

Financial – Revenue/funding

Risk of financial instability related to insufficient revenue/funding and/or inability to meet expenditure expectations/requirements. This may result from insufficient funding due to provincial funding reforms, variability in funding/revenue sources, inadequate fundraising revenue, and insufficient capital funding resulting in overall financial loss which could have an impact on operations.

This document contains information entered by HIROC subscriber healthcare organizations (acute and non-acute) in the Risk Register application to help you in your assessment of this risk.



Ranking/ratings¹

- Likelihood – average score 3.31
- Impact – average score 3.81

The Risk Register allows for risks to be assessed on a five-point likelihood and impact scale, with five being the highest.

Key controls/mitigation strategies

- External relationship management
 - Membership in committees that influence funding decisions
 - Government communication strategies with the aim to inform the government of:
 - decreased funding sources
 - increased need for operational expenditure
 - potential one time funding
 - promote equity in funding
 - confirmation of funding at the beginning of the fiscal year
 - Proposed future plans and funding models
 - Advocating for additional funding to help cover the costs of surgical backlog
 - Active engagement and knowledge sharing with government, provincial ministries or regional authorities
- Fundraising/Donors
 - Excellent diversified fundraising program and donor stewardship program
 - Strong working relationship with foundation and early identification of potential fundraising shortfalls
 - Fundraising efforts to add revenue streams
 - Effective management of financial donor retention
 - Transparent financial donor communication strategies
- Internal financial management and projections
 - Establish a long-term strategy for sustainability with regards to optimizing performance in health system funding and building business plan
 - Annual Board approval of budget
 - Budgeting process that includes identification of financial pressures and recovery plans
 - Funding program and revenue generation-focused steering committee/working group with Senior Management and Foundation participation
 - Continuous engagement and communication between finance representatives and clinical and non-clinical operational teams (e.g. regular finance steering committee meetings)
 - Review of revenue, expense and operating forecasts to identify appropriate activities (e.g. invest in solutions or activities that will increase future funding)
 - Contingency plan in place for unanticipated expenses (e.g. availability of funding or loan/mortgage mechanisms to sustain short-term operations as required)
 - Capital planning process that incorporates elements such as risk assessment, safety, return on investment, strategic alignment
 - Investment fund management and long-term planning



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- Regular review of annual development plans, monthly projections, targets, financial statements, results and budgets with programs, senior management, finance committee and Board
- Continuous efforts to identify and eliminate cost inefficiencies and implement strategies to increase savings
- Review/reallocation of resources to meet patient service demands
- Implement Lean recommendations to support operational efficiencies
- Focused efforts on revenue and business generation (e.g. parking, preferred accommodation, commercial ventures)
- Approve and monitor projects, project enhancements and project change requests
- Rigorous processes for proposals (RFPs)
- Procurement and purchasing policy in place, which outlines signing authority for all types of purchases by the organization
- Increase awareness of budgeting, funding and revenue generation throughout the organization
- Compensation strategy to include:
 - Salary strategy
 - Modifications to benefits plan
 - Enhance human resource policies
 - Analyze variances
 - Forecast revenue and targets
- Human Resources staffing strategies
- Team collaboration for timely, accurate, statistical and operational reports.
- Create budgets for different scenarios/outcomes



Monitoring/indicators

- Government healthcare funding arrangements and potential changes
- External financial resources related to:
 - funding
 - grants
 - deficit versus surplus
 - cash flow
 - budget and variances
 - loans
 - credit status
 - performance
 - peer benchmarking
- Capital and operating plans, capital spending and over expenditures
- Financial statements, forecasts, financial variances, audits
- Leadership dashboards (e.g., operational spending and resources)
- Service demands, availability, cost per weighted case vs. funding received, volumes by funding sources
- Significant changes in patient type or patient population or urgent/emergent cases
- Short-term and long-term investment returns
- Contingency funds, available reserves
- Innovative practices around revenue generation and financial planning
- Quantitative and qualitative key performance indicators
- Report working capital to board
- Annual peer benchmarking exercises to ensure funding allocation is not negatively impacted by inefficient management of operations