



FACILICORPNB ANNUAL REPORT 2014-2015



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FacilicorpNB
1 Germain Street, Suite 902
Saint John NB
E2L 4V1
Canada

Contact us:
www.FacilicorpNB.ca
Tel: 506-663-2500
Toll-free: 1-888-480-4404
Email: info@FacilicorpNB.ca
Facebook: www.facebook.com/FacilicorpNB
Twitter: www.twitter.com/FacilicorpNB
LinkedIn: www.linkedin.com/company/FacilicorpNB

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Communications, FacilicorpNB
Communications@FacilicorpNB.ca

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MISSION, VISION AND VALUES

Mission	FacilicorpNB provides innovative support services in a safe and cost-effective manner, creating value and exceeding customer expectations.
Vision	FacilicorpNB will be the leading provider of health shared services in Canada.
Values	<i>Integrity:</i> We are ethical, honest, consistent and professional. <i>Teamwork:</i> We cooperate and collaborate with our staff, customers and other stakeholders. <i>Accountability:</i> We measure, monitor and report our performance in an open and transparent manner. <i>Respect:</i> We treat all stakeholders with courtesy, fairness and dignity, and communicate with them in both official languages. <i>Pride:</i> We have personal and professional pride in everything that we do. <i>Environmental Stewardship:</i> We are diligent in identifying and adopting practices that will reduce our environmental footprint.



COMPLETED INITIATIVES 2014-2015

This past fiscal year, several large-scale initiatives were successfully concluded, and many others achieved significant milestones in their project plans. As a result of the following major initiatives, New Brunswick's health system continues to move towards its goal of sustainability:

- IT Provincial Service Desk
- Dictation and Transcription Project
- Pharmaceutical Supply Chain Project
- Energy Management Program
- Microsoft Upgrades
- Attendance Management Program
- Continuous Improvement Initiatives
- Phase I of the Supply Chain Renewal Project/Category Management

1.0 MESSAGE FROM THE BOARD CHAIR

On behalf of the Board of Directors, I am pleased to present FacilicorpNB's 2014-2015 Annual Report.

This past fiscal year has presented our organization with a variety of challenges: from a change in government and significant changes to our senior leadership team, to our evolving relationships with customers and stakeholders.

I am pleased to say that in all cases we have risen to the challenge and adapted to these new realities. Our board continues to provide the sort of guidance that empowers our team and maintains focus on our goals.

As we move further into the execution of our second strategic plan, we have seen our organization mature into a customer-focused operation. We have proven ourselves in terms of our financial targets, and now we're refining those capabilities with the kind of creative thinking and problem-solving that forms the basis of a culture of continuous improvement that will result in sustainable, long-term customer relationships. I am very excited about this evolution, and I look forward to even more tangible results over the coming year.

I would like to take this opportunity to thank outgoing President and CEO Gordon Gilman for all he has done since the inception of this organization. Starting an organization is never an easy task, and the foundation he has laid for FacilicorpNB is one we can build upon for years to come. We wish him good luck as he begins his new challenge.

I would also like to thank Derrick Jardine, our new President and CEO, for keeping the bar high during this time of transition, and for supporting our senior leadership team through a series of significant staff changes. Lastly, thank you to my fellow board members, who provided the kind of thoughtful governance that helped our team prioritize relationship building and customer service for the best of all New Brunswickers.

Since its creation, FacilicorpNB has continually demonstrated to the citizens of our province how valuable its work has been. We are happy that our accomplishments have inspired government in the next phase of the shared services approach.

I am extremely proud of our accomplishments, and excited about the future.

Sincerely,



Marcus Goddard
Board Chair



1.1 GOVERNANCE

FacilicorpNB's Board of Directors endorses the principle that sound corporate governance practices are essential for the proper functioning of the corporation and for enhancing the interest of its sole shareholder, the Province of New Brunswick.

Our Board discharges its responsibilities directly and through committees in accordance with FacilicorpNB's By-laws, Sole Shareholder Declaration and Board of Directors' Governance Manual. The Board holds at least five scheduled meetings each year, with unscheduled meetings held as required.

1.1.1 BOARD COMMITTEES

The Board of Directors is currently responsible for the governance and functioning of the following two committees:

- Audit and Finance Committee – responsible for reviewing all finance, audit and risk items
- Governance and Human Resource Committee – responsible for reviewing all governance and human resource items

Our Board committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.

1.1.2 ETHICAL BUSINESS CONDUCT

FacilicorpNB has adopted a Code of Conduct and Conflict of Interest Guidelines, which govern the conduct of all Directors and Officers, and manage the disclosure and avoidance of conflicts of interest.

Directors are required to file disclosure statements annually and to provide updates as necessary.



1.2 BOARD OF DIRECTORS

Name	Role	Board meeting attendance ⁶	Committee memberships	Committee meeting attendance ⁶
Michael Coster	Director	6/6	Audit & Finance Committee	3/3
Christian Couturier	Director	5/6	n/a	n/a
Paul Couturier	Director	6/6	n/a	n/a
Kim Daley ¹	Director	1/1	n/a	n/a
Lily Durepos	Director	6/6	Governance & HR Committee	4/4
Dr. David Elias	Director	6/6	Audit & Finance Committee	3/3
W. David Ferguson	Director	5/6	n/a	n/a
Gordon A. Gilman ²	President & CEO ⁵	4/5 ⁷	Audit & Finance Committee Governance & HR Committee	2/2 2/3 ⁸
Marcus Goddard	Board Chair	6/6	Audit & Finance Committee Governance & HR Committee	3/3 4/4
David T. Hashey, Q.C.	Director	5/6	Governance & HR Committee	4/4
Derrick Jardine ³	President & CEO ⁵	1/1	Audit & Finance Committee Governance & HR Committee	1/1 1/1
Renée Laforest ⁴	Director	1/1	Audit & Finance Committee	n/a yet
Manon Losier	Director	6/6	Governance & HR Committee (committee chair)	4/4
Tom Maston	Director	3/6	Audit & Finance Committee	1/3
Paula MacNeil	Director	6/6	Audit & Finance Committee (committee chair)	2/3
Sonia Roy	Director	6/6	Governance & HR Committee	3/4

1 Kim Daley was appointed to the Board on June 24, 2014, and resigned from the Board on October 6, 2014.

2 Gordon Gilman was seconded to Executive Council Office on December 1, 2014.

3 Derrick Jardine was appointed President & CEO (acting) on December 1, 2014.

4 Renée Laforest was appointed to the Board on December 9, 2014.

5 Ex officio, non-voting.

6 For those Directors who left or joined the Board or Board Committees part way through the year, the attendance record reflects the number of meetings held during their respective tenures.

7 One (1) Board of Directors meeting was held specifically without the CEO present.

8 One (1) Governance & HR Committee meeting was held specifically without the CEO present.



2.0 MESSAGE FROM THE PRESIDENT AND CEO

On behalf of the management and staff at FacilicorpNB, I am pleased to present our 2014-2015 Annual Report.

Our organization underwent significant change this year, while maintaining focus on its strategic priorities. This year saw the retirement of Guy Léger, our Vice President of Operations and Chief Operating Officer, and the departure of Andrew Beckett, our Vice President of Corporate Services and Chief Financial Officer. We wish them both well in their future endeavours and appreciate their contribution to our organization.

We also bid farewell to President and CEO Gordon Gilman, who accepted a position with the Government of New Brunswick. Gordon left this organization on a firm footing, with a clear plan in place to accomplish our goals.

I am proud of how far we've come as an organization. During my time as Vice President of Technology Solutions and Services, I was involved in many of the initiatives that were either completed this year, or that achieved significant milestones on the road to completion. The IT Provincial Service Desk has significantly enhanced service to our customers province-wide, and the Pharmaceutical Supply Chain project is already paying big dividends. As President, I am proud to be involved in a wider scope of activities, including our Lean Six Sigma continuous improvement initiatives, our Supply Chain Renewal project, and our ongoing efforts to effectively and sustainably consolidate Laundry operations.

I am consistently impressed with our team's ability to focus on achieving the objectives set out in our strategic plan. As an organization, we have transitioned to a focus on customers, which has had a profound effect on the way we do our work, deliver our services, and meet our performance targets. Bottom line, we're even more accountable for the work we're doing, because of the positive change we're making for our customers and our province.

Thank you to our Board of Directors for their stewardship during the year, and to our staff for their continued dedication and effort.

With the plan for the government of New Brunswick to create a new shared services organization that will deliver common services across government, we see the move to a new common services corporation as a step forward.

Since the creation of FacilicorpNB, in 2008, we have proven that the shared services model works. We have played an important role in improving health services' safety and efficiency through many initiatives and collaboration work with stakeholders in the health system.

I look forward to the achievements we'll accomplish together.

Sincerely,



Derrick Jardine
President and CEO

2.1 CORPORATE OVERVIEW

FacilicorpNB is a public sector agency created in 2008 to manage specific non-clinical shared services for the New Brunswick health system. Our mandate is to provide cost-effective, innovative and sustainable support services to the health system and its stakeholders.

We fulfill our mandate by delivering high quality services, consolidating service management, standardizing processes and products, developing best practices, and leveraging greater critical mass in the procurement of goods and services.

Our operations are funded by the Department of Health, user charges for laundry services, and savings generated from our activities.

2.2 BUSINESS LINES

Our service lines – which include Information Technology and Telecommunications (IT&T), Clinical Engineering, Supply Chain, and Laundry – provide a comprehensive range of services for the health system and its partners.

2.2.1 INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

Health professionals rely on timely clinical and decision-support information to treat patients and administer health services to New Brunswickers. IT&T provides that critical foundation through effective, proactive and innovative management of our health system's technology and communications infrastructure. We develop, test and implement provincial e-health solutions for the Regional Health Authorities (RHAs) and for the Department of Health. We also troubleshoot, support and manage the lifecycle of both hardware and software products in use within the health system throughout the province. IT&T also ensures that data and information are safely and securely stored and managed.

We provide 24/7 support for the operations of New Brunswick's health system.

Statistics at a glance	2013-2014	2014-2015	Change
Total number of PCs and laptops	13,337	13,481	+144
Total number of servers	1,268	1,335	+67
Total calls to the IT Provincial Service Desk	146,507	172,491	+25,984
Total incidents reported	118,153	141,393	+23,240
Total incidents resolved	113,667	139,854	+26,187

Notes:

- The total number of servers has grown due to the implementation of large systems, such as Kronos Timekeeping, as well as a number of smaller internal client systems.
- The number of calls to the IT Provincial Service Desk, as well as the number of incidents reported has grown for a number of reasons. The consolidation of support resources has led to more consistent practices, including the requirement to record all events. The expansion of service hours to 24/7 for all areas/zones, as well as a focus on first-call resolution, has also had an impact on this metric.
- The number of incidents resolved grew as a result of the reasons noted above, but also because a black-belt project focusing on resolving tickets sooner was implemented, which led to a reduction in the incident ticket backlog.



2.2.2 CLINICAL ENGINEERING

Healthcare professionals use a wide array of diagnostic and therapeutic medical equipment in their day-to-day work. This equipment can be very complex and costly.

Clinical Engineering works with customers to plan for, and evaluate new and existing health care technologies. We inspect and maintain the equipment, and ensure the technology complies with all applicable regulations. We also support the investigation of incidents related to medical equipment and participate actively in the training and education of technical and medical personnel regarding its use. Finally, we help determine when equipment has reached end-of-life status, and play a significant role in the decommissioning process.

Statistics at a glance	2013-2014	2014-2015	Change
Total number of work orders	62,691	68,466	+5,775
Total number of preventative maintenance service orders	21,154	23,652	+2,498
Total number of equipment alerts requiring action	1,007	733	-274

Notes:

- The increase in total number of work orders was due to two factors. First, there was a 6% increase (+1,976) in corrective work required to support equipment, based on user requests for equipment service. During this period there was also a net new increase of 933 inventoried devices. Second, a black belt process improvement initiative and improved reporting resulted in an increase of 2,498 (+11.7%) preventative maintenance procedures completed, allowing strategic targets to be achieved.
- The number of alerts handled varies from year to year, because they are dependent on the quantity of equipment in service, and the details of the published alerts.
- Improvements to the maintenance program were implemented, resulting in the successful attainment of strategic targets for medical equipment maintenance during the 2014-2015 fiscal year.

2.2.3 SUPPLY CHAIN

On a day-to-day basis, a wide variety of equipment, supplies and services are used in the delivery of health care to New Brunswickers.

Supply Chain supports health care professionals by ensuring the right goods and services are available at the right time and place. We are responsible for the sourcing, procurement, storage, delivery and distribution of all equipment, supplies and services for the health system throughout New Brunswick. Supply Chain includes the following: strategic sourcing, purchasing, inventory management/stores, shipping and receiving, distribution, logistics, print shops and mail rooms.

Statistics at a glance	2013-2014	2014-2015	Change
Total number of purchase orders	123,714	123,235	-479
Total dollar value of purchase orders	\$280,698,785	\$258,820,975	-\$21,877,809
Total number of contracts	1,462	1,366	-96
Total number of RFPs/tenders	100	83	-17

Notes:

- The change in numbers represents normal fluctuations in operations.
- During the year, the organization prepared and issued 53 Requests for Proposals, 18 Requests for Information and 30 Requests for Quotes.

2.2.4 LAUNDRY

New Brunswick's many health care facilities require a wide variety of clean and sterile linen on a daily basis.

Laundry provides complete laundry services (including pick-up of soiled linen and delivery of clean items) for our customers throughout the province.

Statistics at a glance	2013-2014	2014-2015	Change
Total poundage of laundry processed	23,091,408	22,419,372	-672,036
Total number of customers	75	79	+4

Notes:

- Poundage reduction came as a result of the Horizon Health Network's replacement of OR linen with disposables.
- The increase in customers reflects the addition of two nursing homes and two health clinics.

2.3 OFFICIAL LANGUAGES ACT

FacilicorpNB provides quality services to its customers in the official language of their choice. The Human Resources Department is responsible for the coordination of the Official Languages policy for our organization. FacilicorpNB actively updates its language profiles as re-organizations warrant.

In February 2014 FacilicorpNB received written notice from the Commissioner of Official Languages for New Brunswick (the "Commissioner") of a complaint related to the language of written communications with respect to a Request for Proposal issued by FacilicorpNB in the fall of 2012. We officially responded to her notice and in June 2014 the Commissioner provided us with a copy of her investigation report. We met with the Commissioner and her staff in August, 2014 to discuss the report and our response. In subsequent correspondence, the Commissioner indicated that FacilicorpNB complies with the Official Languages Act and encouraged us to continue to do so.

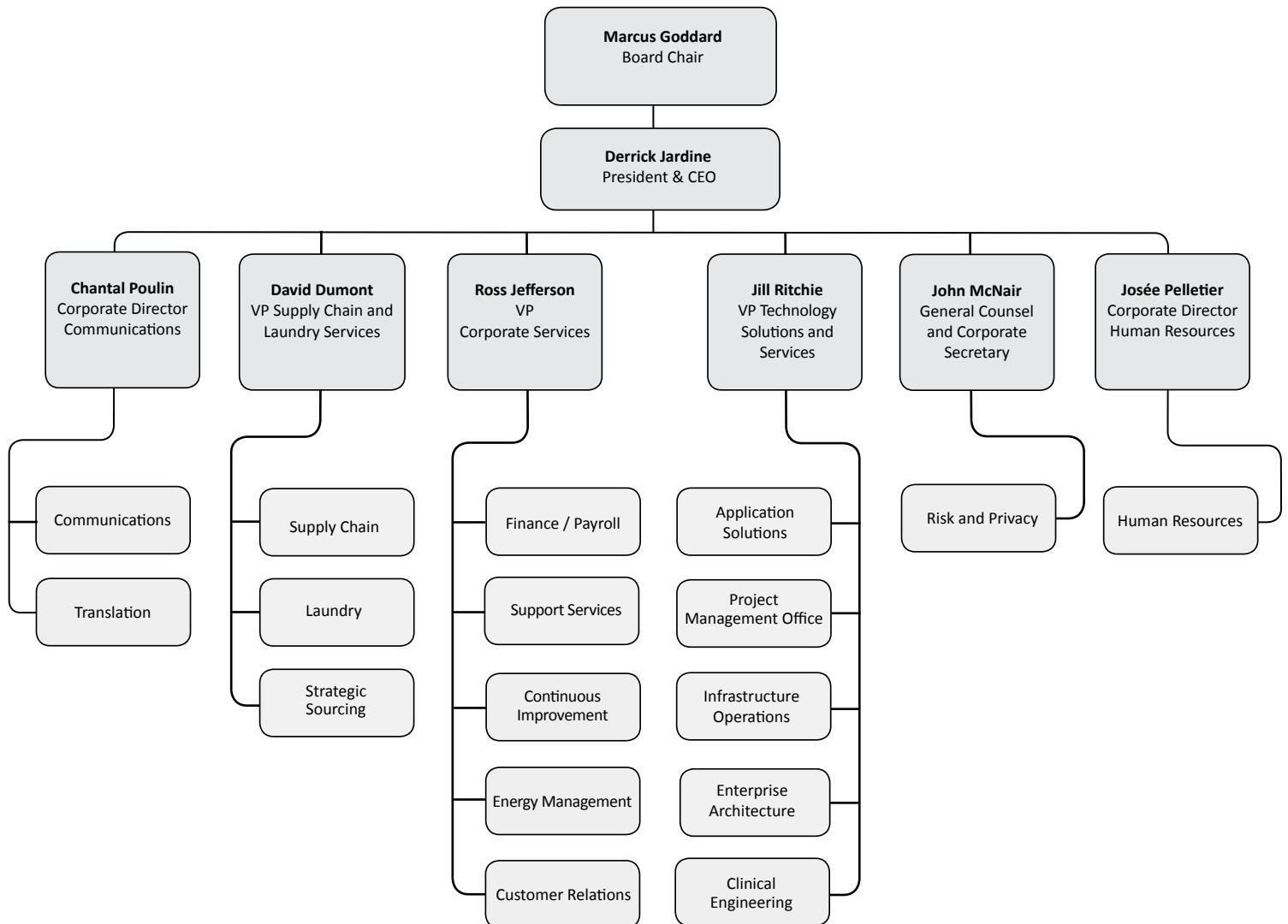
No other official language complaints were received by the organization or were ongoing during the fiscal year 2014-2015.

2.4 PUBLIC INTEREST DISCLOSURE ACT

FacilicorpNB has policies and processes designed to manage public interest disclosures as required by the Public Interest Disclosure Act (New Brunswick). In 2014-2015, no claims or disclosures of wrongdoing were made or received.



2.5 ORGANIZATIONAL CHART - AS AT MARCH 31, 2015



3.0 REPORT ON PERFORMANCE

Our 2013-2016 Strategic Plan identifies a series of desired outcomes, and organizes them into the following drivers of change:

- From a **customer perspective**, we will move from variable service levels to high quality, consistent service levels.
- From a **service perspective**, we will expand our services to include new offerings and new customers.
- From a **results perspective**, we will move from a cost-savings focus to a long-term value focus.
- From an **operations perspective**, we will replace stand-alone processes with harmonized processes.
- From an **employee perspective**, we will foster a stronger sense of pride and belonging.
- From a **resource perspective**, we will shift focus to allow strategy to shape budget instead of the other way around.

The following sections outline our activities and accomplishments related to the drivers of change, over the past year.



3.1 KEY PERFORMANCE INDICATORS

DRIVER	MEASURE	MEASUREMENT FREQUENCY	TARGET	2014-15 RESULTS
Customer	Corporate customer satisfaction survey	Annual	90% satisfaction	85%
Service	Revenue from new and existing customers	Monthly	\$626,000	Delays in opening new nursing homes have delayed expected revenues.
Results	Total value of system savings and efficiencies resulting from our activities	Monthly	\$875,000	\$1,316,883
Results	Value of performance improvement projects	Quarterly	\$200,000	\$238,000
Operations	Completion rate of work plan items	Quarterly	90%	On track
Operations	IT service desk call abandoned rate	Monthly	Less than 10%	8%
Operations	IT incident response rate	Monthly	90%	94.8%
Operations	IT incident resolve rate	Monthly	90%	92.7%
Operations	IT end-user refresh	Monthly	2,400	1,888
Operations	CE preventative maintenance completed on life-critical equipment	Monthly	100%	100%
Operations	Laundry fill rate	Monthly	99%	98.7%
Operations	Laundry pounds per operator hour	Monthly	100 lbs	83.5 lbs
Operations	Supply Chain cost per purchase order	Monthly	\$15.49	\$17.25
Operations	Supply Chain inventory turns	Monthly	1.0	1.02
Employee	Employee attendance	Monthly	9.5 sick days	10.66 days
Employee	Revenue per employee	Monthly	\$8,100 per employee	\$8,900

3.2 DRIVERS OF CHANGE

3.2.1 Customer

Desired Outcome

We will move from variable service levels to high quality, consistent service levels.

Actions Taken

Customer Satisfaction Survey

The Customer Satisfaction Survey was completed in December 2014. In total, we received feedback from 97 respondents who answered a variety of questions to help us identify opportunities for enhancing our overall customer service.

The overall customer service satisfaction score was 85%, an increase of 1 percentage point compared to last year.

> Next steps

Based on the findings of this Customer Satisfaction Survey, FacilicorpNB has identified a number of action items to address some of the themes/areas of concern.

Customer Relationships

As part of our ongoing commitment to establish and maintain collaborative working relationships with our customers – the Department of Health and the Regional Health Authorities (RHAs) – we continue to work toward streamlining governance to support efficiency, accountability and the achievement of results.

At a system level, FacilicorpNB is leading the Health Technology Partnership Council, which includes representation from Horizon Health Network, Vitalité Health Network, and the Department of Health. FacilicorpNB IT senior leaders also participate in technology governance committees that have been established by both RHAs. A similar governance structure is in place for Clinical Engineering.

A Supply Chain Governance group, composed of senior leaders from FacilicorpNB Supply Chain and senior leaders from Horizon Health Network, meet six times per year for the purpose of ensuring alignment with the strategic direction established by Horizon Health Network, FacilicorpNB and the Department of Health's Strategic Plan. These meetings provide a forum for overseeing the planning, prioritization, project execution and project evaluation of Supply Chain initiatives within Horizon Health Network. A similar approach occurs individually with the Vice President of Finance for Vitalité Health Network.

Successful service delivery and customer relationships require an ongoing spirit of partnership, open dialogue, and information sharing. In collaboration with our partners, we continue to adopt best practice frameworks and take a continuous improvement approach to service delivery.

Microsoft Windows 7 implementation

In 2013-2014, as a result of Microsoft's decision to end support for Windows XP, FacilicorpNB staff installed the Microsoft Windows 7 operating system on 85% of PCs throughout the province. This large-scale upgrade ensured all systems remained protected from potential security threats. Due to application incompatibility, 15% of devices had to remain on Windows XP, and received additional protection software to mitigate risks.

In 2014-2015, the majority of these systems were successfully upgraded or replaced. Less than 1% of devices still require additional mitigation.

The upgraded systems included pharmacy applications, scanning and archiving solution, clinical systems, health records and patient administrative systems.



IT Provincial Service Desk fully operational

The IT Provincial Service Desk project was launched in January, 2012, to standardize and improve the quality of client services. The final steps in the project were completed in November, 2014. All zones/areas within the provincial health system now receive around-the-clock standardized, bilingual support services for clinical and administrative staff in the RHAs and FacilicorpNB.

"The completion of this project demonstrates our commitment towards improving our services and supporting clinical and administrative staff in the delivery of health services. It is the result of extensive work requiring the collaboration of many people. Grouping eight different service desks into one efficient, operational unit is a significant accomplishment for our organization and the health system", said President and CEO Derrick Jardine.

Service Desk employees respond to requests for support and provide core services for our customers. Requests that cannot be resolved remotely by telephone are forwarded to IT support staff stationed on-site in all zones/areas within the province.

Access management project

IT&T provides user access management services to the RHAs, and to FacilicorpNB staff. The processes, tools and resources used to add, change or disable access rights to the systems and applications required by authorized users (employees and non-employees) vary across the different zones and areas. The lack of common access management processes has led to delays, re-work and inconsistencies. In some instances, it has also resulted in unsatisfactory customer experiences and placed high demands on Applications resources, the IT Provincial Service Desk, and key business users.

In an effort to streamline and simplify the access management process for all involved, a standardized process has been developed using Lean methods and principles. This process was piloted successfully at the Moncton Hospital in 2013-2014.

In 2014-2015, we refined and developed processes based on the pilot, and we developed an implementation plan for full rollout across all facilities, starting with Miramichi. This project should significantly improve the customer experience and increase operational efficiency for IT staff.

3.2.2 Services

Desired Outcome

We will expand our services to include new offerings and new customers.

Action Taken

Nursing home customers – Procurement

In 2014-2015 we continued to work with new nursing home clients, introducing them to our national group purchasing organization (GPO) and supporting them as they moved through the associate membership application process. To date, 47 of 61 public nursing homes have signed up.

During the year, we worked with nursing home associate members, transitioning them to 12 GPO contracts, resulting in cost savings for the procurement of medical and non-medical supplies.

Pharmaceutical Supply Chain project

The Pharmaceutical Supply Chain project has established a single-source distribution model, enabling both RHAs to automate and track the distribution of pharmaceuticals from the time of purchase through traditional distribution channels to delivery at selected patient-care sites.

During 2014-2015, the implementation phase of the project was focused on the roll-out of automated dispensing cabinets. Hospitals throughout the province have been equipped with these new high-tech cabinets, which automatically dispense the appropriate medications, reducing the risk of human error. These secure cabinets have been deployed throughout 265 patient care areas in 22 hospitals around the province. The cabinets require electronic authentication (via username/password or biometrics) to open and retrieve (or return) drugs. An automated process is in place to ensure an appropriate inventory is available.

Collaboration between FacilicorpNB and the RHAs has been a key component of the evolution of this major provincial initiative. In addition to overall project management, FacilicorpNB's IT&T and Clinical Engineering teams have supported the deployment of the new hardware and software.

Common dictation, transcription, and voice recognition solution

In October 2013, a contract was signed with Lanier Health Care Canada for the provision of a comprehensive dictation, transcription and voice recognition solution for the health care system. The key areas involved in this initiative are Health Records, Medical Imaging, and Laboratory across both RHAs.

This common solution will replace eight existing systems with a single standardized and reliable service for physicians and patients. This new system will provide digital dictation, transcription, and voice recognition in both French and English, and is designed to be scalable to meet future needs.

This multi-year project started in the spring of 2014. The new system is currently installed in three zones/areas: Saint John, Beauséjour, and Moncton. Remaining deployments will occur throughout 2015-2016.



Telestroke project

In 2014-2015, FacilicorpNB worked in collaboration with the Department of Health, the RHAs, Ambulance New Brunswick and the Heart and Stroke Foundation to implement a standardized provincial Telestroke system.

Stroke patients require rapid access to a drug treatment that dissolves blood clots. This treatment must be administered within 4.5 hours of the onset of stroke symptoms, and the quicker the medication is administered, the more effective it is.

The Telestroke system uses technology solutions to improve care and speed up the diagnosis for patients who show up at an Emergency Room with stroke symptoms.

Our IT&T and Clinical Engineering teams have implemented the technology required to link the province's 10 major emergency rooms with a 24/7 neurology on-call system.

"Implementation of this technology will be of immeasurable value to patients. Quicker diagnosis and treatment for a stroke will greatly enhance a patient's chances for a healthier recovery. That element alone was a driving force behind this initiative, and we are more than satisfied to see this project become a reality", said Richard Losier, Chief Operating Officer for the Beauséjour Zone at Vitalité Health Network.

"Telestroke is a perfect example of how technology can be used to better integrate the health-care system," said Health Minister Victor Boudreau. "The Department of Health is happy to be a partner on this project that improves access to treatment and will result in improved patient outcomes."

Ebola preparedness

FacilicorpNB worked together with our provincial health partners to prepare for the eventuality that Ebola cases appear in New Brunswick.

We were also actively involved in sourcing and inventorying the appropriate equipment and supplies required to protect both staff and clients, in response to a potential Ebola outbreak.



3.2.3 Results

Desired Outcome

We will move from a cost-savings focus to a long-term value focus.

Action Taken

Energy management

The 2014-2015 fiscal year was the first full year of our Energy Management Strategy. During the year we supported the RHAs in the identification, prioritization, and execution of energy savings initiatives. Energy Management Plans were developed for five hospitals, energy benchmarking continued in 21 facilities, Energy Management Information Systems were installed in five health care facilities, and energy-related best practices were shared through our working groups.

Collaborative efforts with the RHAs resulted in:

- \$1.1M in actual energy cost avoidance;
- \$300,000 invested in energy efficiency upgrades in eight facilities, which will generate an additional \$140,000 in energy cost avoidance annually; and
- over \$220,000 in cost avoidance through operational improvements identified using Energy Management Information Systems.

> Next steps

In the coming year we will continue to work with facility management personnel in both RHAs, as well as the Department of Transportation and Infrastructure, to identify and implement additional energy management projects. Energy cost information and existing energy management plans will be updated and benchmarked, and energy management plans will be developed for two additional facilities. As well, we plan to advance the use of Energy Management Information Systems in order to continue to increase operational and maintenance savings.

RHA financial systems consolidation

This year the RHAs began a financial systems consolidation initiative that will achieve savings and improve access to timely and accurate information for better decision-making. This initiative will also create efficiencies in Supply Chain operations by standardizing data and streamlining processes.

Several options for the new system were reviewed, and a solution selected – one that will consolidate the General Financials, Supply Chain and Resource Planning areas from four separate systems into one single chart of accounts. Work teams have been established within each RHA and FacilicorpNB, to standardize business processes, workflows and reports in advance of implementation. Consolidation will happen using a phased approach, by establishing the master instance and incorporating each zone over the course of one year.

The initial phase is underway in each organization, and we expect the process to be completed within fiscal year 2015-2016.

Supply Chain Renewal initiative

Every year, FacilicorpNB manages the purchase of goods, equipment and services worth nearly 325 million dollars.

To streamline this process, FacilicorpNB launched a Supply Chain Renewal initiative in January 2013. This involved the creation of a new Category Management framework, using two key areas of focus: sourcing and logistics.

The renewal process will modernize our zone/area-based system – currently composed of disparate manual practices – transforming it into a strategic, standardized, consolidated provincial model, reflecting best practices found in similar successful private and public sector initiatives.



Overall, this project will improve our level of customer service through savings generation, and streamlined procurement operations.

The implementation of the Category Management model was completed for the Horizon Laboratory Departments in 2014.

"We're getting great comments so far from Laboratory Department stakeholders", said FacilicorpNB's Director of Sourcing Renewal, Nancy-Butler Rioux. "The benefits speak for themselves – so much so that other departments are contacting us to switch to Category Management as soon as possible!"

Daryl Steeves, then Regional Administrative Director of Laboratory Services at Horizon Health Network, praised the Category Management model: "It has revolutionized our approach to obtaining goods and services."

"Integrating the Laboratory Category Manager into our Program Management Team has allowed her to become part of the family, understanding our needs even better than we do at times", said Steeves. "Our processes are now clearly defined and understood by our staff, and if there is any doubt, all it takes is a simple call to our Category "team" to obtain a quick resolution. What was once a tedious and challenging process has become an effective and positive experience. This is one of the most impactful changes we have made in our structure as we evolved to a regional service."

> **Next steps**

The next step is to move all departments from both RHAs to the new procurement model.

Provincial scheduling, time and attendance solution

Implementation of Kronos Workforce Timekeeper for some groups of FacilicorpNB employees will be completed by the fall of 2015.

This new application will provide for better schedule planning and better control of staff attendance, while reducing the risk of payroll errors.

Intranet migration finalized

The migration of key content and applications from zone/area-based intranets to Skyline, Boulevard and Rendezvous was successfully completed during the summer of 2014. The completion of this phase allows for the realization of a long-term goal: delivering key information and resources to all staff through a central common platform, improving information access and management.

The migration process began in January, 2014. Oversight for the project was provided by the Joint Intranet Governance Committee, and each RHA was directly involved with release planning and execution within its organization. Thanks to the dedication of key business leads, new and existing content owners and project team members from all three organizations, the project was successfully completed in August, 2014, allowing for the decommissioning of the old zone/area-based intranets.

3.2.4 Operations

Desired Outcome

We will replace stand-alone processes with harmonized processes.

Action Taken

Laundry consolidation

In March, 2013, GNB approved FacilicorpNB's plan to consolidate health system laundries throughout the province from eight (8) to four (4). The purpose was to generate savings by moving laundry volumes to our most productive laundries, and to reduce operational and financial risk by closing laundries that required significant investments to replace or upgrade end-of-life equipment.

During fiscal 2013-2014, the laundry operation at the Moncton Hospital was closed and its volumes were moved to the Saint John Laundry. The laundry operation at the Tracadie-Sheila Hospital was also closed and its volumes moved to the Campbellton Regional Hospital.

The closure of the Chaleur Regional Hospital Laundry was postponed, as we reviewed operations following the first consolidation experience. The plan to close the Dr. Georges-L.-Dumont University Hospital Centre's Laundry was similarly delayed.

As a result of the Dumont Hospital volumes not being transferred and the OR laundry volumes at the Saint John Regional Hospital being reduced (due to a move to disposable products), a workforce adjustment was completed at the Saint John Laundry in March, 2015.

During this fiscal year, we initiated Lean Six Sigma and Waste Walk projects in our laundry operations. In light of closures and increased volumes, a consultant was also hired to complete a study of the current infrastructure and operations. The study is being used as an information resource as we complete a business plan for laundry operations, in order to ensure the long-term sustainable delivery of efficient laundry services for the NB Health sector.

Process improvement

During this fiscal year, FacilicorpNB continued to increase its activities in the area of process improvement. Eight employees completed their Lean Six Sigma training, and received certification as Black Belts.

FacilicorpNB has also implemented a new Process Improvement Plan that has tasked two employees to lead Lean Six Sigma projects across the organization. Much of their focus is currently on improvement projects within the Laundry division. Additional projects will be undertaken as they are identified and their benefits are validated.

The plan also called for the creation of two Waste Walk teams, each consisting of four employees. Training for these employees was completed in December, 2014. During the 4th quarter these teams completed three Waste Walks and improvements were being implemented as of March 31. More Waste Walks will be scheduled throughout 2015-2016. We look forward to reporting on the results of these various process improvement initiatives.

Here are highlights from four of the process improvement training projects:

> Inventory Replenishment in the Fredericton Area

A review of the process to top-up inventory in nursing units was undertaken, with a goal to reduce the time it takes to complete the process. By using the Lean Six Sigma method, the time to count stock was greatly reduced, resulting in savings of \$22,965. The project also produced \$26,466 in inventory savings for Horizon Health Network. The methodology is being replicated in the remaining hospitals.



"The project is successful and the employees welcome the use of the scanners", said Bill Burns, Logistics Manager. "All of the Logistics employees feel they make an unbelievable difference, and they don't know how they ever worked without them!"

> **IT Incident Response and Duration Times**

This project was designed to reduce the amount of time clients wait for a response, and then for a solution to their IT incidents. The project was able to reduce the response rate for incidents taking longer than three days from 19% to 2%. It also reduced the percentage of incidents lasting more than seven days from 17% to 5%.

> **Computer Deployment Process**

A review of our computer deployment process led to the consolidation of eight different processes into one. The goal was to provide consistent service and reduce the amount of rework required when issuing new computers. The result of the project was a reduction in the rate of rework from 32% to 6%. It also reduced the cost of reworks from \$22,500 to \$4,320 per year.

> **Capital Equipment Purchase Authorization Process**

In 2014-2015, FacilicorpNB Procurement and the Horizon Health Network cooperated on a continuous improvement project regarding the approval process for Capital Equipment. The project was piloted at the Saint John Regional Hospital, with the objective of reducing delays associated with the approval process, in order to increase the time available for the procurement phase.

A key result was the adoption of a single Procurement Request Form with electronic approvals replacing four paper forms with redundant manual approvals. Using a single electronic form not only reduces the number of signatures required per acquisition, but also improves traceability for the requestor – making it easy for them to know where the request is in the approval process – and allows for improved reporting. In the end, the Regular Capital Equipment signing process time was reduced from 211 to 91 days, which increases the amount of time available for the procurement process. We have received positive feedback from stakeholders regarding this improvement.

The success of the project resulted in Horizon adopting the methodology for all areas, going live in the fiscal year 2015-2016.

Clinical Engineering's Resource Management Software

FacilicorpNB's Clinical Engineering (CE) is responsible for more than 50,000 pieces of equipment throughout New Brunswick's healthcare facilities. To maintain all the information associated with this equipment, CE utilizes a database called Resource Management Software (RMS) – a tool consisting of 14 modules including Equipment Asset and Inventory Management, Work Order History, Parts Management, and a Service Contract Module.

RMS was developed by CE, and over the past twenty years it has undergone many improvements, allowing it to adapt to our health system's changing environment.

In 2014, RMS was upgraded to include the Provincial Maintenance Schedule, utilizing an industry-standard method to identify and prioritize tasks. The next step in the evolution of the RMS is expected to be released in the first quarter of 2015, and will provide informative reports and dashboards that will give staff, managers, and stakeholders access to timely decision-making information.

Risk management

As part of our ongoing risk management process, key risks associated with our operations are monitored on an ongoing basis, using a Risk Register document. The Risk Register contains an assessment of each risk and provides for the implementation of appropriate mitigation strategies.

The Risk Register is a standing item on the agenda for each meeting of the Board of Directors and the Audit and Finance Committee, as well as the quarterly Senior Leadership Team meetings.

A regular review process with the Board helps determine if risks are properly identified and whether the outlined mitigation strategies remain appropriate or need to be adjusted.

Privacy

In some circumstances, we deal with both personal information and personal health information. Maintaining the privacy of this information is a responsibility that we take very seriously.

As a result, we have developed and implemented the following policies:

- Corporate Privacy Policy
- Confidentiality Policy
- Privacy Breach Policy
- Privacy Impact Assessment Policy
- Confidential Information Sharing Policy

These policies are designed to ensure we fully meet our obligations under the Personal Health Information Privacy and Access Act (New Brunswick) and the Right to Information and Protection of Privacy Act (New Brunswick).



3.2.5 Employees

Desired Outcome

We will foster a stronger sense of pride and belonging.

Action Taken

Provincial Recognition Gala and Leadership Conference

We held our 4th annual Provincial Recognition Gala on October 1, celebrating both recently retired employees, and employees with 25, 30, 35 and 40 years of service. Approximately 60 employees were recognized for their efforts as well as their career milestones.

FacilicorpNB Managers also attended the 2014 Leadership Conference, held October 2-3 in Moncton, to discuss, among other items, the major projects underway in the organization. The 16 initiatives associated with the 2013-2016 Strategic Plan, the Best Employers in Canada survey and work plan, and our continuous improvement projects were discussed over the two-day event. Participants were also invited to attend workshops about new corporate technologies, how to run a meeting, performance management, and internal communications.

Training and Development

During the year, we invested close to \$268,000 in Training and Development for our employees. This does not include the cost of staff time related to attendance at the various training sessions.

Some of our major training initiatives included:

> Second-Language Training

Fifteen employees completed French-language training. The courses they took were appropriate for their level of French comprehension, and comprised of weekly virtual sessions and learning activities including video, audio, case scenarios, and recording tools.

> Coaching

FacilicorpNB Managers participated in a full-day coaching session in February 2015. The program provided participants with coaching concepts and skills, and introduced them to the 5/5/5 framework for successful coaching: 5 Core Coaching Skills, 5-Step Coaching Exchange Process, and 5 Guiding Principles for successful coaching.

> SkillsNB Provincial Online Learning Platform

In September 2014, the provincial government implemented a new learning platform that provides free training and development to citizens of the province.

The SkillsNB library contains more than 6,000 online tools including courses, videos, interactive simulations, and full-text books in English and French. These resources cover a wide variety of subject areas, such as business, IT, leadership, management, and certifications. Participants in the SkillsNB program have free access to the entire collection of resources as well as to targeted learning paths. FacilicorpNB encourages its staff to take advantage of these learning resources.

Attendance Management program

FacilicorpNB acknowledges the importance of supporting and recognizing regular attendance at work, and works to reinforce the idea that attendance is everyone's responsibility: the employee's, the union's, and the employer's. As employees, we play an essential role in the provision of high quality service to our customers. Being at work means we contribute to the effectiveness of our organization by ensuring stability in service delivery.

The Attendance Support Program and accompanying Attendance Policy establishes FacilicorpNB's expectations and standards for employee attendance at work. This non-disciplinary approach has been adopted as a best practice by many employers, as a tool to support their staff in being present and productive at work.

Attendance Support Program Objectives:

- Develop tools and processes to address absenteeism
- Assist employees in attending work regularly through support, accommodations and building awareness of the available resources to promote a healthy workplace

Program Benefits:

- Promotes staff engagement through effective management practices
- Increases awareness of the effects of absenteeism
- Improves employee morale
- Improves personal health, workplace health and financial health

Employee wellness initiatives

> 2014 Wellness Challenge

To promote healthy living habits, FacilicorpNB challenged its employees to take steps around New Brunswick. In September 2014 FacilicorpNB launched the 2014 Wellness Challenge to promote healthy living habits among employees. The challenge, which ended February 6, was to walk a little over 1,000 km – around the province – within a four-month period.

Over 35 million steps were recorded. This means our employees walked or ran 26,638 kilometres, or three times the distance between Vancouver and St. John's, Newfoundland!

There are many benefits to adopting healthy habits such as regular physical activity: controlling your weight, reducing your stress, boosting your immune system, and increasing your energy level.

> Performance management

Our Performance Management system is a tool used to encourage open discussion with employees on their performance, and to provide them with on-going coaching.

Capturing the completion rate allows the organization to identify the number of employees who are getting feedback and recognition regarding their performance. For the fiscal period of 2014-2015, we had a 90% completion rate.

> Succession planning

Our Succession Planning Guide explains the available roles and responsibilities associated with them, and provides a framework for the evaluation of candidates. A communication plan will be developed to introduce the program, as well as procedures for candidates to submit their expressions of interest.



Internal communications audit

Our 2013-2016 Strategic Plan called for a review of our organization's internal communications processes and tools. To this end, an internal communications audit was conducted across the organization during the summer of 2014. The audit included an online and paper survey, and a series of focus groups.

The results of the survey and the focus groups have provided a good baseline for our current operations, methods, processes and tools. They have been compared to best practices in the industry, and an action plan has been developed and implemented to resolve any identified issues and increase employee engagement.

As part of the improvement initiatives, an internal ongoing communication process has been implemented, including tools for managers and reports for employees.



3.2.6 Resources

Desired Outcome

We will shift focus to allow strategy to shape budget instead of the other way around.

Action Taken

Balanced scorecard

During the 2014-2015 fiscal period, we continued our use of the Balanced Scorecard methodology to track and report on operational performance. This approach, which is also being utilized throughout Government, is a performance management tool that aligns grassroots operational activities with long-term corporate objectives, strategy and governance.

The Balanced Scorecard helps us to:

- improve the communication of organizational strategy;
- improve performance management at all levels;
- reduce duplication of effort through better planning;
- take timely corrective action regarding off-schedule performance; and
- improve efficiency and productivity.

> Next steps

In 2015-2016, we will continue our regular review of operational performance measures and work plan progress during regular management meetings. Results from our Key Performance Indicators are reported and shared across the company and with the Board of Directors on a regular basis.

Budget process

In fiscal 2014-2015, our budgeting process was fully aligned with the objectives as outlined in our Strategic Plan. Work plans were aligned with strategic objectives, and resources were allocated to initiatives supporting the achievement of these objectives across all six drivers of change.

Performance Excellence Program

Over the past few years, the Government of New Brunswick has undertaken a broad-based operational review. This renewal effort is designed to ensure that Government is able to provide both appropriate and affordable services to the citizens of New Brunswick in a sustainable manner.

One of the objectives of this renewal is to develop and implement a sustainable management system with a focus on articulating strategy, aligning performance processes and metrics, developing leaders and driving a culture of continuous improvement, which will ultimately be cascaded through the organization.

FacilicorpNB joined the Performance Excellence Process in June 2013. Since that time our executive management team has received formal training in the Excellence process, and we have reviewed our strategic plan to ensure it aligns with the Department of Health's plans and the Province's Strategic objectives.

> Next steps

We will continue to work with the Department of Health and the RHAs to ensure coordinated planning processes.



4.0 MANAGEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended March 31, 2015

The following summary of FacilicorpNB's operating results for the year ended March 31, 2015, should be read in conjunction with our financial statements and their accompanying notes.

The integrity and objectivity of these financial statements are management's responsibility. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current fiscal period cannot be finalized with certainty until future periods.

In meeting the Corporation's responsibility for the reliability and timeliness of financial information, the Corporation maintains a system of financial management and internal controls to provide reasonable assurance that financial information is accurate, assets are safeguarded and transactions are executed in accordance with the Corporation's policies.

The Corporation's Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control and exercises these responsibilities through the Audit and Finance Committee. The Audit and Finance Committee reviews internal financial statements on a regular basis, as well as the annual external audited financial statements.

4.1 OVERVIEW OF 2014-2015 FINANCIAL RESULTS

The approved budget for fiscal 2014-2015 provided for a deficit of \$0.1 million. The Corporation was successful in realizing an annual surplus of \$0.5 million, an improvement of \$0.6 million from budget.

More detail on budget variations is provided in the following commentary.

4.2 REVENUE

The Corporation's revenues for the year totaled \$93.4 million, which was \$0.6 million greater than budget.

The total funding received from the Department of Health was \$79.9 million, which was \$0.4 million greater than budget. The \$10.5 million revenue from rebates and recoveries was \$0.2 million greater than budget. Revenue from nursing home clients and other NB Agencies for laundry services was \$3.0 million, which nominally exceeded budget. Effective April 1, 2014, savings initiatives revenues, which totaled \$0.6 million in the prior year, are recorded directly by the RHAs.

4.3 EXPENSES

Operating expenses for the year totaled \$91.9 million, which was effectively on-budget.

Total spending in IT&T was \$1.3 million less than budget. Personnel costs, which account for almost 50% of the overall IT&T budget, were \$1.4 million less than budget mainly as a result of staff vacancies. Favourable contract renewal rates for software maintenance and reduced spending on servers contributed to a positive budget variance of \$1.2 million in *Equipment and supplies* expense. Those savings were reinvested, in part, in software and licenses. Professional fees for IT&T exceeded budget by \$0.4 million due to internal projects.

Laundry expenses were \$2.5 million greater than budget. Personnel costs exceeded budget by \$1.9 million, due primarily to the decision to delay the planned laundry closures at the Dr. Georges-L.-Dumont University Hospital Centre and Chaleur Regional Hospital and unsuccessful efforts to attain planned performance improvements. In addition, the Laundry Division's 2014-2015 budget was based on discontinuing the processing of all of Horizon's Operating Room ("OR") linen; however, a portion of the OR linen removal was delayed until October 2014. Another contributing factor was additional labour costs associated with the processing of nursing home laundry due to system capacity constraints. Energy costs contributed \$0.3 million to the unfavourable variance because of the significant increase in natural gas prices during the year. Delivery costs exceeded budget by \$0.2 million due to the requirement to rent vehicles during an extended Request for Proposals process.

Supply Chain expenses were under budget by \$0.5 million mainly as a result of savings in personnel costs.

Clinical Engineering expenses were \$0.5 million less than budget. The pension costs for these bargaining employees are borne by the Province.

Administration expenses were \$0.3 million less than budget. Personnel costs were under budget primarily due to staff vacancies.

Group purchasing and strategic sourcing' expenses exceeded budget by \$0.2 million. The Corporation is a member of a national group purchasing organization (GPO). Management fees were higher than budget due to an increase in purchasing activity by the RHA members and an increase in the GPO's administration costs.

4.4 INVESTMENTS

Historically, the Corporation has planned and budgeted for strategic investments in technology and equipment. These investments are directed towards the continued modernization of technology and the improvement of service levels to our clients. IT investments totaled \$1.0 million for the 2014-2015 fiscal year, which was in line with the budget.



4.5 RISKS

FacilicorpNB, like any other organization, is susceptible to risks that, if unmitigated, could lead to significant financial and operational consequences. As part of a systematic approach to risk management, we have assessed the key risks associated with the Corporation's business. We have also considered and implemented appropriate mitigation strategies and systems to address these risks.

4.6 FUTURE OUTLOOK

On May 28, 2015, the Government of New Brunswick announced plans to create a new Provincial Crown Corporation responsible for shared services that will centralize financial services, information technology and supply chain management. The new entity will be known as Service New Brunswick and will absorb the functions of FacilicorpNB, Service New Brunswick, the New Brunswick Internal Services Agency and the Department of Government Services while continuing to deliver government services to the public. FacilicorpNB's employees are committed to continue to seek out efficiencies in their day-to-day service delivery through the transition period.

5.0 FINANCIAL STATEMENTS AND NOTES

Consolidated Financial Statements of

FacilicorpNB Ltd./Ltée

March 31, 2015





Independent Auditor's Report

Deloitte LLP
Brunswick House
44 Chipman Hill, 7th Floor
P.O. Box 6549
Saint John NB E2L 4R9
Canada
Tel: (506) 632-1080
Fax: (506) 632-1210
www.deloitte.ca

To the Shareholder of FacilicorpNB Ltd./Ltée

We have audited the accompanying consolidated financial statements of FacilicorpNB Ltd./Ltée, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of financial activities, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of FacilicorpNB Ltd./Ltée as at March 31, 2015, and the results of its financial activities, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP
Chartered Professional Accountants
June 24, 2015

Facilicorp NB Ltd./Ltée

Statement of financial position
as at March 31, 2015

	2015	2014
Financial assets		
Cash and cash equivalents	\$ 4,281,905	\$ 1,674,711
Accounts receivable and advances (Note 3)	<u>13,134,178</u>	<u>15,117,596</u>
	17,416,083	16,792,307
Liabilities		
Accounts payable and accrued liabilities (Note 6)	13,830,629	13,611,727
Employee future benefits (Note 7)	<u>3,348,864</u>	<u>3,133,465</u>
Other liabilities (Note 8)	<u>109,329</u>	<u>314,992</u>
	17,288,822	17,060,184
Net financial assets (debt)	127,261	(267,877)
Non-financial assets		
Tangible capital assets (Note 4)	6,782,813	6,673,535
Prepaid expenses	<u>2,978,125</u>	<u>2,963,621</u>
	9,760,938	9,637,156
Accumulated surplus (Note 9)	\$ 9,888,199	\$ 9,369,279
Subsequent event (Note 1)		
Commitments (Note 20)		

APPROVED BY THE BOARD

By [Signature] Director
A. J. Director



FacilicorpNB Ltd./Ltée

Statement of financial activities
for the year ended March 31, 2015

	Budget (unaudited)	2015	2014
Revenue			
Department of Health (Note 10)	\$ 79,529,806	\$ 79,860,099	\$ 82,094,881
Rebates and recoveries	10,334,410	10,534,874	10,500,405
Laundry	2,938,000	2,982,510	2,583,099
Investment income	-	27,136	36,663
Savings initiatives	-	-	635,880
Total revenues	92,802,216	93,404,619	95,850,928
Expenses			
Information technology and telecommunications (Note 11)	50,638,805	49,288,072	48,969,198
Laundry (Note 12)	14,112,199	16,565,650	17,149,476
Supply chain (Note 13)	11,701,039	11,248,933	11,699,511
Clinical engineering (Note 14)	8,854,357	8,324,580	8,588,613
Administration (Note 15)	4,125,911	3,810,951	3,650,396
Group purchasing and strategic sourcing (Note 16)	2,387,180	2,630,330	2,372,838
Total service cost	91,819,491	91,868,516	92,430,032
Surplus available for investment	982,725	1,536,103	3,420,896
Investments (Note 17)			
Information technology	1,100,000	1,017,183	1,483,081
Laundry	-	-	1,318,507
Total investments	1,100,000	1,017,183	2,801,588
Annual (deficit) surplus	(117,275)	518,920	619,308
Accumulated surplus, beginning of year	9,369,279	9,369,279	8,749,971
Accumulated surplus, end of year	\$ 9,252,004	\$ 9,888,199	\$ 9,369,279



FacilicorpNB Ltd./Ltée

Statement of changes in net financial assets
for the year ended March 31, 2015

	Budget (unaudited)	2015	2014
Net debt, beginning of year	\$ (267,877)	\$ (267,877)	\$ (982,941)
Changes in year			
Annual (deficit) surplus	(117,275)	518,920	619,308
Acquisition of tangible capital assets	(2,789,815)	(2,338,508)	(1,699,372)
Inventory of supplies	-	-	201,353
Amortization	2,217,510	2,229,230	1,757,097
Net change in prepaid expenses	-	(14,504)	(163,322)
(Increase) decrease in net debt	(689,580)	395,138	715,064
Net financial assets (debt), end of year	\$ (957,457)	\$ 127,261	\$ (267,877)



FacilicorpNB Ltd./Ltée

Statement of cash flows
for the year ended March 31, 2015

	2015	2014
Operating activities		
Annual surplus	\$ 518,920	\$ 619,308
Non cash items:		
Amortization of tangible assets	2,229,230	1,757,097
Employee future benefits	215,399	53,577
Change in non-cash working capital balances related to operations:		
Accounts receivable and advances	1,983,418	(346,073)
Inventory of supplies	-	201,353
Prepaid expenses	(14,504)	(163,322)
Accounts payable and accrued liabilities	218,902	(2,589,616)
Other liabilities	(205,663)	(932,361)
	4,945,702	(1,400,037)
Capital transaction		
Acquisition of tangible capital assets	(2,338,508)	(1,699,372)
Increase in cash and cash equivalents during the year	2,607,194	(3,099,409)
Cash and cash equivalents, beginning of year	1,674,711	4,774,120
Cash and cash equivalents, end of year	\$ 4,281,905	\$ 1,674,711



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

1. Description of business

FacilicorpNB Ltd./Ltée (the "Corporation" or "FacilicorpNB") was incorporated and commenced operations in April 2008. The sole shareholder of the Corporation is the Province of New Brunswick (the "Province"). A sole shareholder declaration governs the operations of the Corporation. The business purpose of the Corporation is to establish service efficiencies to reduce the cost of non-clinical services related to the delivery of healthcare in the Province and to reinvest the realized savings in the implementation of leading edge enabling technologies to enhance service efficiencies. The business of the Corporation is limited to providing non-clinical services to Regional Health Authorities (the "RHAs") and their agencies, the Department of Health and its agencies and provincially funded long-term care facilities (the "Healthcare Service Providers") with respect to systems that support the direct delivery of healthcare services within the Province and to assuming the ownership of the associated physical resources and responsibility for the associated human resources of the Healthcare Service Providers necessary to provide these services. Funding for the Corporation is provided by the New Brunswick Department of Health.

In May 2011, FacilicorpNB was assigned responsibility by the Province of New Brunswick for coordinating the effort required to adopt a single group purchasing organization ("GPO"), to secure substantial savings on numerous products, including medical and pharmaceutical supplies. Effective January 31, 2012, FacilicorpNB became the sole shareholder of Contract Management Services Limited ("CMSL") which is a New Brunswick based GPO designed to achieve discounted pricing by leveraging collective buying power and standardizing product use. CMSL financial statements are consolidated with FacilicorpNB.

On May 28, 2015, the Government of New Brunswick announced plans to create a new Crown corporation responsible for shared services including finance, information technology and procurement. The new entity will be known as Service New Brunswick and will absorb the functions, including all existing agreements and contracts, of the Corporation, Service New Brunswick, the New Brunswick Internal Services Agency and the Department of Government Services. The new entity is expected to be operational in the fall of 2015.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and reflect the following significant accounting policies:

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the fiscal period that the events giving rise to the revenues occur and they are earned and measurable; expenses are recognized in the fiscal period that the events giving rise to the expenses are incurred, resources are consumed and measurable. Through the accrual basis of accounting, expenses include non-cash items such as the amortization of tangible capital assets.

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the Corporation and its wholly owned subsidiary CMSL. All inter-departmental and inter-entity accounts and transactions between these entities are eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid temporary money market instruments with original maturity dates of three months or less. Bank borrowings require the approval of the Province, and are considered to be financing activities.



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

2. Significant accounting policies (continued)

Prepaid expenses

Expenditures determined to have future benefit are recorded as prepaid expenses at the end of the fiscal period and subsequently recorded as an expense in the future period or periods to which the benefit applies. Prepaid expenses consist primarily of information technology licenses and maintenance and support contracts.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their characteristics, the purpose for which the financial instruments were acquired or issued, and the how they are evaluated or managed.

Equity securities and derivatives quoted in an active market are required to be subsequently measured at fair value with changes recognized in the statement of remeasurement gains and losses. Currently, FacilicorpNB does not hold any equity securities or derivative positions traded in an active market.

All other financial assets and financial liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and other liabilities are subsequently measured at cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes the costs directly related to the acquisition, design, construction, development, betterment or improvement of tangible capital assets. Betterments or improvements, that increase or prolong the service life or capacity of the tangible capital assets, are capitalized.

Equipment purchased or constructed, other than for first time equipping of facilities, are capitalized if the cost exceeds \$100,000 and the estimated useful life exceeds one year.

Repairs and maintenance costs are recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives as follows:

Leasehold improvements	Life of lease	- straight-line method
Building	20 years	- straight line method
Paving	25 years	- straight line method
Computer equipment	5 years	- straight line method
Laundry equipment	15 years	- straight line method
Vehicles	10 years	- straight line method

FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

2. Significant accounting policies (continued)

Funding and revenues

Funding is provided by the Province in accordance with budget arrangements established by the Department of Health. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of financial activities as the stipulation liabilities are settled. Grants approved but not received at the end of an accounting period are accrued. Operating grants are recorded as revenue in the period to which they relate.

Revenues from savings initiatives are generated from the negotiation and agreement of province wide contracts that reduce the costs of goods and services provided to the RHAs. Savings initiatives revenues are recorded as revenue in the period to which they relate. Savings revenues calculations are subject to approval by the RHAs and the Department of Health. Effective April 1, 2014, the revenues from savings initiatives are recorded directly by the RHAs.

Revenue from laundry operations is recognized when persuasive evidence of an arrangement exists, delivery of the laundry has occurred, the price is fixed or determinable and collection is reasonably assured.

Rebate and recovery revenue is recorded on an accrual basis when collection is reasonably assured.

Employee future benefits

Pension plan

Employees of the Corporation are members of the Province of New Brunswick Public Service Superannuation Plan. This plan provides pension benefits and other post-retirement benefits upon retirement and is the responsibility of the Province. Contributions made by the Corporation during the year totaled \$2,995,503 (2014 - \$2,626,726).

Sick pay

Employees of the Corporation are entitled to sick pay benefits which accumulate but do not vest. FacilicorpNB recognizes the liability in the period in which the employee renders service.

Retirement allowance

Employees with continuous service of five or more years are entitled to receive a lump-sum payment equal to one week of pay for each full year of employment to a maximum of 25 weeks of pay upon retirement or as specified by collective agreements. Funding of these retirement allowances is the responsibility of the Province. Accordingly, no liability for these allowances has been recorded in these consolidated financial statements, with the exception of the amounts noted in the following paragraph.

Prior to the amalgamation date of December 31, 2009, Fundy Linen Service Inc. ("Fundy Linen") employee retirement allowances were funded by Fundy Linen. The total estimated retirement allowance payable at December 31, 2009 has been recognized as a liability. Future funding of these benefits post amalgamation is the responsibility of the Province.



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Areas of significant estimate include the useful lives of tangible capital assets, the obligation for sick pay and retirement allowances and rebate accrual.

3. Accounts receivable and advances

	2015	2014
Department of Health	\$ 9,412,150	\$ 11,205,927
Accounts receivable	2,747,136	2,948,122
HST receivable	935,425	935,455
Advances to employees	39,467	28,092
	\$ 13,134,178	\$ 15,117,596

Funding for the Corporation's services is provided by the Province. The amount due from the Department of Health consists principally of outstanding budget transfers less funds advanced to the Corporation during the year.

4. Tangible capital assets

	Cost	Accumulated amortization	Net book value	
			2015	2014
Land	\$ 66,540	\$ -	\$ 66,540	\$ 66,540
Paving	76,863	53,573	23,290	25,255
Building	3,612,786	3,138,430	474,356	511,998
Vehicles	29,279	2,091	27,188	-
Equipment	17,604,428	11,569,978	6,034,450	5,864,432
Leasehold improvements	650,528	493,539	156,989	205,310
	\$ 22,040,424	\$ 15,257,611	\$ 6,782,813	\$ 6,673,535

5. Bank facility

The Corporation maintains an authorized line of credit of \$1,500,000 with a Canadian chartered bank, which bears interest at the bank's prime rate less 0.25%. As at March 31, 2015, no amounts were drawn on the line of credit (2014 - nil).



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

6. Accounts payable and accrued liabilities

	2015	2014
Accounts payable	\$ 6,079,732	\$ 5,388,756
Accrued vacation	3,124,378	3,235,735
Accrued payroll	2,680,685	2,316,729
Accrued liabilities	1,415,878	1,761,744
Due to RHAs	529,956	908,763
	\$ 13,830,629	\$ 13,611,727

7. Employee future benefits

Employee future benefits consist of a sick pay obligation and a retirement allowance for certain laundry and linen employees:

	2015	2014
Sick pay obligation	\$ 3,109,500	\$ 2,896,500
Retiring allowance	239,364	236,965
	\$ 3,348,864	\$ 3,133,465

Sick pay

FacilicorpNB employees accumulate sick leave at varying amounts per month based on the employee group. Unused hours can be carried forward for future paid leave and employees can accumulate a maximum of 1,800 hours. An actuarial estimate for this future liability has been completed based on an actuarial valuation performed as at December 31, 2012 and extrapolated to March 31, 2015.

An actuarial estimate for this future liability has been completed and forms the basis for the estimated liability reported in these consolidated financial statements.

Significant economic and demographic assumptions used in the actuarial valuation are:

	2015	2014
Discount rate	2.65%	3.81%
Salary growth rate	3% per annum	3% per annum
Expected average remaining service life	11 years	11 years



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

7. Employee future benefits (continued)

Sick pay (continued)

	2015	2014
Accrued sick pay obligation	\$ 3,491,000	\$ 2,976,000
Unamortized actuarial loss	(381,500)	(79,500)
Total accrued benefit obligation for sick pay	\$ 3,109,500	\$ 2,896,500

The total expenses related to the accrued obligation for other compensated balances include the following components:

	2015	2014
Current period benefit costs	\$ 431,000	\$ 427,000
Amortization of actuarial loss	9,000	17,000
Interest expense	115,000	99,000
Total expenses related to the obligation	\$ 555,000	\$ 543,000

8. Other liabilities

	2015	2014
Deferred project revenue	\$ 84,933	\$ 276,656
Future rent benefit	24,396	38,336
	\$ 109,329	\$ 314,992

9. Accumulated surplus

The terms of the sole shareholder declaration require the Corporation, if requested by the Minister of Finance of the Province of New Brunswick, to return the surplus or any portion of the surplus or accumulated surplus or any portion of accumulated surplus.

10. Budget figures

The annual budget is approved by the Board of Directors and the Department of Health. During the year the Province approved budget adjustments for in year operational changes.

The total funding budget consists of the following:

Initial operations budget	\$ 75,954,676
In year adjustments	3,905,423
Department of Health funding	\$ 79,860,099



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

11. Information technology and telecommunications

	Budget (Unaudited)	Actual	
		2015	2014
Expenses			
Personnel	\$ 23,762,904	\$ 22,368,747	\$ 24,316,401
Operations and administration			
Equipment and supplies	17,799,261	16,555,755	15,854,308
Software, licenses and data charges	5,200,870	5,811,769	5,569,865
Amortization	1,857,510	1,871,452	1,398,207
Professional fees	1,311,469	1,727,633	1,056,914
Office	244,708	459,133	271,523
Telecom	362,689	439,943	487,135
Occupancy costs	96,910	52,399	3,377
Delivery costs	2,484	1,241	11,468
Total operations and administration	26,875,901	26,919,325	24,652,797
Total information technology and telecommunications	\$ 50,638,805	\$ 49,288,072	\$ 48,969,198

12. Laundry

	Budget (Unaudited)	Actual	
		2015	2014
Expenses			
Personnel	\$ 8,510,633	\$ 10,434,871	\$ 11,020,648
Operations and administration			
Equipment and supplies	3,176,631	3,187,437	3,928,932
Utilities	1,060,542	1,402,550	777,909
Delivery costs	722,779	903,929	761,307
Amortization	285,000	281,520	284,232
Occupancy costs	270,617	243,936	274,379
Office	37,468	46,445	46,108
Telecom	26,729	31,269	31,764
Software, licenses and data charges	21,800	24,047	22,404
Professional fees	-	9,646	1,793
Total operations and administration	5,601,566	6,130,779	6,128,828
Total laundry	\$ 14,112,199	\$ 16,565,650	\$ 17,149,476



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

13. Supply chain

	Budget (Unaudited)	2015	Actual 2014
Expenses			
Personnel	\$ 11,169,035	\$ 10,755,534	\$ 11,190,145
Operations and administration			
Delivery costs	191,738	168,012	178,765
Equipment and supplies	137,182	174,323	166,567
Telecom	81,256	77,504	70,221
Office	72,835	55,588	58,702
Occupancy costs	32,743	11,909	28,211
Professional fees	-	3,699	6,900
Software, licenses and data charges	16,250	2,364	-
Total operations and administration	532,004	493,399	509,366
Total supply chain	\$ 11,701,039	\$ 11,248,933	\$ 11,699,511

14. Clinical engineering

	Budget (Unaudited)	2015	Actual 2014
Expenses			
Personnel	\$ 8,440,001	\$ 7,847,905	\$ 8,199,086
Operations and administration			
Equipment and supplies	250,591	334,934	239,637
Telecom	82,600	63,207	72,293
Office	73,255	59,934	27,478
Occupancy costs	6,910	14,025	8,607
Professional fees	-	4,305	41,406
Software, licenses and data charges	1,000	270	106
Total operations and administration	414,356	476,675	389,527
Total clinical engineering	\$ 8,854,357	\$ 8,324,580	\$ 8,588,613



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

15. Administration

	Budget (Unaudited)	Actual	
		2015	2014
Expenses			
Personnel	\$ 3,279,660	\$ 3,013,260	\$ 2,916,050
Operations and administration			
Professional fees	315,200	314,105	234,562
Occupancy costs	218,740	213,447	205,164
Office expense	132,380	106,235	124,446
Amortization	75,000	75,736	74,658
Telecom	46,851	43,748	60,205
Software, licenses and data charges	43,300	31,074	13,092
Equipment and supplies	14,780	13,346	22,219
Total operations and administration	846,251	797,691	734,346
Total administration	\$ 4,125,911	\$ 3,810,951	\$ 3,650,396

16. Group purchasing and strategic sourcing

	Budget (Unaudited)	Actual	
		2015	2014
Expenses			
Personnel	\$ 953,393	\$ 936,591	\$ 809,876
Operations and administration			
Management fees	1,300,000	1,549,730	1,311,323
Occupancy costs	108,997	94,250	115,186
Professional fees	-	24,333	86,317
Telecom	12,690	13,731	14,154
Office	8,600	8,160	29,656
Equipment and supplies	3,500	3,535	1,396
Software, licenses and data charges	-	-	4,930
Total operations and administration	1,433,787	1,693,739	1,562,962
Total group purchasing and strategic sourcing	\$ 2,387,180	\$ 2,630,330	\$ 2,372,838

17. Investments

In accordance with the Corporation's sole shareholder declaration, any surplus or accumulated surplus of the Corporation shall be retained to first fund the implementation of operational efficiencies for the Corporation and then to fund the development or enhancement of information systems supporting clinical and non-clinical services or enable operational efficiencies within the health care system.

Proposed investments are presented to the Corporation's Board of Directors as part of the annual budget process.



FacilicorpNB Ltd./Ltée

Notes to the consolidated financial statements
year ended March 31, 2015

18. Financial risk management

The Corporation's activities are exposed to a variety of financial risks, which include credit risk and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential effects on the Corporation's financial performance. The risk management is carried out through financial management practices in conjunction with the overall Corporation's governance.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. Credit exposure is limited as the majority of counterparties are related parties within the Government of New Brunswick or chartered banks with high credit ratings monitored by national credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its financial obligations associated with financial liabilities. The Corporation's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Corporation also manages liquidity risk by continuously monitoring actual and budgeted cash flows. Also, the Board of Directors reviews and approves the Corporation's operating and capital budgets, as well as large transactions. The amounts of contractual undiscounted cash flows associated with accounts payable, accrued liabilities, and other liabilities are all due within one year.

Market risk

The Corporation is not exposed to market risk.

19. Related parties

Province of New Brunswick

During the year the Province provided the Corporation funding of \$82,610,911 (2014 - \$85,005,100).

20. Commitments

The Corporation has commitments under operating leases related to technology, office space and vehicles. In addition, the Corporation has a commitment for services fees under an integrated pharmaceutical supply chain agreement.

Minimum payments for these commitments are estimated as follows:

Year ending	Technology	Pharmaceutical supply chain	Office space	Vehicles	Total
March 31,					
2016	\$ 10,542,000	\$ 2,998,600	\$ 336,900	\$ 18,800	\$ 13,896,300
2017	9,678,900	3,047,400	292,900	7,000	13,026,200
2018	-	3,105,900	160,900	-	3,266,800
2019	-	3,165,600	104,200	-	3,269,800
2020	-	3,226,400	42,600	-	3,269,000
Thereafter	-	10,914,300	-	-	10,914,300
	\$ 20,220,900	\$ 26,458,200	\$ 937,500	\$ 25,800	\$ 47,642,400

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www.FacilicorpNB.ca
Tel: 506-663-2500
Toll-free: 1-888-480-4404
Email: info@FacilicorpNB.ca
Facebook: www.facebook.com/FacilicorpNB
Twitter: www.twitter.com/FacilicorpNB
LinkedIn: www.linkedin.com/company/FacilicorpNB