnership with the Department of Health and Social Services in developing a therapy model to best serve the Watson and Dawson catchment areas. We are committed to ongoing program assessments. **The Department of Health and Social Services' response.** Agreed. The Department, as part of its regular meetings with the Chief Executive Officer of the Corporation and the Assistant Deputy Minister of Health Services, will collaborate on assessing the health care needs of the communities of Watson Lake and Dawson City, where both the Department and the Corporation provide services.

Recommendation	Response
Planning the new staff residence	
67. The Yukon Hospital Corporation should document the analysis on its decisions for capital projects. **(57–66)**	**The Corporation's response.** Agreed. The Corporation will ensure that it documents and retains information and analysis that support decisions to proceed with capital projects.
Building the three capital projects	
79. Corporation staff involved in awarding contracts should document the Corporation's contracting processes. **(68–78)**	**The Corporation's response.** Agreed. The Corporation has established a new contracting policy and continues to work on improving process documentation for awarding of contracts, and capital projects administration. The Corporation will strive to carry out contract activities in a fair, fiscally responsible, accountable, open, and competitive manner.
88. Before beginning future capital projects, the Corporation should • carry out a needs assessment, a risk assessment, and an options analysis (including how the projects will be funded); • collaborate with the Department of Health and Social Services to ensure that it is aware of any potential impacts on the Yukon health care system and on the funding of the Corporation by the Department; • establish reasonable budget and completion dates for its projects and ensure that they are adhered to; and • ensure that both capital and incremental operating costs are known before proceeding. **(38–56) and (82–86)**	**The Corporation's response.** Agreed. The Corporation will endeavour to mitigate risk by developing, where applicable, the appropriate needs assessment and business cases to make informed decisions. This includes critical decision points at which analysis and decision support information is available to determine whether to proceed with projects at various stages. The Corporation will strive to improve project management discipline, which includes the development of reasonable budgets and timelines for projects. The Corporation will liaise with the Department of Health and Social Services to ensure that the Corporation is aware of any potential impacts on the Yukon health care system and on the funding of the Corporation by the Department.