

London Health Sciences Centre

SUPERVISOR'S INTERIM REPORT

David Musyj, Supervisor

March 2026

This report represents the current status of reforms at London Health Sciences Centre (LHSC) as of March 2026. Regular updates will continue to be provided to the Ministry of Health, Ontario Health, and the communities served by LHSC.

CONTENTS

Executive summary	4
Introduction	9
Strengths and Achievements: The Foundation That Endures	10
Research and Innovation Legacy	11
Operational Improvements Despite Challenges.....	11
Emerging Challenges: A Decade of Instability	13
Leadership and Management Instability	13
Missed Warnings	14
Governance Failures and Board Oversight Breakdown	15
Why Simplification and Focus is Necessary.....	15
Board Committee and Administrative Proliferation and Overlap	15
Financial Deterioration and Control Failures	17
Strategic Missteps and Collaboration Dissolution	17
Events That Necessitated Action	18
International Travel Controversies	18
Ontario Health Review	19
Procurement Fraud	21
Executive complicity	21
Community Reaction.....	21
Legal Actions and Fraud Response	22
A History Relationships with real or perceived conflicts of interest	23

Embedding Best Practices in Fraud Prevention and Oversight	23
Layered Oversight Measures Now in Place	24
Reframing Supervision as a Case Study in System Renewal	25
Actions Underway: Comprehensive Reform and Stabilization	26
Management Restructuring and Cost Reduction.....	26
Financial Stabilization and Recovery	27
Modernization of the Patient and Family Issue Resolution Process	27
Comprehensive Organizational Review, Recovery Planning and Community Voice.....	28
Staffing Alignment, Benchmarking Findings, and Corrective Actions.....	29
Governance Renewal and Community Engagement.....	30
Transparency initiatives.....	30
Collaborative Relationship Restoration and Regional Integration	30
The Path Forward: Building Sustainable Excellence	32
Immediate Priorities	32
Medium-term Goals (2026-2027).....	33
Long-term Vision (2027-2030)	35
System Lessons and Early Warning Flags for Ontario Hospitals	35
1 Persistent leadership churn is a governance risk, not just an HR issue	35
2 “Exemplary” clinical outcomes can coexist with serious governance failure	36
3 Over-reliance on executive assurances is a red flag	36
4 Growth in management and administrative staffing without activity alignment demands scrutiny	37
5 Weak procurement discipline is an early indicator of broader control failure	37
6 Blurred post-employment boundaries create long-tail risk.....	38
7 Collaborative Relationship breakdowns without transparent rationale undermine trust.....	38
8 Absence of independent and empowered internal audit is a critical vulnerability	38
Conclusion: Resilience Through Transformation	39

EXECUTIVE SUMMARY

Purpose

This executive summary highlights the key findings, conclusions, and actions described in the report and provides context on how the issues identified developed, why supervision was required, and how reforms are being implemented to ensure long term stability, accountability, and public trust.

This guide does not replace the full report. Rather, it is designed to enable efficient review by senior decision makers and to support informed discussion regarding oversight, recovery progress, and future governance readiness.

Core Message of the Report

The central conclusion of the Supervisor's Interim Report is that London Health Sciences Centre (LHSC) maintained high quality clinical care and research excellence despite a prolonged period of governance failure, leadership instability, and financial mismanagement. These failures were not the result of frontline staff or clinical leadership, but rather stemmed from systemic breakdowns in governance, oversight, and executive accountability over more than a decade.

Supervision was required not because of a collapse in care quality, but because the underlying control environment deteriorated to the point where fraud, financial instability, and repeated operational risk events could occur without timely detection or correction.

Physician/dental/midwifery leaders have been informed, both individually and collectively, that they deserve credit for not allowing serious governance and oversight failures to distract them from their unwavering focus on patient care. When I first joined LHSC all Medical Advisory Committee leadership was invited to be members of the Executive Leadership Collaborative, ensuring that professional staff leadership became embedded in the organization's senior operational and strategic decision-making processes. This was an intentional shift toward more clinically informed leadership, greater transparency, and stronger alignment between administration and professional staff leadership.

One of my first actions as Supervisor was to appoint the Chair and Vice-Chair of the Medical Advisory Committee from the strong pool of internal leaders already within LHSC. In my view, the true measure of a healthy organization is its ability to cultivate leadership from within. While there are moments when external recruitment is appropriate to secure the very best expertise,

to deliberately overlook proven internal talent is to weaken the fabric of the organization and erode trust.

The report documents both the causes of this failure and the corrective actions now underway to ensure it cannot recur.

Key Findings

1. Enduring Clinical and Research Strength

Despite governance and financial instability, LHSC continued to deliver exemplary clinical outcomes, maintained its role as a tertiary and quaternary referral centre for Southwestern Ontario, and achieved significant research and innovation milestones. Accreditation results, patient outcomes, and community trust in frontline care remained strong.

This dual reality is a central theme of the report and an important lesson for system oversight.

2. Prolonged Governance and Leadership Instability

Over the past decade, LHSC experienced repeated turnover in senior leadership, including multiple Chief Executive Officers (CEOs), Chief Financial Officers (CFOs), and executives. This instability led to inconsistent strategic direction, uncontrolled administrative growth, and erosion of Board oversight.

The Board of Directors did not consistently exercise independent challenge, relied heavily on executive assurances, and lacked reliable, independently validated information. Board committees and administrative structures became overly complex, diffusing accountability rather than strengthening it.

3. Financial Deterioration and Control Failures

By 2024, LHSC faced a projected operating deficit of approximately 150 million dollars and required Ministry advances to maintain cash flow. Financial forecasting, savings tracking, and cash management processes were inadequate, and leadership was not fully aware of the severity of the organization's financial position at the time supervision was initiated.

4. Procurement Fraud and Oversight Breakdown

A forensic audit confirmed a long running procurement and contracting fraud scheme that resulted in tens of millions of dollars in losses. The fraud occurred over many years, involved senior facilities leadership, and persisted despite warning signs.

The report emphasizes that the most significant failure was not the misconduct of one individual, but the inability or unwillingness of leadership and governance structures to act on warnings, enforce controls, and escalate concerns.

Civil litigation, insurance recovery efforts, and criminal investigations are ongoing and are being managed separately from day-to-day hospital operations.

5. Infrastructure Fragility and Operational Risk

Since May 2024, LHSC has experienced 30 infrastructure related Code Grey events, a notably high number for a large academic health sciences centre, based on the Supervisor's professional experience. These events reflect cumulative deferred maintenance, aging assets, and fragile core systems rather than isolated technical failures.

The report positions infrastructure reliability as a patient safety and system reliability issue, not merely a facilities concern, and identifies the need for a risk prioritized operating and capital infrastructure plan.

Actions Underway and Early Outcomes

Under supervision, LHSC has implemented comprehensive reforms across governance, management, finance, procurement, and culture. Key actions include:

- Major management restructuring and cost reduction
- Restoration of independent internal audit reporting
- Rewritten and enforced procurement and conflict of interest policies
- Implementation of post-employment cooling off restrictions
- Improved financial oversight and cash flow monitoring
- Enhanced patient and family issue resolution with direct executive accountability
- Community engagement through surveys and advisory committees
- Rebuilding and modernizing relationships with St Joseph's Health Care London and Western University

These reforms are designed to be structural and durable rather than dependent on individual leaders.

Forward Looking Priorities

The report identifies three-time horizons for continued recovery:

Immediate and Near Term

- Continued financial stabilization and implementation of organizational review recommendations
- Completion of governance reforms and preparation for Board renewal
- Ongoing cooperation with law enforcement and civil recovery efforts
- Continue to track and address wait times in all program areas

Medium Term 2026 to 2027

- Recruitment of permanent executive leadership when stability is firmly established
- Strategic plan refresh with community and system input
- Targeted infrastructure renewal to address high risk systems and reduce Code Grey events.

Long Term 2027 to 2030

- Regional service integration and capacity planning
- Restoration of LHSC's leadership position in innovation and research
- Embedding a culture of accountability, transparency, and data driven decision making

System Level Lessons for Ontario

The report intentionally frames LHSC's experience as a broader case study for the provincial health system. Key lessons include:

- Strong clinical outcomes do not guarantee sound governance
- Persistent leadership churn is a governance risk
- Procurement discipline is an early indicator of control failure

- Independent internal audit is essential for large organizations
- Post employment conflicts pose long tail institutional risk
- Oversight failures accumulate gradually rather than suddenly

These lessons are presented to support proactive system wide learning and prevention.

Conclusion

The Supervisor's Interim Report demonstrates that LHSC is moving from crisis management to disciplined recovery. While significant work remains, the foundational conditions for sustainable governance, financial control, and operational stability are being re-established.

Supervision is not intended to be permanent. The report clearly identifies the conditions that must be met before LHSC can responsibly transition back to standard governance. Ministry oversight and continued engagement will remain essential during this period to ensure reforms are embedded and durable.

INTRODUCTION

“Excellence in care is not accidental; it is the product of relentless dedication by staff.”

London Health Sciences Centre (LHSC) stands as one of Canada’s largest and most complex academic health science centres, serving millions of people across Southwestern Ontario alone, as well as thousands more provincially and nationally.

I was appointed Supervisor by Order in Council on September 24, 2024, pursuant to section 9(1) of the *Public Hospitals Act* (Ontario) after serving as both Acting and Interim President and CEO of LHSC since May 2, 2024.

This interim report in my role as Supervisor provides a comprehensive narrative of LHSC’s enduring strengths, the serious challenges that emerged over the past several years, and the substantial corrective actions now underway. It is written with the understanding that LHSC is not merely a local institution but a vital provincial and national healthcare resource whose success affects patients far beyond London’s borders.

The report documents the remarkable clinical excellence that has endured even amid the turbulence, while candidly acknowledging the governance, financial and operational failures that made external supervision essential. It is equally a record of renewal, detailing not only where the system faltered but also the decisive steps taken to ensure those failures cannot recur, as well as the comprehensive reforms now in motion to work toward renewed stability and excellence. Importantly, this report recognizes that the failures were not reflective of LHSC staff or of the senior administration as a whole. Rather, a small percentage of individuals allowed misconduct to occur, while the vast majority of leaders, clinicians and staff continued to serve with integrity and commitment.

Physician/dental/midwifery leaders have been informed, both individually and collectively, that they deserve credit for not allowing serious governance and oversight failures to distract them from their unwavering focus on patient care. When I first joined LHSC all Medical Advisory Committee leadership was invited to be members of the Executive Leadership Collaborative, ensuring that professional staff leadership became embedded in the organization’s senior operational and strategic decision-making processes. This was an intentional shift toward more clinically informed leadership, greater transparency, and stronger alignment between administration and professional staff leadership.

One of my first actions as Supervisor was to appoint the Chair and Vice-Chair of the Medical Advisory Committee from the strong pool of internal leaders already within LHSC. In my view, the true measure of a healthy organization is its ability to cultivate leadership from within. While there are moments when external recruitment is appropriate to secure the very best expertise, to deliberately overlook proven internal talent is to weaken the fabric of the organization and erode trust.

STRENGTHS AND ACHIEVEMENTS: THE FOUNDATION THAT ENDURES

“Accountability is not a burden; it is the foundation of trust.”

It is important to highlight that all three hospitals placed under provincial supervision over the past two years achieved an “Exemplary Standing” rating in their most recent Accreditation Canada reviews. This outcome is both significant and concerning. It is significant because it reflects sustained excellence in clinical care and patient safety across all institutions. Yet it is also a matter of concern that such high performance co-existed with profound governance breakdowns.

Despite years of governance instability and management turnover, LHSC’s fundamental strengths have remained intact. These strengths, including clinical excellence, dedicated staff, groundbreaking research and critical system importance, form the bedrock upon which recovery is being built.

Examples of specialized program excellence include the following:

- Transplantation services: LHSC consistently ranks among Canada’s leading transplant centres, performing groundbreaking procedures, including the country’s first robotic kidney donation.
- Cancer care: The London Regional Cancer Program outperforms provincial benchmarks in survival and treatment outcomes and features innovative research, including world-first fecal microbiota transplant trials for melanoma patients.
- Cardiac sciences: The cardiac program demonstrates superior outcomes compared to provincial standards, with pioneering work in minimally invasive procedures. At the same

time the cardiac program at LHSC is performing some of the most complex surgeries in Ontario and across Canada.

- Children's hospital: Recognized as a leader in paediatric trauma, surgery and mental health care, it serves a catchment area far beyond London, with specialized services unavailable elsewhere in the region.

Research and Innovation Legacy

LHSC has established itself as a research powerhouse with over 70 Canadian and world firsts in medicine during its 150-year history. Recent achievements that demonstrate continued innovation include:

- Clinical trials growth: A 25 per cent year-over-year increase in patients participating in clinical trials, with more than half in local physician-led studies.
- World firsts: Recent breakthroughs include becoming the first Canadian hospital to treat publicly funded patients with a new prostate cancer radiopharmaceutical therapy.

Operational Improvements Despite Challenges

Even during periods of leadership instability, LHSC teams achieved significant operational improvements, including:

- 1** Emergency department excellence: By November 2023, LHSC had reduced ambulance offload times by almost 70 per cent, from two hours to less than 40 minutes, a remarkable achievement that freed paramedics to respond to new emergencies. This improvement was achieved through systematic process redesign and hospital-wide collaboration.
- 2** Patient flow improvements: As of October 2024, patients at University Hospital were spending an average of eight hours in emergency room beds awaiting inpatient admission, down from 14 hours in 2023. At Victoria Hospital, wait times dropped from 11 hours to six hours.
- 3** Staff and volunteer dedication and resilience: Perhaps LHSC's greatest strength lies in its people. Over 15,000 team members, including nurses, physicians, allied health professionals, researchers and support staff, have consistently demonstrated extraordinary resilience and commitment to patient care.

Community and staff surveys conducted in 2024–25, involving over 4,000 respondents, revealed that 87 per cent maintained confidence in the quality of clinical care provided by LHSC staff, even during the height of governance turmoil. This trust reflects the unwavering dedication of frontline caregivers, who continued to deliver compassionate, lifesaving care despite organizational challenges.

LHSC's strength extends well beyond its physicians, nurses and staff and is deeply supported by an extraordinary network of volunteers and Patient and Family Partners who contribute meaningfully across both clinical and non-clinical areas of the organization. These individuals are actively engaged throughout LHSC in patient experience initiatives, program planning, quality and safety work, committee participation, wayfinding and family support services, policy development, education and organizational improvement efforts. Importantly, their involvement is not symbolic or passive. Patient and Family Partners are increasingly embedded within leadership and governance processes, including participation in the recruitment and selection of senior leaders and executives, helping ensure that patient, family and community perspectives directly influence organizational decision making. Their willingness to dedicate significant time, lived experience and expertise reflects a high degree of trust, engagement and commitment to LHSC's future. The depth of volunteerism and patient partnership across the organization is both a major institutional strength and a reflection of the strong connection LHSC maintains with the communities it serves.

- 4 System importance and regional role: LHSC plays a unique dual role in Ontario's healthcare system, serving both as a community hospital for London and as the tertiary/quaternary referral centre for Southwestern Ontario. This dual responsibility, while challenging, underscores LHSC's critical importance in fulfilling the following roles:
 - Regional backbone: Hospitals across Southwestern Ontario rely almost exclusively on LHSC for specialized services.
 - Training hub: Collaboration with Western University and Fanshawe College trains the next generation of healthcare professionals.
 - Centre for research integration: Through the London Health Sciences Research Institute, the hospital conducts over 2,700 clinical research projects annually.
- 5 LHSC's "Great Moments" Recognition Program: As part of the broader cultural renewal at LHSC, the organization created and actively promotes and expands the "Great Moments" Recognition Program. This program provides a meaningful and accessible way for patients, families, staff, physicians, volunteers and community members to formally recognize individuals and teams who demonstrate exceptional compassion, professionalism, teamwork and commitment to patient care. The "Great Moments" program reinforces the values of

patient-centred care and respect by ensuring that positive experiences and exemplary behaviours are acknowledged and shared across the organization. Submissions are reviewed and celebrated internally, creating opportunities to highlight everyday excellence that may otherwise go unrecognized amid the pressures of a complex healthcare environment. Importantly, the program serves not only as a recognition mechanism but also as a feedback tool that helps the leadership better understand what patients and families value most in their care experiences. Themes emerging from “Great Moments” submissions are increasingly used to inform leadership discussions, staff engagement efforts and culture-building initiatives. The program is publicly accessible through the LHSC website, allowing patients and families to submit their feedback easily and transparently, thereby reinforcing LHSC’s commitment to openness, gratitude and accountability. As of February 2026, patients and community members have submitted 1,023 Great Moments, along with 950 submitted by members of Team LHSC, resulting in 2,784 teams and individuals recognized. By elevating positive stories alongside system challenges, “Great Moments” plays an important role in restoring trust, boosting morale and reinforcing a culture where kindness, excellence and professionalism are visible and valued.

The “Great Moments” Recognition Program is available at: <https://www.lhsc.on.ca/patients-visitors/great-moments-recognition-program>

EMERGING CHALLENGES: A DECADE OF INSTABILITY

“Sunlight is said to be the best of disinfectants; electric light the most efficient policeman.”

–LOUIS D. BRANDEIS.

Beneath LHSC’s clinical excellence, serious systemic challenges emerged over the past decade and earlier than that; they did not start a couple of years ago. While pressures such as growing demand, staffing shortages and aging infrastructure are not unique even to Ontario and Canadian hospitals, at LHSC these challenges were compounded by governance failures and leadership decisions that allowed them to intensify.

Leadership and Management Instability

“Good governance is less about structures and more about the culture of accountability.”

A central factor affecting LHSC’s performance was chronic leadership instability. Over the past decade, the organization cycled through six different CEOs (not including myself), six different CFOs and 41 different executives. Each new administration brought new structures, new spending priorities and new strategic directions, creating organizational instability.

This instability intensified significantly between 2021 and 2024. An organizational review found that management compensation increased by 57 per cent in just four years, with a 37 per cent expansion in management and administrative staff. This occurred while the hospital faced mounting financial pressures and frontline staff struggled with resource constraints.

When I joined LHSC in 2024, the first report shared with me showed 19 per cent of persons in leadership positions had less than one year of experience in their role and an additional 60 per cent in leadership roles had less than three years of experience in their current role.

Missed Warnings

In August 2021, the executive search firm used for the president and CEO search produced a confidential consultation report for the LHSC board of directors (the “Board”) as part of the CEO recruitment process. The report summarized broad-based consultations with staff, physicians, Board members and partners. It identified several areas that demanded urgent attention, including the restoration of trust and respect, the harmonization of direction among staff, leadership and the Board, the rebuilding of a damaged culture and the renewal of relationships with Western University and St. Joseph’s Health Care, London (“St. Joseph’s”). The report also warned of reputational damage, worsening financial challenges, low morale and the pressing need for alignment across the organization.

Despite the clarity of these findings, the document was never used as a roadmap for the incoming CEO. Instead of being presented to the new leader with the requirement to report back on progress within the first 100 days, the opposite occurred. Relationships with Western University and St. Joseph’s deteriorated further, internal culture fragmented and trust and respect were eroded. What should have been treated as a foundational recovery plan was ignored, leaving the very issues it highlighted to intensify.

GOVERNANCE FAILURES AND BOARD OVERSIGHT BREAKDOWN

"Complexity is easy to create, clarity is hard to sustain."

The Board did not provide adequate oversight of executive decisions. A governance review reveals the following systematic failures:

- 1** Lack of due diligence: Beginning around 2020, whistleblower reports flagged procurement irregularities, but these were not pursued with rigour. The Board allowed major decisions to proceed with minimal scrutiny, including international travel expenditures in which they participated directly and the severing of critical collaborations.
- 2** Information failures: Board members reported being continuously frustrated by the quality of information they received, as it was incomplete, unreliable and untimely. Despite these concerns, there is no evidence the Board was proactive in ensuring reliable information before making decisions. In fact, they allowed the President and CEO to become the primary and sometimes solo voice attending Board meetings.
- 3** Relationship breakdown: The Board's relationship with the CEO was characterized as the CEO setting expectations for the Board to follow, instead of the other way around. For over a year, the Board either supported, condoned or ignored significant strategic changes that should have been seen as red flags that needed further discussion.

Why Simplification and Focus is Necessary

For many years, LHSC operated within an unusually complex governance and management environment. This complexity existed not only at the Board committee level, but also within the senior administrative and vice president structures. While complexity can sometimes be appropriate in large academic health centres, at LHSC it evolved in a way that created overlap, ambiguity, and confusion, rather than clarity and accountability.

Board Committee and Administrative Proliferation and Overlap

Historically, LHSC maintained a large number of Board committees, several of which had adjacent or partially overlapping mandates, particularly in the areas of:

- Finance, resources, audit, redevelopment, and capital

- Quality, risk, and organizational performance
- Research strategy, commercialization, and financial sustainability

In practice, this meant that the same issue could legitimately be discussed in more than one committee, often with slightly different framing or expectations. Over time, this led to:

- Siloed decision making, where committees focused narrowly on their own scope
- Unclear ownership, with issues assumed to belong to another committee
- Fragmented escalation, where no single committee saw the full risk picture
- Inconsistent follow through, as responsibility diffused across multiple bodies

This environment made it easier for matters to “fall between the cracks”, not because of bad intent, but because accountability was shared without being clearly assigned.

The same pattern existed within the senior administrative structure and collaborations in community. Over time, LHSC developed a large and layered vice president and administrative model, including:

- Multiple vice presidents with intersecting portfolios
- Campus based leadership roles alongside enterprise roles
- Shared or matrix reporting relationships
- Joint ventures and shared governance arrangements with external partners

While many of these structures were originally created for good reasons, their cumulative effect was an organization in which:

- Reporting lines were not always clear
- Decision rights were sometimes ambiguous
- Staff were uncertain who had final authority
- Accountability for outcomes could be diluted

As staff often expressed it informally, there were moments of “who is on first”, where responsibility was spread across multiple leaders or committees, making it difficult to know who ultimately owned a decision or issue. In addition, LHSC did not have a dedicated committee focused on its largest asset – its staff. With respect to joint ventures, shared governance frequently became no governance at all. This dynamic contributed to delays, inconsistent oversight, and weakened control environments.

FINANCIAL DETERIORATION AND CONTROL FAILURES

By 2024, LHSC was facing a projected operating deficit of \$150 million, with cash flow so precarious that the Ministry of Health was required to advance funding to stabilize operations. When I arrived in May 2024, the senior administration and the Board were not aware of the depth of their financial distress. Their projections and assumptions were incorrect and clearly understated expenses or overstated revenue. There were projections for multi-million-dollar savings, but there was no tracking to determine if they were achieving these savings, let alone any understanding of the systems they allegedly put into place to achieve them. They had no active tracking of cash flow. Multiple financial management failures were identified, including the following:

- Weak financial processes: LHSC lacked good financial processes and controls. The financial planning and management processes lacked rigour.
- Insufficient performance management: The organization was data-rich but information-poor with regard to management decision-making.
- Uncoordinated growth: Hiring occurred in silos without coordination, while opportunities to clarify roles and ensure teams work efficiently were missed.

STRATEGIC MISSTEPS AND COLLABORATION DISSOLUTION

“Collaborative Relationships often outlive their original purpose, but when renewal is mishandled, trust erodes faster than structure can be rebuilt.”

Under previous direction and with LHSC Board of Directors support, LHSC made several strategic decisions that damaged critical relationships:

Collaborative relationship dissolution: LHSC unilaterally dissolved or overly complicated longstanding formal relationships with St. Joseph’s and Western University’s Schulich School of Medicine & Dentistry.

The dissolution of collaborative relationships or joint ventures with St. Joseph’s was not inherently wrong, as many of the shared arrangements needed significant modernization. However, the process lacked transparency and explanation, creating the perception that necessary changes were being made in an unnecessarily disruptive manner. After thorough due diligence and an independent review, I agree that significant modernization was necessary, but

the way decisions were reached eroded confidence. Several of the joint ventures had become outdated, and what appeared to be shared governance often amounted to no governance at all. Significant resources have been dedicated to reviewing the joint ventures, underscoring the need for structural renewal. These reviews are now part of broader ongoing processes.

This does not mean any of the joint ventures should be preserved. It does mean, however, that each decision should be made transparently and on a case-by-case basis, clearly explaining why some arrangements must end and creating a more modern, accountable and transparent corporate relationship with substantial reforms.

A concerning decision was LHSC's unilaterally uninviting representatives of St. Joseph's and Western University/Schulich School of Medicine & Dentistry to LHSC Board meetings. Representatives of Schulich School of Medicine & Dentistry discovered they had been removed from attending LHSC Board meetings only when they no longer received Board packages. This will be corrected as we renew the Board of Directors and revise the corporate by-laws.

EVENTS THAT NECESSITATED ACTION

"When governance fails, the public always finds out; it is only a matter of when."

The convergence of governance failures, financial instability and operational missteps culminated in a series of public controversies that ultimately led to Supervisory intervention.

International Travel Controversies

Beginning in 2019, LHSC executives and Board members participated in a series of international trips that sparked widespread public criticism:

2019 Dubai trip: Hospital executives first attracted public backlash for an eight-day travel excursion to Dubai, Oman and Qatar, with the LHSC Foundation paying the \$75,000 tab.

2022–2023 travel: The hospital planned to spend \$470,000 sending senior staff, Board members and executives to Portugal, the United Arab Emirates and Australia. Media coverage revealed that:

- 16 senior staff and executives travelled to Portugal.
- Six executives and Board members went to the United Arab Emirates.
- An Australia trip was cancelled two days before departure, with one executive who was already en route forced to return home.

Within just three years, the same pattern of judgment had already generated significant controversy. The optics of senior leaders engaging in costly international travel, particularly during a time when the hospital was struggling with financial instability and staff were being asked to do more with less, demonstrated a troubling detachment from public expectations. Worse still, the use of a third party that was neither a licensed travel agent nor a transparent procurement channel to book these trips suggested an attempt to avoid scrutiny and proper oversight. The fact that these decisions were approved at the Board level and attended by Board members underscored the depth of governance failure, as fiduciary obligations to safeguard hospital resources and public trust were clearly subordinate to other interests.

The timing compounded the impact. While frontline staff and patients faced long waiting times, resource shortages and growing pressures, executives were approving itineraries at costs approaching half a million dollars. The contrast between the day-to-day realities inside LHSC and the actions of its leadership generated significant public concern. These events prompted not only intense media scrutiny but also direct intervention from the Ministry of Health, which accelerated the erosion of public confidence in the Board's ability to govern effectively.

ONTARIO HEALTH REVIEW

Following the travel issue, Ontario Health West commissioned an independent review to assess LHSC's governance, leadership and financial practices. The findings were serious. The review confirmed widespread instability at the executive level, creating a leadership environment defined by mistrust, misalignment and reputational harm.

Governance failures were equally serious. The Board approved executive compensation increases in contravention of provincial wage restraint laws, failed to detect unauthorized approvals and circumvention of financial controls and received incomplete, unreliable information from management. Internal audits over procurement and financial controls had not been substantively performed since 2016, leaving these areas largely unchecked. International travel was arranged without proper pre-approval, often in business class, and at times funded through inappropriate

sources. Procurement practices violated the *Broader Public Sector Accountability Act's* (BPSAA) Procurement Directive, with widespread use of sole-source contracts and documented attempts to avoid tendering requirements.

Taken together, Ontario Health's review painted a picture of an organization in crisis: fiscally unstable, structurally misaligned, culturally fractured and governed without effective oversight. These warnings reinforced the necessity of external supervision and set the stage for the reforms that followed.

PROCUREMENT FRAUD

The most challenging revelations came not from trips abroad, but from what was happening at home. In 2025, a forensic audit identified evidence of a fraud scheme that had started at least a decade earlier, during which it is alleged that tens of millions of dollars were lost through procurement and construction contracting. It was an issue that unfolded in full view of the leadership. The critical question is not merely what was being scrutinized, but what was being missed. The forensic audit traced the scheme back to a former Vice President of Facilities who allegedly awarded contracts to companies owned or controlled by his associate. A civil claim has been filed and is currently before the courts at the time of the writing of this report.

It is important to note that upon arrival at LHSC, there was a significant proposal before the Board of Directors to advance the commercial redevelopment of LHSC-owned lands for revenue generation. The proposal had already progressed to Board-level discussions seeking approval to advance detailed planning. Given the urgent operational, financial and governance challenges facing the organization at the time, this initiative was paused. As subsequent reviews unfolded, it became apparent that this project was one of several early signals that governance priorities at LHSC had become misaligned. This proposal illustrates how strategic focus had drifted away from core stewardship, internal discipline, and operational stability at a time when, quite plainly, the organization was already in crisis.

Executive complicity

A significant finding of the forensic review was not only the scale of the alleged fraud but the fact that some members of LHSC's senior executive team had been warned. Evidence indicated that concerns were raised, but no meaningful action followed. Whether due to insufficient oversight, misplaced trust or failure of governance processes, the scheme continued. The situation reflected not merely the actions of one individual but broader weaknesses in the leadership culture around identifying and confronting potential wrongdoing.

Community Reaction

The reaction from staff and the community was strong. Staff who had been told there was no money for basic equipment, training or capital renewal learned that tens of millions had allegedly been lost through fraudulent contracts. Community members who had donated their time and

resources to LHSC Foundation fundraising efforts felt their trust had been undermined. As one staff member remarked in the wake of the revelations, “We were told to do without, while others were helping themselves.” These revelations crystallized the view that governance failures at LHSC had created conditions in which fraud could persist undetected.

The full scope of what occurred continues to be examined. The causes and the failure of oversight that permitted this alleged scheme to continue are now an important case study in how misaligned priorities and weakened governance can allow misconduct to persist.

LEGAL ACTIONS AND FRAUD RESPONSE

“Oversight is not about distrusting leaders, but about ensuring leaders are always worthy of trust.”

Civil litigation: Two civil lawsuits totalling \$60 million have been filed against former executives and companies involved in the alleged fraud scheme:

- \$50 million lawsuit against three individuals and associated companies
- \$10 million lawsuit against three former hospital executives and a management consulting firm

A separate negligence action has commenced in relation to the University Hospital Window Replacement Project, alleging professional and contractual negligence by external parties involved in the design, oversight and execution of the project, resulting in significant remediation costs and operational impacts.

Criminal investigation: London Police Service, along with Ontario Provincial Police, has dedicated a team of detectives, and we are cooperating with the Crown Attorney Office as they continue their investigation.

Asset protection: Certificates of Pending Litigation filed to preserve assets linked to the alleged fraud.

A HISTORY RELATIONSHIPS WITH REAL OR PERCEIVED CONFLICTS OF INTEREST

"The integrity of public administration depends not only on actions taken while in office but on conduct that follows."

In the course of the broader procurement and governance investigations, LHSC identified troubling patterns involving historical relationships between certain former senior administrators and external vendors. In some cases, these relationships extended beyond active employment and continued after retirement from the organization. The nature and duration of these engagements raised serious concerns regarding real or perceived conflicts of interest, misuse of institutional access and the blurring of boundaries between public office and private commercial interests.

While the conduct under review spans many years and multiple administrations, it reflects a systemic failure to enforce ethical boundaries and post-employment restrictions for senior leadership roles within a large public institution. It is important to state that these issues were not reflective of the broader leadership team or the organization's staff, the vast majority of whom acted with integrity and in the best interests of patients and the public.

LHSC has referred all relevant materials, including forensic analyses and supporting documentation, to law enforcement authorities. LHSC continues to cooperate fully with investigators and has preserved all relevant records in accordance with legal and forensic hold requirements.

As these investigations remain ongoing, it would be inappropriate to speculate on outcomes or attribute findings to specific individuals in this report. However, the issues identified underscore the necessity of robust conflict-of-interest governance, clear post-employment restrictions and independent oversight mechanisms that are now being decisively addressed under supervision.

EMBEDDING BEST PRACTICES IN FRAUD PREVENTION AND OVERSIGHT

The fraud investigation revealed systemic weaknesses not only within LHSC but also in how oversight functions were fragmented across large hospital systems. Policies existed, but

adherence was inconsistent, enforcement was uneven and accountability mechanisms were too often bypassed. In response, LHSC has embedded leading practices that are now being shared provincially and nationally.

Policies are only as strong as our commitment to follow them. You can have the best written policy in the world, but if it is not followed, it is not worth the paper it is written on. True system integrity depends as much on discipline and adherence as on policy design.

To ensure that every layer of the organization contributes to prevention, detection and accountability, LHSC has implemented multi-layered safeguards, each designed to act as one slice in what risk management experts call the “Swiss cheese model.” This means that when you align multiple slices of Swiss cheese, with each slice representing a control, a check or a policy, an issue may slip through one layer, but it is far less likely to pass through all of them.

LAYERED OVERSIGHT MEASURES NOW IN PLACE

- **Centralized vendor vetting:** Vendors undergo conflict-of-interest screening and beneficial-ownership verification prior to contracting, ensuring visibility regarding who ultimately benefits from hospital contracts.
- **Independent internal audit function:** The re-established and re-empowered internal audit office now reports directly to the Supervisor and, eventually, to the Audit and Finance Committee rather than to management, creating a structurally independent check on financial and operational processes.
- **Anonymous whistleblower expansion:** A third-party reporting mechanism guarantees confidentiality for staff and vendors, with quarterly public reporting of the number of cases closed and the actions taken, thereby enhancing transparency and accountability.
- **Reinforced procurement and expense controls:** Procurement and expense policies have been rewritten, communicated broadly and critically enforced without exception. Adherence to policy is now an explicit performance expectation across all levels of management.
- **Cooling-off policy:** LHSC has implemented a formal post-employment cooling-off policy applicable to senior executives, vice presidents and other designated leadership roles. The policy prohibits former executives, for a defined period following departure, from providing consulting, advisory, lobbying or business-development services to vendors, contractors or partners with which LHSC had material dealings during their tenure. It also restricts the use

of institutional knowledge, internal contacts or confidential information for private commercial gain. Compliance is enforced through mandatory exit attestations, ongoing vendor conflict-of-interest screening and contractual disclosure requirements, with violations subject to termination of vendor relationships, recovery actions and referral to appropriate authorities. This policy represents a clear and deliberate shift from past practice, closes a critical governance gap and aligns LHSC with emerging best practices across large public-sector and healthcare institutions, reinforcing public trust and protecting the organization from reputational, financial and legal risk.

- **Continuous education and monitoring:** Mandatory ethics, procurement and conflict-of-interest training ensure that awareness and compliance remain active, not passive. Internal audit and finance teams now conduct rolling reviews to identify policy deviations before they escalate into systemic risks.

Each of these measures safeguards policy, training, internal audit, independent review and whistleblower channels and acts as a layer in the Swiss cheese model. If one layer fails, another is designed to catch the issue before it causes harm. Together, they create a culture of integrity through redundancy.

These reforms have already attracted the attention of other Ontario hospitals and system partners, positioning LHSC as a reference point on how to rebuild institutional integrity. The lesson is simple but powerful: excellence in governance is not achieved by drafting new rules; it is achieved by living them, every day, without exception.

REFRAMING SUPERVISION AS A CASE STUDY IN SYSTEM RENEWAL

While the supervision of LHSC was necessarily corrective, it also provided a rare opportunity to model system-wide learning. The breadth of reforms, including governance restructuring, internal audit restoration, fraud response and collaborative relationship renewal/examination, illustrates how large, complex organizations can recover credibility and functionality following institutional failure. Future academic and policy audiences may view this period as a turning point in how Ontario's public hospitals address structural accountability. LHSC's renewal demonstrates that supervision, when paired with transparency and disciplined execution, can transform a crisis into a model for reform across the sector.

ACTIONS UNDERWAY: COMPREHENSIVE REFORM AND STABILIZATION

"The fiduciary duty of a Board is not to the executives, but to the mission and those it serves."

—ADAPTED FROM PETER DRUCKER

After I had spent a few months at LHSC and after providing regular updates to the Ministry of Health, it became obvious that changes needed to be made. When faced with impossible issues to overcome from an oversight and governance point of view, the Government of Ontario acted swiftly, comprehensively and decisively. The reform program addresses every major area of organizational failure identified through extensive review, community consultation and independent assessment.

Management Restructuring and Cost Reduction

Executive restructuring: In September 2024, 59 management positions were terminated, and 71 others received demotions with pay cuts, saving an estimated \$14 million annually. The new streamlined structure features:

- Clear accountability lines with 10 vice presidents reporting directly to the Supervisor
- The elimination of redundant campus president positions
- Simplified reporting structures to improve decision-making efficiency

Financial controls: New policies implemented include:

- Revised procurement and authorization policies with stricter approval processes
- Visible and clear whistleblower policy
- Enhanced conflict-of-interest policies requiring vendor attestations
- Weekly review by Executive Leadership Collaborative of ALL positions before posting
- Monthly budget review processes with clear variance analysis and accountability

FINANCIAL STABILIZATION AND RECOVERY

Cash flow management: Working closely with the Ministry of Health and Ontario Health on a comprehensive recovery plan that includes cash flow management projections and balancing, issue management and mitigation, and communications planning. This has included funding advance(s) in December 2024 and again in December 2025.

Modernization of the Patient and Family Issue Resolution Process

A renewed approach to patient and family issue resolution has been implemented to ensure concerns are addressed earlier, more transparently and with direct leadership accountability. Historically, patient issues were often managed too far downstream, increasing the risk of escalation, frustration, delay and loss of trust. The reformed model emphasizes early executive and clinical leadership engagement, timely communication and shared ownership of outcomes.

Under this approach, members of the executive team and senior management are engaged from the outset when there are significant patient or family concerns. The vice presidents and the CEO have made their direct contact information available, including personal cell phone numbers, to ensure patients and families can reach decision-makers when issues are complex, urgent or emotionally charged. This visible accessibility reinforces accountability, signals respect and helps de-escalate situations before they deteriorate.

The organization has also strengthened the role of patient representatives, recognizing the unique and valuable service they provide as trusted intermediaries. Patient representatives are now more intentionally integrated into early discussions and resolution planning, serving as a key resource for patients, families, clinicians and the leadership alike. Their involvement helps ensure concerns are heard, understood and addressed in a manner that is compassionate, fair and procedurally sound.

Crucially, the professional staff leadership has embraced this renewed approach. Medical and clinical leaders are increasingly aligned with executive leadership in proactively addressing patient concerns, participating in joint conversations and supporting timely resolution. This alignment reflects a cultural shift toward shared responsibility, transparency and patient-centred problem solving, and reinforces the expectation that patient experience is a core leadership accountability at every level of the organization.

Comprehensive Organizational Review, Recovery Planning and Community Voice

Healthcare review: A comprehensive organizational review was completed in April 2025, resulting in 169 recommendations organized under three improvement strategies:

- 1 Transform leadership and management approaches:** Strengthen governance, data-driven decision-making and high-performance leadership
- 2 Improve operational effectiveness:** Enhance clinical and operational processes and invest in enabling technology
- 3 Increase productivity:** Optimize staffing resources, reduce duplication and standardize work

Implementation progress: As of July 2025, 811 unique LHSC staff members are actively working on implementing the review's recommendations.

Recovery plan: The benchmarking and organizational review identified over \$100 million in potential savings through efficiency improvements, bringing LHSC closer to peer-performance levels.

Community advisory committee: Established in October 2024 with a diverse membership, the committee meets monthly to provide community input and hold leadership accountable.

Community and staff surveys: A crucial part of the reform process was listening directly to the people most impacted. The Community Advisory Committee, established in October 2024, led a survey process that gathered over 4,000 responses from staff, physicians, patients and community members. Results were made public and revealed:

- Deep frustration with the lack of transparency and poor communication from the prior leadership
- Concerns about procurement practices and the misuse of funds
- Calls for stronger accountability and ethical oversight of hospital leadership
- Positive recognition of frontline staff for their dedication and resilience despite systemic issues

These findings directly dovetailed into the organizational review recommendations and validated the need for urgent change. Importantly, they provided legitimacy and public support for reforms that might otherwise have been seen as top-down.

Staffing Alignment, Benchmarking Findings, and Corrective Actions

Independent benchmarking and comparative analysis have confirmed that staffing levels in several LHSC programs are materially higher than those observed at peer academic and large community hospitals across the province, even after adjusting for case mix, acuity, and service complexity. These variances are not isolated to individual units but reflect broader structural differences that emerged over time, particularly during and following the COVID-19 period. Importantly, these staffing levels do not consistently correlate with higher patient volumes, complexity, or funded activity, reinforcing the conclusion that LHSC's workforce profile became misaligned with provincial norms. For example, between 2019/20 and 2024/25, total LHSC full-time equivalents (FTEs) increased by over 25 per cent, while inpatient days rose by only 4.5 per cent and outpatient visits by 11.4 per cent.

While many Ontario hospitals temporarily expanded staffing during the pandemic and subsequently recalibrated as activity normalized, LHSC carried forward a higher baseline staffing level into a post-pandemic operating environment. Benchmarking work has identified that in several inpatient and outpatient areas, nursing and support staffing ratios exceed those of comparable institutions delivering similar volumes and services. This misalignment has contributed directly to ongoing financial pressures and structural deficits, independent of short-term utilization fluctuations.

LHSC has been clear that addressing these variances must be done thoughtfully and responsibly. The organization's objective is not to negatively impact clinical staff or compromise patient care. Where possible, LHSC is prioritizing approaches that avoid layoffs, including managing attrition, vacancy control, role redesign, skill-mix optimization, and redeployment opportunities as they arise. However, when opportunities present themselves to realign staffing closer to peer benchmarks without direct workforce displacement, LHSC must act to address these longstanding differences in order to restore financial sustainability.

Significant progress has already been made on the non-clinical side of the organization. In 2024, LHSC undertook targeted administrative restructuring and role rationalization to better align with provincial peers. These changes reduced administrative layering, clarified accountabilities, consolidated functions, and brought LHSC's corporate and leadership cost structure more in line with comparable hospitals. This administrative realignment represented an important first step,

demonstrating that LHSC is prepared to take difficult but necessary actions while minimizing frontline impact.

Going forward, LHSC's recovery strategy focuses on extending this disciplined, benchmark-informed approach across the organization. Workforce decisions will continue to be guided by patient safety, service requirements, and comparative data, with an emphasis on gradual normalization rather than abrupt disruption. Aligning staffing models with peer hospitals while protecting clinical care and respecting staff contributions is essential to restoring balance between funded activity, workforce costs, and long-term system sustainability.

GOVERNANCE RENEWAL AND COMMUNITY ENGAGEMENT

Governance reform: A comprehensive governance review was completed, with Stage 1 reforms implemented:

- Revised Board committee structure with focused terms of reference
- Board policy manual development with clear accountability frameworks
- Planned Board renewal for with a smaller, more effective structure
- Detailed Board orientation package

Transparency initiatives

- Monthly virtual town halls broadcast live with open Q&A sessions
- Survey results and community feedback integrated into governance planning
- Public reporting of progress and challenges through regular updates

Collaborative Relationship Restoration and Regional Integration

St. Joseph's Health Care London – Advancing from Relationship Repair to System Integration

Significant progress has been made in restoring the critical collaborative relationship between LHSC and St. Joseph's Health Care London. Significantly, this work is no longer focused solely on repairing past fractures or aligning senior administrative structures but on laying the foundation

for a more fundamentally integrated “One London” hospital system that better serves patients, clinicians, learners and the broader region. Key milestones include:

- **Memorandum of Understanding executed December 1, 2024**, establishing a formal framework for collaboration and dispute resolution
- **Regular senior-level and operational meetings** to resolve legacy issues and rebuild trust
- **Joint planning for surgical services, operating room access and capacity management**, with a system-wide lens rather than site-specific optimization
- **Restoration of integrated clinical leadership functions**, including roles such as Integrated Vice president, Medical Affairs, as a result of already integrated professional staff while appropriately maintaining separate procurement and other functions where independence remains necessary

As this collaborative relationship continues to evolve, it is increasingly clear that the objective must be durable integration that is more permanent rather than dependent on personalities, leadership changes or discretionary administrative decisions. Experience has shown that integration achieved solely through senior administrative alignment or informal arrangements can be unwound by a future Board or executive team, undermining continuity, trust and system performance.

Future integration discussions between LHSC and St. Joseph’s will aim to be durable and resistant to reversal, while respecting the legal identities of each organization. These discussions are ongoing and the path forward will continue to be shaped through good-faith collaboration.

This work is ongoing and will continue to evolve through good-faith collaboration, recognizing that enduring integration must be built on agreement, transparency and a clear focus on patient and system outcomes.

Western University Relations

In parallel, LHSC has undertaken active efforts to rebuild and strengthen its academic and research relationships with Western University. Such collaborative relationships are foundational to LHSC’s role as a leading teaching and research hospital and are being re-established with a renewed emphasis on the clarity of roles, mutual expectations and alignment with the broader “One London” system vision.

THE PATH FORWARD: BUILDING SUSTAINABLE EXCELLENCE

Regional service integration: Beyond restoring past collaborative relationships, LHSC will participate actively in regional service planning in partnership with Ontario Health and other health system providers, including coordinated bed-mapping and surgical capacity planning. This system-wide approach will reduce duplication, optimize resource allocation and ensure comprehensive service coverage across Southwestern Ontario.

Performance measurement and accountability: LHSC will adopt a balanced scorecard approach, publishing a performance dashboard that integrates clinical, operational, financial and patient experience indicators. Quarterly updates will be made publicly available, ensuring accountability and transparency.

Human resources & workforce sustainability: A multi-year workforce plan will be implemented to address high vacancy rates and support staff retention and wellness. This will include leadership succession planning, targeted recruitment strategies and initiatives to strengthen workplace culture.

Patient and family engagement: In alignment with recommendations from the Organizational Review, LHSC will embed patient and family representatives into key governance committees, including Quality and Safety. A comprehensive patient experience framework will be developed, with formal metrics linked to leadership accountability and quarterly public reporting.

“Resilience is built not by avoiding adversity, but by facing it openly and learning from it.”

The work of renewal will continue through 2026 and beyond, with several critical milestones ahead.

Immediate Priorities

Board renewal: Implementation of a new Board structure with:

- A reduced number of elected directors
- A reduced number of Board committees with detailed terms of reference for each
- An enhanced skills matrix reflecting complex organizational needs
- Comprehensive orientation and performance evaluation processes

- Restored collaborative relationships with St. Joseph's and Western University through ex officio positions

Financial recovery: Continued implementation of the organizational review recommendations to achieve sustainable operations:

- Targeting and moving worst-performing programs to median peer performance levels
- Completion of capital equipment financing plan
- Resolution of immediate infrastructure needs while planning long-term redevelopment

Clinical engagement: Continue to engage and involve professional staff leadership in decision making. Ensure ongoing integration of Medical Advisory Committee leadership into the Executive Leadership Collaborative to strengthen clinical leadership involvement in organizational decision making.

Legal resolution: Working toward the resolution of fraud-related litigation while maintaining full cooperation with the criminal investigation.

A critical lesson of LHSC's experience is that recovery is not simply about correcting past failures, but about preventing their quiet return. Accordingly, several commitments have been established as permanent guardrails for the organization:

- No material procurement, capital or staffing decisions without documented committee review and cooling-off periods
- No erosion of internal audit independence or scope
- No executive compensation changes without full transparency and Board-level scrutiny
- No informal or undocumented vendor, consultant or collaborative relationship arrangements

These commitments are intended to ensure that future leaders inherit an organization where discipline, transparency and accountability are institutionalized rather than personality-dependent.

Medium-term Goals (2026-2027)

Permanent leadership: Recruitment of a permanent CEO once organizational stability is firmly established. The current timeline extends to later 2026, pending Ministry of Health approval.

Strategic plan refresh: The development of a new strategic plan incorporating community input and organizational review findings to guide the next phase of LHSC's development.

Infrastructure investment: Implementation of approved capital projects, including:

- Nazem Kadri Surgical Centre
- Stem Cell Project expansion
- Priority infrastructure renewal to sustain operations until redevelopment

In parallel with the delivery of approved capital projects, LHSC must address a pattern of infrastructure fragility and neglect. Since my arrival in May 2024, LHSC has experienced 30 Code Grey events attributable to infrastructure issues, a volume that is notable for a tertiary academic health sciences centre. A significant proportion of these incidents were directly attributable to failures in core infrastructure systems, including electrical distribution, backup power and generators, transformers, air handling units, heating systems, water mains and control infrastructure. Several events resulted in partial or full-service disruptions affecting emergency departments, operating rooms, imaging, medical air, stroke and STEMI services, and necessitated regional redirects. While each incident had unique technical characteristics, collectively they reveal a consistent pattern of system fragility and neglect driven by aging assets, deferred renewal and increasing interdependence between outdated components. These are not isolated anomalies but indicators of cumulative infrastructure risk that now materially affects operational stability, patient safety and regional system reliability. Facilities and clinical teams have repeatedly demonstrated exceptional professionalism in managing these disruptions, often under challenging conditions, but resilience at the frontline cannot substitute for reliable infrastructure. Accordingly, a central medium-term objective for 2026–2027 is to shift decisively from incident-driven response to a planned, risk-prioritized infrastructure strategy. This will include targeted investments to stabilize high-risk systems in the near term while aligning with approved capital projects and longer-term redevelopment planning. The resulting operating and capital infrastructure plan will explicitly link infrastructure renewal to clinical dependency, patient safety risk and regional service obligations and will form a core component of submissions to Ontario Health and the Ministry of Health. This approach is intended to ensure that infrastructure reliability is treated as a foundational requirement for sustainable operations rather than an episodic facilities issue.

During this period, the underlying state of infrastructure did not receive the attention it required. The cumulative neglect of core systems is now manifesting as repeated Code Greys, service disruptions and potential risk to patients and staff.

Long-term Vision (2027-2030)

Regional integration: Enhanced collaboration with regional partners to ensure adequate capacity for Southwestern Ontario's growing population while avoiding service duplication.

Innovation leadership: Restoration of LHSC's position as a leader in healthcare innovation through:

- Expanded clinical trials and research programs
- Advanced technology implementation
- Continued development of specialized services

Cultural transformation: Establishment of a high-performance culture characterized by:

- Transparent, accountable leadership
- Data-driven decision-making
- Continuous improvement and learning
- Patient-centred care delivery

SYSTEM LESSONS AND EARLY WARNING FLAGS FOR ONTARIO HOSPITALS

LHSC's experience offers clear, transferable lessons for hospital Boards, executives, auditors and system partners across Ontario. While the scale and complexity of LHSC amplified the impact of governance failures, the underlying risk factors are neither unique nor rare. The following warning signs, if present in any organization, should prompt immediate scrutiny and corrective action.

1 Persistent leadership churn is a governance risk, not just an HR issue

Frequent turnover in CEOs, CFOs and senior executives creates negative organizational impact, weakens institutional memory and erodes accountability. When leadership changes become normalized, Boards often shift from strategic oversight to crisis management, leaving gaps in financial discipline and ethical enforcement. Sustained instability should be treated as a systemic risk requiring Board-level intervention, not as an unfortunate coincidence.

2 “Exemplary” clinical outcomes can coexist with serious governance failure

Accreditation results and clinical performance indicators are necessary but not sufficient indicators of organizational health. LHSC demonstrates that frontline excellence can persist even while governance, financial controls and ethical oversight deteriorate. Boards must resist the false comfort that strong clinical metrics alone imply sound leadership and governance.

The governance breakdown at LHSC offers important lessons for other hospital Boards and health organizations across Ontario. While each institution’s context is unique, the conditions that allowed governance failure to take root, namely over-reliance on management assurances, lack of independent validation of information and the erosion of Board-level challenge and curiosity are not. Boards must be vigilant in maintaining their independence from management. They need to insist on transparent reporting and cultivate a culture in which uncomfortable questions are viewed as essential to good oversight, rather than as disloyalty. LHSC’s experience underscores the need for structured evaluation of the Board’s performance, annual independent reviews of governance effectiveness and direct mechanisms for staff and physicians to escalate concerns to the Board without fear of reprisal.

A simple but effective governance practice implemented at LHSC is to require that any decision of significance cannot be tabled or dropped on the Board of directors without proper vetting and time for review. All decisions of significance (e.g. operational or capital spending outside the approved annual budget and/or staffing changes) must first pass through a standing committee before being presented to the full Board. Once an item reaches the Board and the Board has been briefed, members are given one full month before a final decision is made. During this period, Board members may submit written questions to management including the President and CEO. All questions and responses are compiled and circulated in writing on a no-names basis to the full Board before final deliberations. This ensures informed decision-making, transparency and accountability and prevents rushed or poorly understood approvals. It also means no one thinks their question is inappropriate. I have always told Board members that if they are thinking something, it usually means someone else is too, so they ought to ask the question.

3 Over-reliance on executive assurances is a red flag

A recurring failure at LHSC was the Board’s dependence on management-provided information without independent validation. When executives become the sole interpreters of financial data, procurement decisions or strategic risks, Boards lose their ability to challenge effectively. Independent internal audit, external benchmarking and direct access to unfiltered information are essential safeguards.

4 Growth in management and administrative staffing without activity alignment demands scrutiny

Rapid increases in management compensation or administrative headcount, particularly when disconnected from patient activity, funded volumes or system need, should trigger immediate Board review. LHSC's experience shows that such growth can occur incrementally and quietly, yet have profound long-term financial consequences.

5 Weak procurement discipline is an early indicator of broader control failure

Non-competitive procurement, repeated sole-source contracts, opaque vendor relationships and informal workarounds to established policies are not isolated process issues. They often signal deeper cultural problems, including tolerance for rule-bending and diminished ethical vigilance. Boards should treat procurement compliance as a governance priority, not a technical detail.

Some ideas that all hospitals can implement:

- Procure as many goods and services as possible through fulsome, open, publicly-tendered RFPs – including those where exceptions may be permitted under BPSAA and Canada Free Trade Agreement (e.g. professional services);
- Ensure proper contracts are in place and purchase orders are issued, both with appropriate terms and conditions, to govern procurement relationships and provide safeguards;
- Perform due diligence as to the existence, validity, and appropriateness of all new vendors before transacting business with them;
- Ensure proper review and approval processes are in place surrounding change orders, with any necessary escalations in review/approval as projects increase size or scope; and
- Periodically – perhaps annually – compare contact information (e.g. addresses, phone numbers, etc.) and banking information for vendors and employees to ensure there is no inappropriate “crossover” occurring

6 Blurred post-employment boundaries create long-tail risk

Inadequate cooling-off periods and weak post-employment restrictions expose hospitals to conflicts of interest that may not surface for years. LHSC's experience highlights the need for explicit, enforceable post-employment policies that protect public institutions from the misuse of institutional knowledge and relationships.

7 Collaborative Relationship breakdowns without transparent rationale undermine trust

Ending or restructuring long-standing collaborative relationships may sometimes be necessary, but doing so without clear explanation, evidence and shared accountability erodes trust internally and externally. Boards should require rigorous, documented justification for dissolving collaborative arrangements, especially those central to academic and regional systems. Yes, they need to be modernized and deficiencies corrected. Be cautious of shared governance relationships that in London's case resulted in no governance. However, totally abandoning without alternative and modernized models is not appropriate.

8 Absence of independent and empowered internal audit is a critical vulnerability

For an organization the size of LHSC the lack of an active internal audit function for extended periods leaves organizations blind to emerging risks. Internal audit must be structurally independent, adequately resourced and empowered to escalate concerns directly to the Board or audit committee without management filtration.

The experience of LHSC demonstrates that failure rarely arrives suddenly. It accumulates quietly through small compromises, unchecked assumptions and the gradual normalization of exceptions. Conversely, recovery does not require perfection, but it does demand courage: the courage to ask uncomfortable questions, to insist on evidence, and to act early when something does not feel right. The most enduring safeguard of any public institution is not a policy or a structure, but a culture that values accountability as highly as compassion.

CONCLUSION: RESILIENCE THROUGH TRANSFORMATION

The story of LHSC over the past several years is fundamentally one of resilience triumphing over adversity. Despite significant governance failures, LHSC's clinical teams have continued to deliver exemplary care, achieve groundbreaking research outcomes and serve as the backbone of Southwestern Ontario's healthcare system.

The fraud and mismanagement revealed through our investigations represent a serious breach of public trust. However, the comprehensive reforms now underway encompass governance renewal, financial recovery, operational excellence and cultural transformation and are designed to ensure such failures can never recur.

The path ahead requires continued vigilance, sustained commitment to transparency and accountability and unwavering focus on the patients and communities we serve. With proper governance, competent leadership and the dedication of our remarkable staff, LHSC will emerge from this period stronger, more efficient and better positioned to fulfil its critical mission in Ontario's healthcare system.

The investments being made in accountability, efficiency and excellence will yield dividends for generations of patients to come. Through comprehensive transformation guided by the organizational review recommendations and community input, LHSC is building the foundation for sustainable excellence that will serve Southwestern Ontario for decades ahead.

The fraud uncovered at LHSC is not a singular event but an ongoing, highly complex investigation that demands constant vigilance. It involves multiple strands of legal action, coordination with law enforcement and continuous provision of instructions to external counsel. Civil litigation is active, and insurance claims are being pursued. Meanwhile, forensic experts continue to analyze contracts, vendor relationships and financial transactions to support recovery efforts. The scale of the alleged misconduct that spans years and involves tens of millions of dollars requires persistent monitoring to ensure that LHSC's interests remain fully protected. This is work that inevitably consumes substantial time and attention, and it must be managed with discipline while remaining independent of the hospital's day-to-day operations.

Perhaps the most important change since supervision has been cultural. LHSC is deliberately fostering a leadership environment where oversight is viewed as a collective duty, not an adversarial function. The goal is to ensure that future governance structures are not only compliant but also inquisitive, constantly testing assumptions, validating information and

challenging decisions constructively. This cultural shift, more than any single structural change, will determine whether LHSC's reforms endure.

As we move forward with Board renewal and eventually the recruitment of a permanent CEO, it is essential that neither the incoming Board nor the executive team becomes consumed by the litigation. While the pursuit of accountability will remain a critical obligation over the next 24 months, LHSC's governance and leadership must be focused squarely on stability, operational excellence and the future strategic direction of the hospital. Litigation, if allowed to dominate the agenda, can paralyze leadership. Our task is therefore to keep the fraud-related processes on a separate track to be professionally managed by legal counsel, insurers and external experts while ensuring that LHSC's governance and management are empowered to lead the organization into its next chapter.

Supervision is not an end state, nor is it indefinite. Its purpose is to restore the conditions under which strong governance, disciplined management and public trust can be sustained without extraordinary oversight. For LHSC, a responsible transition out of supervision will be predicated on several non-negotiable conditions:

- A fully renewed and functional Board of Directors with demonstrated capacity for independent challenge, financial literacy and ethical oversight
- Stable executive leadership with clearly defined accountabilities and performance expectations
- Embedded internal audit and compliance functions operating independently of management
- Demonstrated financial discipline, including reliable forecasting, variance management and alignment with peer benchmarks
- Durable, modernized and structural collaborative relationship agreements that cannot be easily unwound by changes in leadership

Only when these conditions are demonstrably met will LHSC be positioned to return to standard governance arrangements without risking regression.

As Supervisor, I remain committed to completing this transformation and positioning LHSC for a future worthy of the dedication shown by its staff and the trust placed in it by the communities it serves. The work continues, guided by unwavering commitment to transparency, accountability and excellence in everything we do.