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Newfoundland and Labrador Health Services

RFP #2025-5134 – Contract compliance audit report DRAFT

January 15, 2026

MAKING AN IMPACT THAT MATTERS since 1845

Deloitte LLP
La Tour Deloitte
1190 Avenue des
Canadiens-de-Montréal
Suite 500
Montreal, Quebec, H3B 0M7
Canada

Tel.: 514-390-1694
Fax.: 514-390-4114
www.deloitte.ca

January 15, 2026

Private and confidential

Provincial Health Authority, operating as Newfoundland and Labrador Health Services
760 Topsail Road
Mount Pearl Square
Mount Pearl, NL A1N 3J5

Attention: Dr. Pat Parfrey, CEO

Subject: RFP #2025-5134 – Contract compliance audit of payments to 9059822 Canada Inc., operating as Canadian Health Labs

Dear Dr. Parfrey,

Our mandate

Deloitte LLP ("**Deloitte**") has been retained, as independent forensic accountants, by the Provincial Health Authority, operating as Newfoundland and Labrador Health Services ("NLHS"), to provide professional services in connection with a contract compliance audit. More specifically, we have been retained to audit the compliance of the payments by NLHS to 9059822 Canada Inc., operating as Canadian Health Labs ("CHL"), to gain assurance that all payments were appropriately billed and paid in accordance with the terms and conditions of the contracts, identify indicators of suspected fraud and any other relevant findings.[1]

Objective

On June 25, 2025, the Office of the Auditor General of Newfoundland and Labrador issued a report titled Health Sector Contracts (the "OAG Report"). The objective was to determine whether agency nursing contracts were procured and managed appropriately, and whether agency nursing services were planned and delivered effectively.[2] One of the recommendations in the OAG Report was for NLHS to complete an immediate comprehensive audit of all amounts paid to CHL[3] from April 2022 to present, to recover public funds paid in error.[4] We understand that NLHS will use this report to assess CHL's compliance with its contractual obligations.

Scope of review

Our scope of review is detailed in Section 3 of this report. In addition, this section outlines specific areas, activities, or information that were not included in our contract compliance audit, as well as any constraints that may have impacted the breadth or depth of our analysis. Understanding these exclusions and limitations is essential for accurately interpreting the findings and conclusions presented in this report.

Restrictions and limitations

Our report is for use solely in connection with NLHS' assessment of CHL's compliance with its contractual obligations. It is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined above without the express prior written consent of Deloitte in each specific instance. We do not assume any responsibility or liability for the losses incurred by parties as a result of the circulation, publication, reproduction, or use of this report contrary to the provisions of this paragraph.

Our work does not constitute an audit as defined by the Chartered Professional Accountants of Canada.

Relevant restrictions to which the report is subject are outlined in Section 3.

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[1] Determination of fraud is the purview of the courts.
[2] OAG Report, p.1
[3] Referred to as Agency A in the OAG Report.
[4] OAG Report, p. 1

Qualifications and independence

This report was prepared in conformity with the practice standards of chartered professional accountants, including the Standard Practices for Investigative and Forensic Accounting Engagements of CPA Canada, the Standard Practices of the Association of Certified Fraud Examiners, and the Practice Standards of the CBV Institute.

We confirm that the professionals involved in the preparation of this report acted independently and objectively in completing this engagement.

Deloitte is to be paid a fee for services based on time spent. In addition, Deloitte is to be reimbursed for its reasonable out-of-pocket expenses. No part of Deloitte's fee in regard to this matter is in any way contingent on the result of this engagement.

Yours truly,

DRAFT

Pascale Gaudreault, CPA, CBV, CFF
Partner, Investigations, Disputes & Claims
Deloitte LLP

Nicole Carruthers, CPA, CBV, CFE
Director, Investigations, Disputes & Claims
Deloitte LLP

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Table of contents

1. Background 4
1.1. NLHS 4
1.2. Contracts with CHL 4
2. Summary of payments made by NLHS to CHL 7
3. Scope of review, restrictions, and limitations 9
3.1. Deloitte's scope of review 9
3.2. Scope of review exclusions, restrictions and limitations 10
3.3. General restrictions applicable to this report 11
4. Summary of findings 12
4.1. Non-compliance with the CHL Contracts 12
4.2. Possible non-compliance with the CHL Contracts 16
4.3. Indicators of heightened risk of fraud 16
5. Professional fees – Central Contract 18
5.1. Relevant contract clauses 18
5.2. Contract compliance findings 19
5.2.1. Rates and inflation adjustment 19
5.2.2. Number of hours invoiced by CHL 20
5.2.3. Support Staff 23
5.2.4. Ordering documents 24
6. Professional fees – Western Contract 25
6.1. Relevant contract clauses 25
6.2. Contract compliance findings 26
6.2.1. Rates and inflation adjustment 26
6.2.2. Number of hours invoiced by CHL 27

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6.2.3. Support Staff....29
6.2.4. Ordering documents....30
7. Professional fees – Eastern Contract....31
7.1. Relevant contract clauses....31
7.2. Contract compliance findings....32
7.2.1. Rates....32
7.2.2. Number of hours invoiced by CHL....32
8. Professional fees – Airway nurses....34
8.1. Relevant contract clauses....34
8.2. Contract compliance findings....35
8.2.1. Inflation-adjusted rates....35
8.2.2. Duplicate invoiced hours....36
8.2.3. Number of hours invoiced by CHL....36
9. Meal allowance....38
9.1. Relevant contract clauses....38
9.2. Contract compliance findings....39
9.2.1. Meal rates....39
9.2.2. Number of meal allowances invoiced by CHL....40
10. Kilometric allowance....43
10.1. Relevant contract clauses....43
10.2. Newfoundland and Labrador Treasury Board Secretariat Policies....44
10.3. Contract compliance findings....44
10.3.1. Rates....44
10.3.2. Incomplete kilometric allowance reporting....45
10.3.3. Kilometric claims submitted while the nurse was not in Newfoundland....46
10.3.4. Other findings....46
11. Accommodation and transportation expenses....47
11.1. Relevant contract clauses....47
11.2. Newfoundland and Labrador Treasury Board Secretariat Policies....49

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11.3. Accommodation 51
11.4. Electric vehicle rentals 52
11.4.1. General observations 52
11.4.2. Contract compliance findings 54
11.5. Other transportation expenses 57
12. Licensure and background checks 58
12.1. Relevant contract clauses 58
12.2. Contract compliance findings 58
12.2.1. Expenses not reimbursable by NLHS 58
12.2.2. Missing supporting documents 59
12.2.3. Expenses for nurses that have not worked for NLHS 59
13. Other expenses and duplicate expenses claimed 61
13.1. Other expenses 61
13.1.1. Relevant contract clauses 61
13.1.2. Contract compliance findings 61
13.2. Duplicate expenses 62
14. Harmonized sales tax on recoverable expenses 64
15. Conclusion 67
15.1. Non-compliance with the CHL Contracts 67
15.2. Possible non-compliance with the CHL Contracts 70
15.3. Indicators of heightened risk of fraud 71

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1. Background

1.1. NLHS

1. As the provincial health authority in Newfoundland and Labrador, NLHS is responsible for the delivery and administration of health and community services in the province.[5]

2. In 2022, a ten-year plan known as the Health Accord to Improve Healthcare in Newfoundland and Labrador was released by the Government of Newfoundland and Labrador. Among the many recommendations of this plan, one recommendation was to amalgamate the four then-existing Regional Health Authorities ("**RHAs**") into one unified Provincial Health Authority.[6]

3. The four then-existing RHAs were as follows:

    a. Central Regional Integrated Health Authority ("**Central**");

    b. Western Regional Integrated Health Authority ("**Western**");

    c. Eastern Regional Integrated Health Authority ("**Eastern**"); and

    d. Labrador-Grenfell Integrated Health Authority.

4. As of April 1, 2023, this recommendation was actioned and the four RHAs and the Newfoundland and Labrador Centre for Health Information were merged into a single Provincial Health Authority, operating as NLHS.[7]

5. After the merger of the four RHAs and the Newfoundland and Labrador Centre for Health Information to form NLHS, the former RHAs continued to operationalize their respective contracts with CHL, which are described in the following section.

6. The communities served by Central, Western, and Eastern are distributed as follows:[8]

    a. Central – Communities extending from Charlottetown in the east, Fogo Island in the north, Harbour Breton in the south to Baie Verte in the west;

    b. Western – Communities from Port-aux-Basques, southeast to François, northwest to Bartlett's Harbour, and on the eastern boundary north to Jackson's Arm.

    c. Eastern – Communities including Conception Bay South, Witless Bay and Bay Bulls, Holyrood, Southern Avalon and Bell Island, as well as all municipalities west of Holyrood and Witless Bay up to and including Port Blandford. For Greater St. John's area, all municipalities east of Conception Bay South and Witless Bay up to and including Pouch Cove.

1.2. Contracts with CHL

7. CHL is a private healthcare staffing and workforce solutions company that specializes in recruiting, deploying, and managing healthcare professionals—including nurses, doctors, and allied health staff—to support public and private healthcare facilities across the country.

[5] NLHS's website (https://nlhealthservices.ca/about/)
[6] NLHS, Request for Proposals #2025-5134, Schedule A – Specifications, Exhibit A - Background
[7] *Ibid.*
[8] *Ibid.*

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8. In 2022 and 2023, NLHS (or through its former RHAs at the time) entered into various contracts with CHL (collectively referred as the "**CHL Contracts**") to supply travel registered nurses to support the province's health system, as follows:

   a. Central

      - Purchase of Service Agreement dated April 20, 2022, for the period from April 30, 2022 to April 30, 2023 (the "**Central Contract**");
      - Letter dated February 14, 2023, confirming the extension of the Central Contract to April 30, 2024;
      - Notice dated February 23, 2024, confirming the termination of the Central Contract, effective April 30, 2024;

   b. Western

      - Purchase of Service Agreement dated June 30, 2022, for the period from July 4, 2022 to February 27, 2023 (the "**Western Contract**");
      - Letter dated December 23, 2022, confirming the extension of the Western Contract to February 27, 2024;
      - Notice dated December 14, 2023, confirming the termination of the Western Contract, effective February 27, 2024;

   c. Eastern

      - Purchase of Service Agreement dated August 22, 2023 for Emergency Response ("**ER**") nurses, for the period August 22, 2023 to July 22, 2024 (the "**Eastern Contract**");
      - Notice dated July 25, 2024, confirming the termination of the Eastern Contract, effective October 25, 2024;

   d. Airway nurses[9]

      - Purchase of Service Agreement dated August 22, 2023 for Airway nurses for the period August 22, 2023, to August 22, 2024 (the "**Airway Contract**");
      - Contract Amendment No. 1 dated December 13, 2023, amending the Airway Contract;
      - Notice dated May 22, 2024, confirming the termination of the Airway Contract, effective August 22, 2024.

9. The CHL Contracts provide for the supply of nurses at varying rates depending on the contract. Additionally, the Central Contract and Western Contract include provisions for a combination of support staff, such as Virtual Clinical Lead, Virtual Operations Lead, Virtual Scheduler, and Infield Logistics administrator (collectively, the "**Support Staff**").

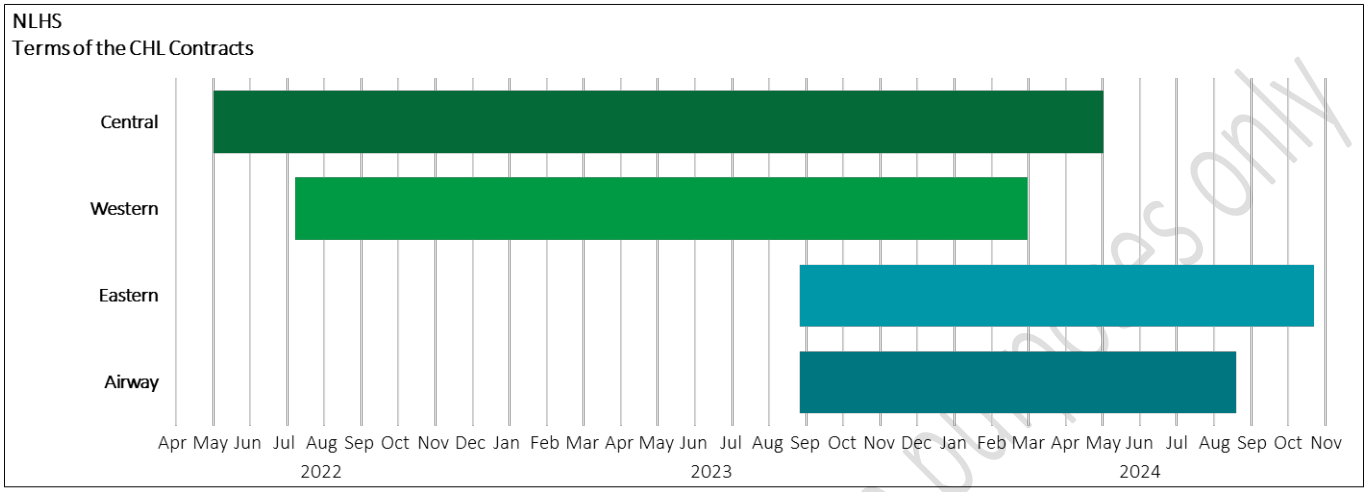
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[9] An Airway nurse is described in the Airway Contract as a nurse practitioner that is qualified, educated, and competent to insert a rescue airway, maintain oxygenation, and transport, in addition to all other usual qualifications of a nurse practitioner.

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10. The following graph summarizes the time periods of the CHL Contracts:

Graph 1



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2. Summary of payments made by NLHS to CHL

11. We were engaged to audit the compliance of the payments by NLHS to CHL to gain assurance that all payments were appropriately billed and paid in accordance with the terms and conditions of the CHL Contracts. As part of our investigation, NLHS provided us with a list of payments made to CHL, extracted from the accounts payable systems for each health authority, as well as the invoices submitted by CHL. Through examination and reconciliation of this payment list against the CHL invoices, we determined that a total of 418 invoices have been paid.

12. Table 1 below summarizes the number of invoices paid broken down by year and by contract, to provide an overview of the payment distribution over time and across the different CHL Contracts.

Table 1

NLHS
Number of CHL invoices paid by NLHS

	2022	2023	2024	2025	Total
Central	28	89	56	5	**178**
Western	19	89	29	-	**137**
Eastern	-	-	53	5	**58**
Airway	-	-	28	17	**45**
Total	**47**	**178**	**166**	**27**	**418**

13. Table 2 below provides a summary of payments made to CHL, categorized by contract and by year, to illustrate the distribution of payments across both CHL Contracts and time periods. The payments in Table 2 include the Harmonized Sales Tax (« HST »).

Table 2

NLHS
Summary of payments to CHL
$CA

	2022	2023	2024	2025	Total
Central	6,417,227	25,813,883	9,262,906	8,319	41,502,334
Western	3,987,332	22,897,607	4,356,621	-	31,241,561
Eastern	-	-	1,080,074	99,110	1,179,184
Airway	-	-	279,787	313,061	592,849
Total	**10,404,559**	**48,711,490**	**14,979,388**	**420,490**	**74,515,927**

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14. CHL invoiced NLHS for professional fees and recoverable expenses. Deloitte categorized these charges into six categories. Table 3 below summarizes the invoice content, organized by cost category and by contract.

Table 3

NLHS
Summary of CHL Invoices by cost category and by contract
$CA

	Central	Western	Eastern	Airway	Total
Professional fees	32,508,492	24,863,680	969,803	502,974	58,844,949
Meal allowances	1,732,407	780,821	26,692	12,481	2,552,400
Transportation	1,411,051	347,615	18,530	1,947	1,779,142
Accommodation	358,108	1,251,978	533	-	1,610,618
Kilometric allowances	180,070	91,191	1,687	-	272,947
Licensure and background checks	216,195	80,949	6,542	-	303,686
Other expenses	6,159	835	-	-	6,994
Total before HST	**36,412,481**	**27,417,069**	**1,023,785**	**517,402**	**65,370,737**
HST	5,090,996	3,824,492	145,469	75,447	9,136,404
Total	**41,503,476**	**31,241,561**	**1,169,255**	**592,849**	**74,507,140**

15. The total payments to CHL, as shown in Table 2 above, amount to $74,515,927. The total of CHL invoices summarized by cost category and contract in Table 3 above is $74,507,140. The difference of $8,787 between these two totals is attributable to the following reconciling items:

    a. Variances between the recoverable expense line items on CHL invoices and the amounts reflected in the detailed expense reconciliations provided by CHL to support the billed recoverable expenses;

    b. CHL Invoice No. 2599, which was paid by NLHS despite the invoice having been voided; and

    c. Credit memo No. 2594 of $16,448.97 was recorded in the list of payments, however it was not applied against an invoice as the original invoice was voided and re-issued under a new invoice number which was then paid.

16. For each category of invoiced professional fees and expenses, this report provides a comprehensive overview that includes a summary of the relevant contract clauses governing those fees and expenditures, a detailed description of the investigation procedures undertaken, and a presentation of our findings.

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3. Scope of review, restrictions, and limitations

3.1. Deloitte's scope of review

17. Our engagement consisted of conducting a comprehensive audit of all amounts paid to CHL with the objective of confirming that all payments remitted to CHL were in compliance with the terms and conditions of the contracts, including:

    a. identifying expenditures that were not eligible for reimbursement in accordance with the terms and conditions of the CHL Contracts and, as may be appropriate, be recovered from CHL;

    b. identifying any areas of suspected fraud. These include, but are not limited to, the submission of invoices with inflated or inaccurate costs, invoices with unexplained increases or discrepancies, and invoices that lack the necessary supporting documentation or with evidence of altercation; and

    c. identifying any other relevant findings as deemed appropriate.

18. Our findings are based on the review and analysis of the following documents provided by NLHS to Deloitte:

    a. list of payments made by NLHS to CHL;

    b. invoices issued by CHL to NLHS;

    c. time reports produced by NLHS;

    d. timesheets prepared by CHL or NLHS;

    e. hours reconciliations[10] prepared by CHL and edited by NLHS;

    f. recoverable expense reconciliations[11] prepared by CHL;

    g. assignment arrival forms prepared by Central and Western; and

    h. supporting documentation provided by CHL for out-of-pocket costs charged to NLHS.

19. In addition, we had the opportunity to engage with employees from Central, Western, and Eastern to ask questions and gather further insights.

20. Each of the CHL Contracts contains distinct clauses regarding professional fees and each RHA utilized a different time reporting system. Additionally, CHL's invoicing practices varied by contract and over different timeframes. These differences in contract terms, time reporting systems, and invoicing practices have led us to present our audit procedures and findings for professional fees by contract.

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[10] From our discussion with NLHS employees, we understand that an Excel file, referred to as an "hours reconciliation" was emailed to the invoice recipient along with the invoice. This file detailed the shifts worked, including the names of all nurses assigned to each date, as well as the department and/or facility where each nurse performed their duties.

[11] From our discussion with NLHS employees, we understand that an Excel file, referred to as an "expense reconciliation" was provided to the invoice recipient along with the invoice. This file detailed the invoice number, expense date, amount, varying levels of details of the expense and name of the nurse who incurred the expense.

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21. Deloitte's compliance audit encompassed a review of 100% of the invoices issued by CHL, along with all available supporting documentation. The procedures performed did not rely on sampling; instead, every invoice within the scope was examined in detail.

22. In our analysis of the professional fees billed under the Central, Eastern and Airway Contracts (Sections 5.2.2, 7.2.2 and 8.2.2, respectively), as well as the charges for kilometric allowance and electric vehicle rentals (Sections 10.3.3 and 11.4.2, respectively), we performed testing to verify whether a nurse was physically present in Newfoundland and Labrador on the dates for which fees and expenses were invoiced. To support this analysis, we prepared a database of nurse presence in Newfoundland and Labrador using the following data sources:

    a. Flight data;

    b. Ferry data; and

    c. NLHS time report data[12].

    NLHS arrival forms were used to corroborate certain stay periods generated using the sources above.

23. While we did not receive all flight, ferry and arrival forms for CHL nurses and some of CHL's supporting documentation contained gaps—such as missing nurse names or expense dates—we investigated any inconsistencies identified during our review. The gaps in information were taken into account in our assessment and, overall, do not materially affect our ability to draw reasonable conclusions regarding nurse presence in the province.

3.2. Scope of review exclusions, restrictions and limitations

24. As part of our contract compliance audit, we have provided our interpretation of the relevant contract terms to assess compliance with the agreements in place. The contracts between NLHS and CHL contain provisions that are unclear or open to interpretation in several areas. Our analysis is based on the plain language of the CHL Contracts, as would be understood by a reasonable person, rather than any specialized legal interpretation. In addition, where contract terms were ambiguous, we sought further clarification from discussions with NLHS representatives to inform our understanding. We have applied our professional judgment as accountants in reviewing the contractual provisions.

25. Regarding supporting documentation provided by CHL (e.g., invoices for out-of-pocket expenses charged to NLHS, hours reconciliations attached to invoices[13], and timesheets), we cannot confirm whether all relevant CHL supporting documents have been submitted to us by NLHS. Therefore, when supporting documentation is missing for certain time entries or expenses, we are unable to determine whether the absence is due to CHL not providing the required documentation to NLHS, or NLHS being unable to locate or provide it to us. These limitations may impact the comprehensiveness of our review and the conclusions drawn regarding the adequacy of the invoiced nurse time and recoverable expenses.

26. We did not perform procedures such as email review or correspondence analysis, to confirm whether all documents originally provided by CHL to NLHS were also provided to us. Our audit relied exclusively on the documentation received from NLHS, and we did not undertake steps to independently verify the completeness of the document transfer between CHL and NLHS. Consequently, our review does not address whether any relevant supporting documentation may have been omitted during this process. Furthermore, the original hours reconciliations prepared by CHL were modified by NLHS prior to invoice payment to include additional columns, reorganize information, and add totals for reconciliation purposes. We were unable to obtain the original hours reconciliations prepared by CHL.

[12] Used only in assessing nurse presence when testing kilometric allowance and electric vehicle rental expenses.

[13] From our discussion with NLHS employees, we understand that an Excel file, referred to as an "hours reconciliation" was emailed to the invoice recipient along with the invoice. This file detailed the shifts worked, including the names of all nurses assigned to each date, as well as the department and/or facility where each nurse performed their duties.

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27. We prepared a list of requested information and clarifying questions for CHL. At this stage, we are awaiting further instructions from NLHS regarding the next phase of the CHL Compliance Audit. Consequently, CHL has not yet provided comments on the completeness of the documentation supplied to Deloitte or on our preliminary findings.

28. Regarding the time reports produced by NLHS, our scope of work did not include independent verification of their accuracy or completeness. These reports were used to verify the presence and hours worked by nurses; however, we have relied solely on the information as presented in these reports and did not perform procedures to validate their content.

29. Additionally, certain supporting documents for travel expenses were issued in the name of a CHL employee responsible for coordinating nurse travel logistics, rather than in the name of the nurse who traveled. Examples include rental vehicle agreements and hotel reservations. Because these expenses were not booked under the name of the individual traveling, this may affect the completeness and accuracy of our procedures.

30. Finally, we did not perform an assessment of the design or implementation of NLHS's internal controls related to payments to vendors, nor did we evaluate the procurement processes followed by NLHS in entering into agreements with CHL. Accordingly, our findings do not include any analysis or conclusion regarding these areas.

31. The restrictions, exclusions, and limitations outlined above are intended to provide a general overview of the boundaries of our audit scope. Additional, more specific exclusions and limitations applicable to particular areas of our review are presented within the respective sections of this report. Readers should refer to those sections for further details on the procedures not performed or areas not covered in our scope of work.

3.3. General restrictions applicable to this report

32. Neither this report nor the information it contains are intended for general circulation or publication, nor are they to be reproduced for any other purpose than for the exclusive use of NLHS, without Deloitte's prior express written permission in each specific instance. Deloitte does not assume any responsibility for losses suffered by any party as a result of circulation, publication, or reproduction of this report contrary to the provisions of this paragraph.

33. This report has been based on the information, documents, and explanations that have been provided to Deloitte, and therefore the validity of any conclusions noted rely on the integrity of such information. Unless otherwise specified in this report, Deloitte has not investigated the accuracy of any third-party information, nor has it performed any audit procedures to independently verify the accuracy of any third-party information. Should any of the information provided to Deloitte not be factual or accurate, or should it be asked to consider different information or assumptions, any conclusions set out in this report could be significantly different.

34. Our work does not constitute an audit as defined by the Chartered Professional Accountants of Canada. Consequently, said work and the resulting report do not constitute an auditor's opinion. Furthermore, our work cannot be used to provide assurance that it revealed all errors, omissions, or irregularities.

35. We express no opinion as to whether the information presented in this report is sufficient to establish civil or criminal wrongdoing, as only a court can determine these matters.

36. Deloitte reserves the right, but will be under no obligation, to review this report, and if it considers it necessary, to revise this report in light of any information that becomes known to Deloitte after the date of this report. Deloitte assumes no responsibility to update this report for events occurring after the date of this report.

37. This report must be taken into account in its entirety. Selecting only parts or elements that we have identified without taking into account all the elements and analysis could lead to an erroneous conclusion regarding the underlying procedures of this report.

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4. Summary of findings

38. We have been retained to audit the compliance of the payments by NLHS to CHL to gain assurance that all payments were appropriately billed and paid in accordance with the terms and conditions of the CHL Contracts, identify indicators of suspected fraud and any other relevant findings.

39. This section represents a summary of our findings and should be read in conjunction with the full report for complete context.

29(1)(a), 35(1)(d), 35(1)(g)

4.1. Non-compliance with the CHL Contracts

29(1)(a), 35(1)(d), 35(1)(g)

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29(1)(a), 35(1)(d), 35(1)(g)

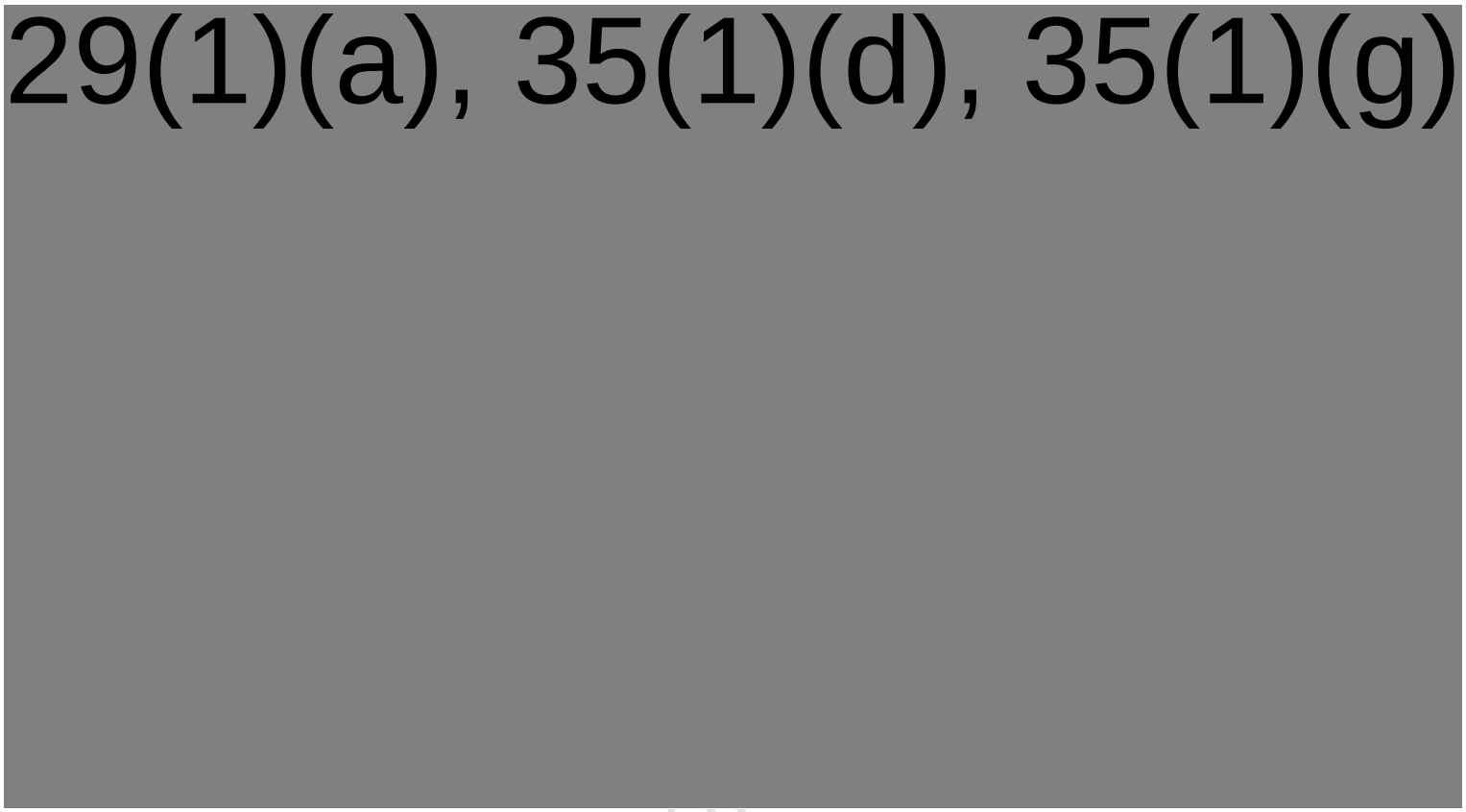
35(1)(d), 29(1)(a), 35(1)(g)

43. NLHS requested that our findings be broken down into two periods: before April 1, 2023, and on and after that date, which marks the merger of the RHAs to form NLHS. Table 5 and 6 below summarize the areas of non-compliance with the CHL Contracts for each period.

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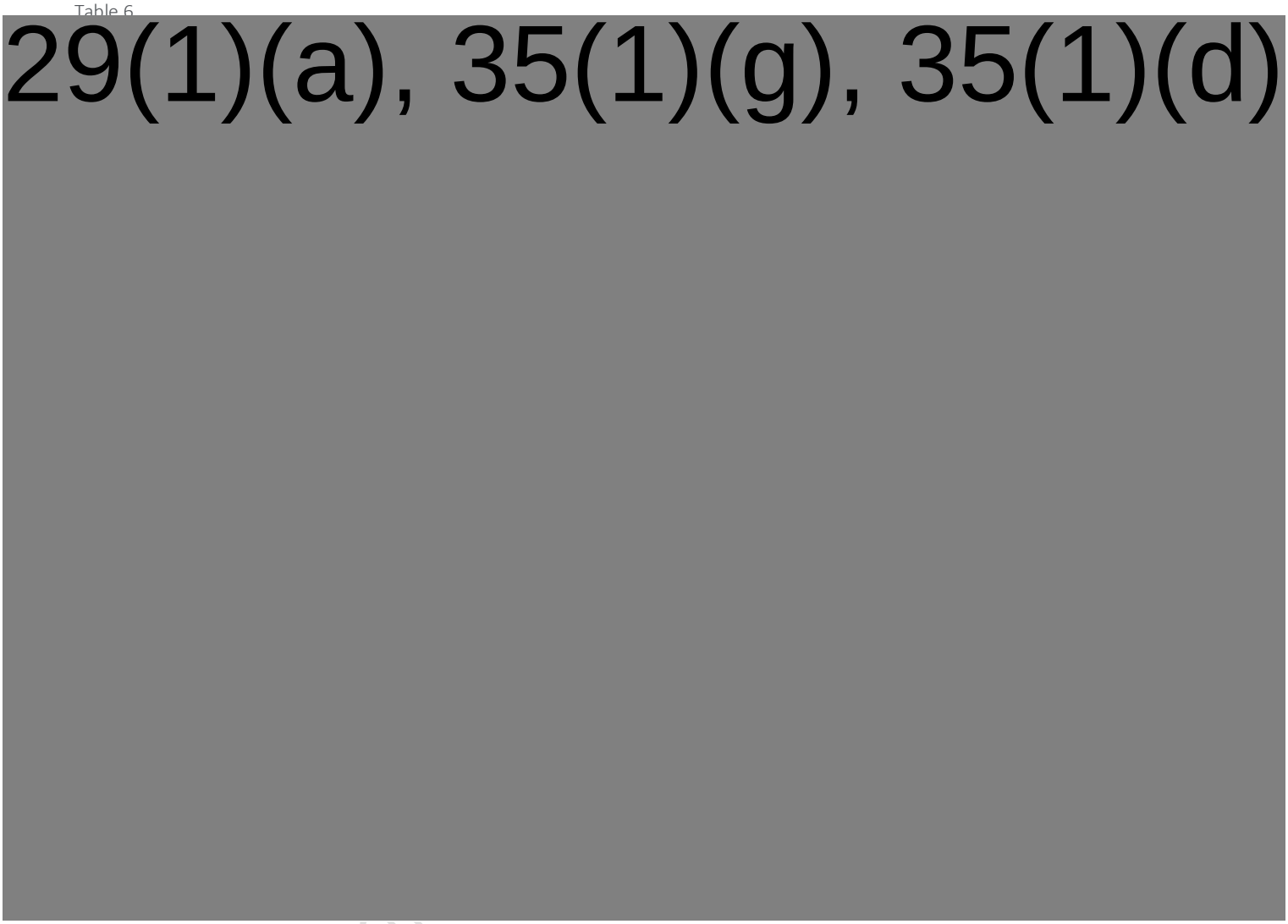
Table 5



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Table 6



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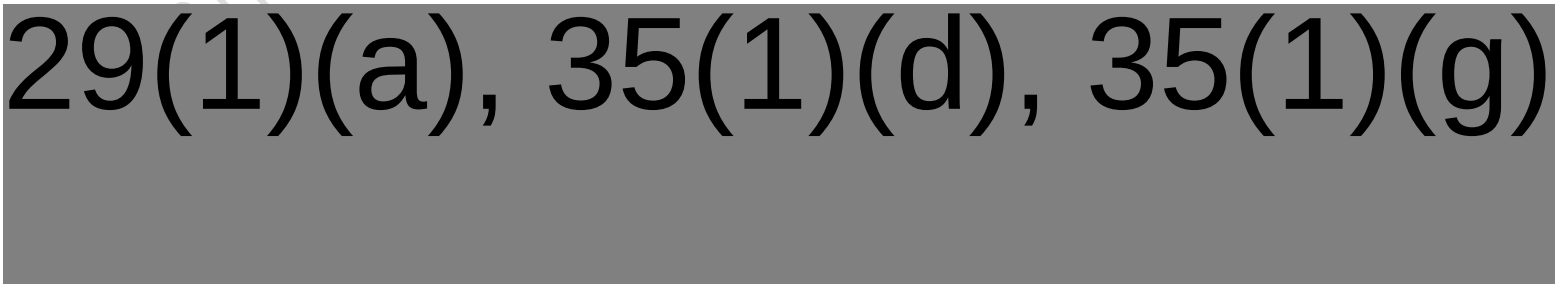
[14] $3,922,541 / $65,370,737

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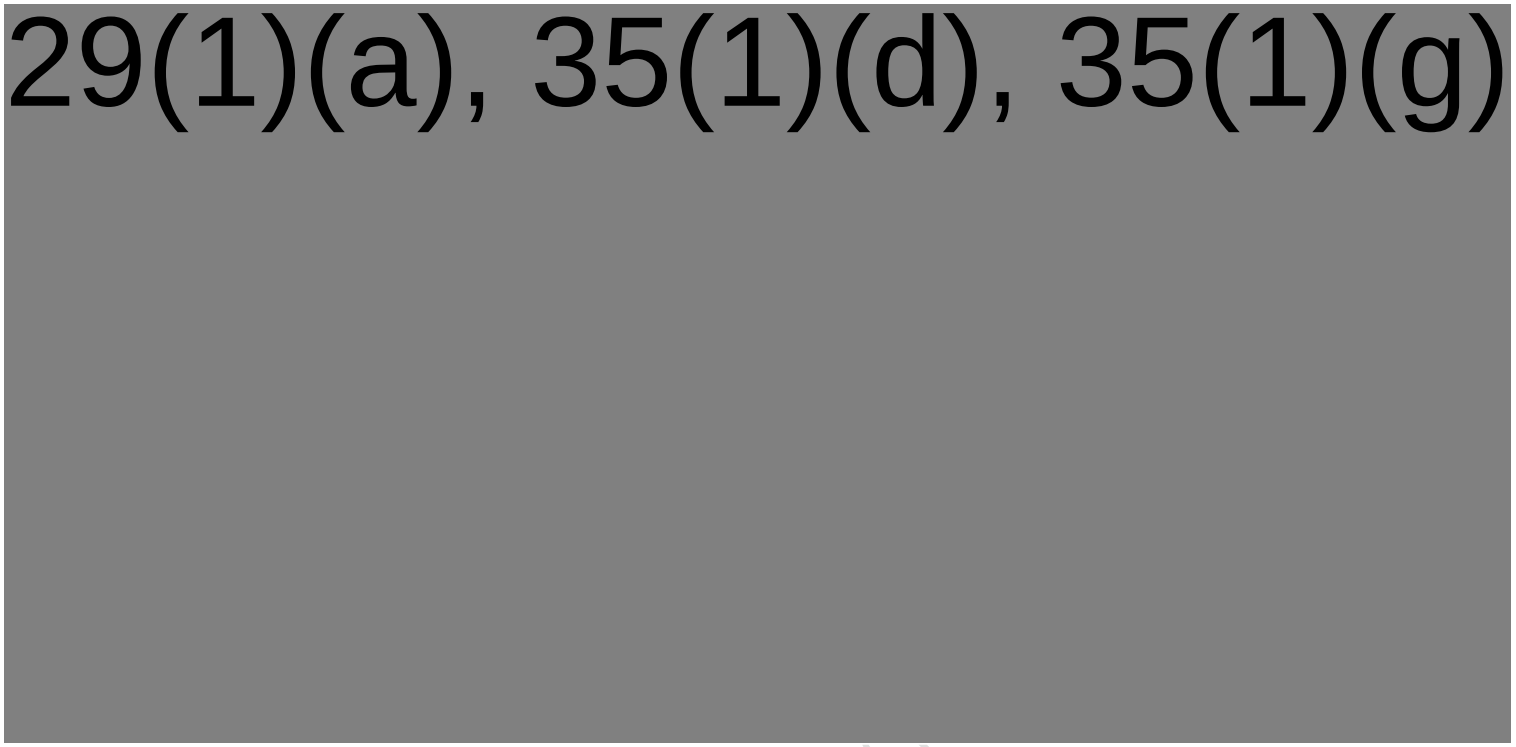
4.2. Possible non-compliance with the CHL Contracts



4.3. Indicators of heightened risk of fraud



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5. Professional fees – Central Contract

48. The following section outlines the relevant Central Contract clauses, as well as our audit procedures and findings related to the $32.51 million of professional fees billed to NLHS by CHL under the Central Contract over its duration.

5.1. Relevant contract clauses

49. In the provision of assisting in hospitals and long-term care facilities, CHL was to provide the number of teams required by Central. Under the Central Contract, a team was composed as set out below:

    a. "1 Virtual Clinical Lead";

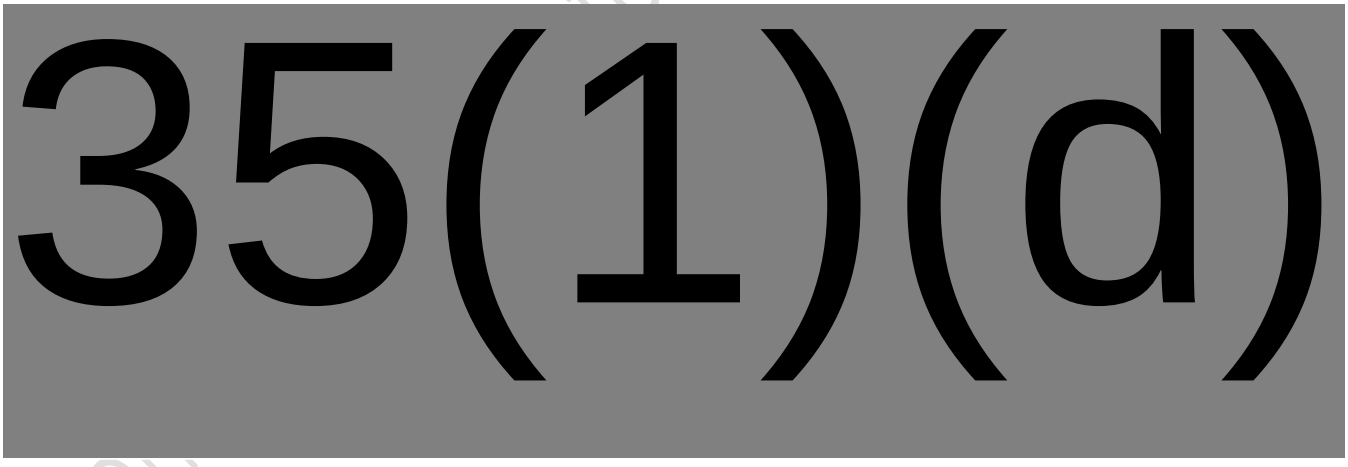
    b. "1 Virtual Operations Lead";

    c. "8 Registered nurses (RN)";

    (collectively, "**Central Team**"). [15]

50. A team shift under the Central Contract is defined as up to 12 hours per day. For the period April 30, 2022, to April 29, 2024[16], CHL was entitled to receive the following professional fees (before HST): [17]

Table 8



51. In the table above, we calculated the effective hourly rate per nurse by dividing the team rate by the number of nurses in the team. This calculation of cost per hour includes the cost of Support Staff.

[15] Central Contract, Schedule A, para. 1

[16] The Central Contract was terminated effective April 30, 2024. It required a price adjustment for inflation after April 29, 2024; however, since this adjustment would apply to only one day, we did not calculate the applicable rate as of April 30, 2024.

[17] Central Contract, Schedule C, para. 1

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52. Table 8 presents the calculation of the minimum cost per team per day for the period from April 30, 2023, to April 29, 2024—i.e., following the first anniversary of the Central Contract—based on the provisions outlined in the following clause of the Central Contract:

> "Annual Price lncreases – annual price increases will be equivalent to Canadian Federal inflation rates and will commence 12 months after April 30, 2022 should Central Health extend the contract beyond April 29, 2023. Price increases will only commence after 12 months from the agreed to start date of April 30, 2022."[18]

5.2. Contract compliance findings

5.2.1. Rates and inflation adjustment

29(1)(a), 35(1)(d), 35(1)(g)

[redacted]

[18] Central Contract, Schedule C, para. 2

[19] This inflation rate represents the percentage increase in the CPI between May 1, 2022 (151.9) and May 1, 2023 (157.0), as published by the Bank of Canada (https://www.bankofcanada.ca).

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29(1)(a), 35(1)(d), 35(1)(g)

5.2.2. Number of hours invoiced by CHL

29(1)(a), 35(1)(g), 35(1)(d)

29(1)(a), 35(1)(d), 35(1)(g)

59. From our discussion with NLHS employees, we understand that an Excel file, referred to as an "hours reconciliation", was emailed to the invoice recipient along with the invoice. The hours reconciliation listed the shifts worked, including the names of all nurses who worked on each date, as well as the department and/or facility where they worked. The versions of the hours reconciliations that we received from NLHS had been edited by NLHS employees to add columns with department codes, subtotals per nurse or department and other formulas to support in the reconciliation process.[22]

60. Two different systems were used to track nurse shifts at each health facility: Meditech and manual timekeeping/scheduling. Meditech is a software-based time recording system used by certain Central locations to document nurse schedules. Of the total shifts invoiced by CHL, 1,911 were from locations that do not use the Meditech system, representing approximately 11.8%[23] of all nurse shifts during the Central Contract period. A summary of the Central locations, categorized by timesheet type, is presented in Table 11 below.

[20] CHL Invoice No. 1539 to CHL Invoice No. 1817. The dates shown refer to the invoice issuance date, not the actual dates when the work was performed.
[21] CHL Invoice No. 1823
[22] We requested but were not provided with the original hours reconciliations provided to NLHS by CHL.
[23] 1,911 / 16,166 = 11.8%

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Table 11

NLHS Central Contract Timesheet type by location	
Baie Verte Peninsula Health Centre	Meditech
Central Newfoundland Regional Health Centre	Meditech
Dr. Hugh Twomey Health Centre	Meditech
Fogo Island Health Centre	Meditech
New Grand Falls - Windsor LTC facility	Meditech
James Paton Memorial Regional Health Centre	Meditech
Lakeside Homes	Meditech
Lewisporte Community Health Centre	Meditech
New Gander LTC Facility	Meditech
Notre Dame Bay Memorial Health Centre	Meditech
A.M. Guy Memorial Health Centre	Manual
Bonnews Lodge	Manual
Connaigre Peninsula Health Centre	Manual
Dr. Y. K. Jeon Kittiwake Health Centre	Manual
Green Bay Health Centre	Manual
Springdale Country Manor long-term care	Manual
Valley Vista Senior Citizens' Home	Manual

61. During the Central Contract period, CHL invoiced and received payment for a total of 194,089 hours. To verify the accuracy of the hours billed, we performed the following procedures:

    a. **Meditech and manual time report request**: Obtained Meditech time reports for all CHL nurses who worked under the Central Contract during the contract period. In addition, we requested manual time reports; however, these were only available for certain Central facilities. As a result, some manual time reports were not provided and are missing from our review.

    b. **Shift conversion**: Converted all shift data from CHL invoices into hours, using hours as the common denominator throughout the review.

    c. **Reconciled hours**: Compared the total hours on the hours reconciliations to those on the invoices to ensure consistency. This step was necessary because CHL invoices did not include nurse names or work locations; therefore, we relied on the hours reconciliations to review billed hours at the individual nurse level.

    d. **Database compilation**: Created a detailed database of dates, nurse names, shifts, hours worked, and work locations corresponding to the CHL invoices. This database represented the hours invoiced per nurse per day for comparison to Meditech and manual time report data.

    e. **Shift conversion:** Converted Meditech or manual time report shift pay codes into hours worked. For example, the codes O8, D12, and N12 represent an 8-hour orientation shift, a 12-hour day shift, and a 12-hour night shift, respectively.

    f. **Data matching**: Compared the compiled invoiced hours database to Meditech and manual time report data, matching hours worked by nurse and by date to verify billed shift accuracy.

62. Based on the above procedures, the hours invoiced by CHL to NLHS were categorized as follows:

    a. **184,874 hours – The invoiced nurse shift was found in a Meditech or manual time report**. We compared the invoiced hours to the corresponding NLHS time report for a particular nurse and date. We identified discrepancies, that are presented in Table 12 and Table 13.

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29(1)(a), 35(1)(d), 35(1)(g)

29(1)(a), 35(1)(d), 35(1)(g) For facilities using Meditech, we confirmed that all relevant reports were obtained and verified their completeness. For facilities relying on manual timekeeping, the quality and completeness of schedules varied. Due to the paper-based format, we were unable to perform completeness testing on the schedules provided.

29(1)(a), 35(1)(d), 35(1)(g)

29(1)(a), 35(1)(d), 35(1)(g)

64. For both categories—(a) invoiced nurse shifts found in a Meditech or manual time report and (b) invoiced nurse shifts not appearing in either report as noted above—we calculated the financial impact of discrepancies arising from CHL's application of a minimum shift length for invoicing, as presented in Table 12 below.

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29(1)(a), 35(1)(d), 35(1)(g)

5.2.3. Support Staff

68. The Central Contract does not specify the portion of the total cost per team per shift that is allocated to Support Staff.

29(1)(a), 35(1)(d), 35(1)(g)

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29(1)(a), 35(1)(d), 35(1)(g)

5.2.4. Ordering documents

29(1)(a), 35(1)(d), 35(1)(g)

76. We requested that NLHS provide the ordering documents referenced in the Central Contract; however, we were informed that no such documents existed.

[24] Central Contract, Schedule B
[25] Western Contract, Schedule B, paras. 6 and 8

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6. Professional fees – Western Contract

77. The following section outlines the relevant Western Contract clauses, as well as our audit procedures and findings related to the $24.86 million of professional fees billed to NLHS by CHL under the Western Contract over its duration.

6.1. Relevant contract clauses

78. In the provision of assisting in hospitals and long-term care facilities, CHL was to provide the number of teams required by Western. Under the Western Contract, there were two team structures organized by healthcare specialties, as outlined below:

Team 1 – ER, ICU, obstetrics and labour & delivery

a. "1 Clinical Lead (Virtual) - 1";
b. "Operations Lead (Virtual) - 1";
c. "Scheduler (Virtual) - 0.5";
d. "Logistics (Infield) - 0.5"; and
e. "Registered nurses - RNs - ER / ICU, OBS, L&D (infield) – 6"

(collectively, "**Team 1**"). [26]

Team 2 – medicine, surgery and long-term care

a. "1 Clinical Lead (Virtual) - 1"
b. "Operations Lead (Virtual) - 1";
c. "Scheduler (Virtual) - 0.5";
d. "Logistics (Infield) - 0.5"; and
e. "Registered nurses 1 RNs – Medicine, Surgery & LTC - (infield) - 6"

(collectively, "**Team 2**"). [27]

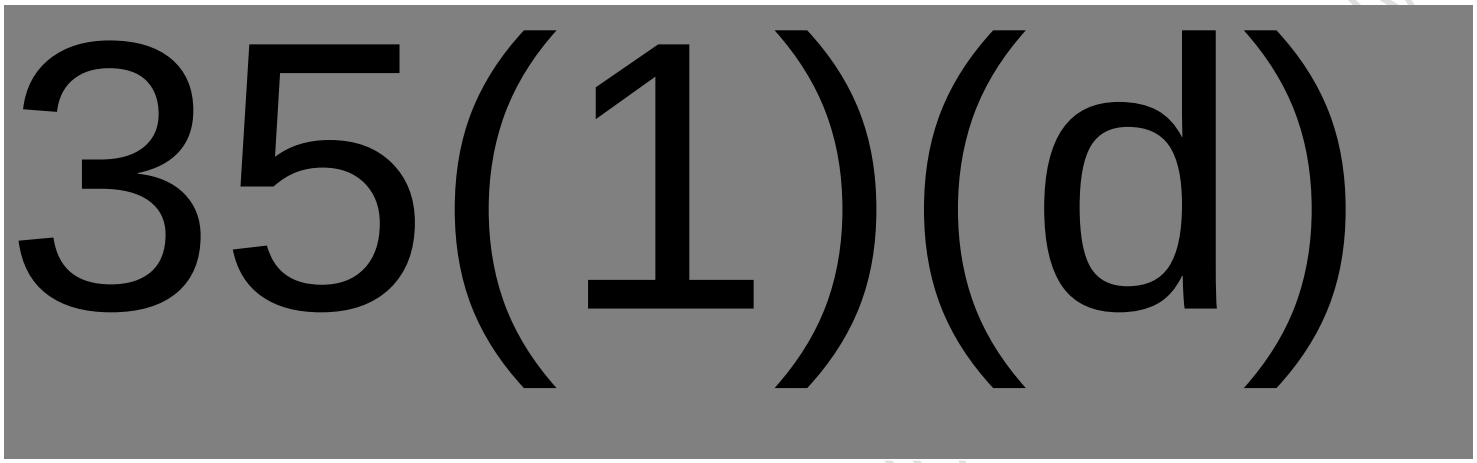
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[26] Western Contract, Schedule A, para. 1
[27] Western Contract, Schedule A, para. 1

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79. A team shift under the Western Contract is defined as up to 12 hours per day. For the period July 4, 2022, to February 21, 2024 (contract period), CHL was entitled to receive the following professional fees (before HST):[28]

Table 14



80. In the table above, we calculated the effective hourly rate per nurse by dividing the team rate by the number of nurses in the team. This calculation of cost per hour includes the cost of Support Staff.

81. Table 14 shows the calculation of the minimum daily cost per team for the period from July 4, 2023, to July 27, 2024—i.e., from the first anniversary of the Western Contract through its termination date—based on the provisions specified in the following clause of the Western Contract:

> "Annual Price Adjustments. The costs set out in this Schedule "C" shall be adjusted once per year, with the first adjustment to take place on July 4, 2023 if this Agreement is extended, with the change in costs for both Team 1 Structure and Team 2 Structure being adjusted by the change in the Canadian Consumer Price Index (All Items) which has occurred since July 4, 2022, or the date of the most recent price adjustment for any successive price adjustment." [29]

6.2. Contract compliance findings

6.2.1. Rates and inflation adjustment

82. We reviewed the rates charged by CHL as detailed in their invoices under the Western Contract and compared them to the rates stipulated in the contract for the first year. Our verification confirmed that the invoiced rates aligned with the contractual terms for the initial year, prior to the application of any inflation adjustment. Our examination found that the new, inflation-adjusted rates were implemented starting from the correct date specified in the Western Contract.

83. The annual price increase outlined in the Western Contract was to be determined using the Canadian Consumer Price Index (All Items). According to the CPI data by Statistics Canada as of July 4, 2023, the applicable inflation rate is 3.27%.[30] In contrast, the team costs invoiced by CHL after April 29, 2023 reflect an increase of 3.40%, as shown in Table 15 below.

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[28] Western Contract, Schedule C, para. 1
[29] Western Contract, Schedule C, para. 2
[30] This inflation rate represents the percentage increase in the Consumer Price Index (CPI) between July 1, 2022 (153.1) and July 1, 2023 (158.1), as published by the Bank of Canada (https://www.bankofcanada.ca).

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Table 15

29(1)(a), 35(1)(d), 35(1)(g)

85. The discrepancy between the contractual inflation adjustment (3.27% based on CPI) and the 3.40% increase applied by CHL indicates non-compliance with the pricing terms of the Central Contract. This variance could be attributable to several factors, including an incorrect interpretation of the contract, a calculation error, or other administrative issues.

6.2.2. Number of hours invoiced by CHL

86. Under the Western Contract, 137 invoices from CHL were paid, covering the period from August 1, 2022, to March 24, 2024. During this period, similar to Central, CHL modified its invoicing approach for the Western Contract as follows:

29(1)(a), 35(1)(d), 35(1)(g)

[31] CHL Invoice No. 1825
[32] CHL Invoice No. 1833

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87. From our discussion with NLHS employees, we understand that an Excel file, referred to as an "hours reconciliation", was emailed to the invoice recipient along with the invoice. The hours reconciliation listed the shifts worked, including the names of all nurses who worked on each date, as well as the department and/or facility where they worked. The versions of the hours reconciliations that we received from NLHS had been edited by NLHS employees to add columns with department codes, subtotals per nurse or department and other formulas to support in the reconciliation process.[33]

88. During the period of the Western Contract, a total of 7,138 nurse shifts were invoiced and paid by NLHS. In Western, nurse shifts were tracked using the Timekeeper staffing system. The Timekeeper system is a software-based time recording tool utilized by all Western sites to document both agency nurse and Western employee schedules. A Timekeeper report was provided covering shifts worked by all CHL nurses in Western facilities for the period of July 4, 2022 through February 27, 2024.

89. We tested the accuracy of shifts billed on CHL invoices under the Western Contract. Our procedures included the following steps:

    a. **Timekeeper data extraction**: Obtained a Timekeeper report in Excel for all CHL nurses who worked under the Western Contract during the contract period.

    b. **Shift conversion**: Converted all shift data from CHL invoices into hours, using hours as the common denominator throughout the review. Since invoices billed shifts at a rate per team, we converted invoiced shifts from teams to hours to enable variance analysis.

    c. **Hours reconciliation**: Compared total hours on the hours reconciliations to those on the invoices to ensure consistency. This step was necessary because CHL invoices did not include nurse names or work locations; therefore, we relied on hours reconciliations to review billed hours at the individual nurse level.

    d. **Database compilation**: Created a detailed database of dates, nurse names, shifts, hours worked, and work locations corresponding to the CHL invoices. This database represented the hours invoiced per nurse per day for comparison to Timekeeper data.

    e. **Team classification review**: Using department codes from the Timekeeper data, confirmed with NLHS representatives the classification of each department code to determine whether the shift should be Team 1 or Team 2.

    f. **Data matching**: Compared the compiled invoiced hours database to Timekeeper data, matching hours worked by nurse and by date to verify billed shift accuracy.

    g. **Discrepancy calculation**: Calculated discrepancies between hours invoiced per nurse per day (from hours reconciliations) and hours recorded in Timekeeper.

90. When a discrepancy was identified between the invoiced hours and the hours recorded in the Timekeeper report for a nurse on a specific day, we attributed the discrepancy to the team indicated in the Timekeeper report.

29(1)(a), 35(1)(d), 35(1)(g)

[33] We requested but were not provided with the original hours reconciliations provided to NLHS by CHL.

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92. Based on these observations, we therefore classified the discrepancies between hours invoiced per nurse per day (from hours reconciliations) and hours recorded in Timekeeper into two categories:

29(1)(a), 35(1)(d), 35(1)(g)

93. We calculated the monetary value of both categories by multiplying the difference in hours by the hourly rate by team charged on CHL invoices under the Western Contract. These calculations are presented in Table 17 below.

Table 17

29(1)(a), 35(1)(g), 35(1)(d)

29(1)(a), 35(1)(d), 35(1)(g)

6.2.3. Support Staff

97. The Western Contract does not specify the portion of the total cost per team per shift that is allocated to Support Staff. As indicated above, the CHL invoices under the Central Contract itemized nursing time and support staff time. In contrast, the CHL invoices for the Western Contract do not separate the time between these two categories.

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29(1)(a), 35(1)(d), 35(1)(g)

6.2.4. Ordering documents

101. The Western Contract stipulates that "ordering documents" should be prepared by CHL and approved by Western, as outlined below:

> "6. Together with the Contractor, mutually sign off on the ordering documents with five days' notice on deployment locations."[35]
>
> "8. The parties will use mutually signed ordering documents as provided by the Contractor to determine the number and types of teams deployed per day, which shall include RN specialties, deployment specifics, and locations."[36]

29(1)(a), 35(1)(d), 35(1)(g)

[34] The variance between the total costs in this table and the total costs in Table 3 (Invoice Summary) is due to rounding of shifts invoiced by Team 1 and Team 2 in Western Zone.
[35] Western Contract, Schedule "B"
[36] Western Contract, Schedule "B"

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7. Professional fees – Eastern Contract

103. The following section outlines the relevant clauses of the Eastern Contract, as well as our audit procedures and findings related to the $969,803 of professional fees billed to NLHS by CHL under the Eastern Contract over its duration.

7.1. Relevant contract clauses

104. There was a requirement to fill critical ER nursing staffing gaps for assistance across Eastern in order to provide immediate assistance to the population in Newfoundland and Labrador. CHL was to provide 10 or more ER nurse full-time equivalents ("**FTE**" or "**FTEs**") as follows: [37]

a. A FTE is defined as a role in which a resource works a minimum of 37.5 hours per week;

b. CHL was compensated for a minimum of 10 ER nurse FTE positions for the duration of the contract, provided that the ER nurses were made available for deployment; and

c. A shift is 12 hours per day or 8 hours per day per individual.

105. CHL was to receive remuneration for services performed under the Eastern Contract as follows: [38]

35(1)(d), 35(1)(g)

106. Annual price increases were to align with the most recently published annual average CPI rates, with adjustments scheduled to take effect each year beginning August 1, 2024, for the duration of the agreement. [39]

107. No time was invoiced to NLHS by CHL after June 27, 2024. Consequently, the inflation-adjusted rate for the period commencing August 1, 2024, was not calculated.

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[37] Eastern Contract, Schedule A, Background, and paras. 1 and 2
[38] Eastern Contract, Schedule C, para. 1
[39] Eastern Contract, Schedule C, para. 3

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7.2. Contract compliance findings

7.2.1. Rates

108. Our review of the invoiced amounts indicates that the rate invoiced by CHL for ER nurse time is consistent with the standard rate specified in the contract for the duration of the agreement. No other rates, aside from the standard rate, were charged by CHL.

7.2.2. Number of hours invoiced by CHL

109. Under the Eastern Contract, 58 invoices from CHL were paid, covering the period from November 2, 2023[40], to June 27, 2024 (termination date). During this period, and in contrast to the Central Contract and Western Contract, CHL did not modify its invoicing approach for the Eastern Contract.

110. The invoices for professional fees included line items by date for nurse hours and meal allowances, with the nurse hours line-item descriptions specifying the nurses' names. Recoverable expenses were billed separately, with each expense itemized on distinct recoverable expense invoices.

111. We understand that hours reconciliations were not provided with the Eastern Contract invoices, as the names of the nurses who worked each shift were already included in the invoice line item details.

112. In Eastern, nurse hours were tracked using paper timesheets, which included the nurse's name, the date and length of each shift worked during the period (week or month), and a manager's signature.

113. To audit the accuracy of the hours invoiced by CHL, each invoice was compared to the approved timesheet for the nurse identified on the invoice to verify that the hours billed matched the hours actually worked, as documented.

114. For a timesheet to be considered appropriate supporting documentation, it was required to include:

    a. Nurse's name;

    b. Dates worked;

    c. Length of the shift (or start and end times); and

    d. Approval signature (typically from a supervisor or location manager employed by NLHS).

115. For each of the approval signatures we confirmed that the approver was an NLHS nurse manager by comparing the approver name to the 2024 Newfoundland and Labrador Compensation Disclosure list.

116. The comparison resulted in four main types of discrepancies:

29(1)(a), 35(1)(d), 35(1)(g)

[40] CHL Invoice No. 2185

[41] We noted that on some occasions the approver signature line on the timesheet appears to have been completed by a different person than the manager listed at the top of the timesheet. We understand from discussions with NLHS that this is due to the fact that the approval signature was added by the charge person in the department during the CHL nurse's shift. This may have been a different person than the manager of the department during some shifts.

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8. Professional fees – Airway nurses

122. This section summarizes the relevant clauses of the Airway Contract and presents our audit procedures and findings regarding the $502,974 in professional fees billed to NLHS by CHL for Airway nurses over the contract period.

8.1. Relevant contract clauses

123. There was a requirement to fill critical Airway nursing staffing gaps for assistance on NLHS sites in order to provide immediate assistance to the population in Newfoundland and Labrador. CHL was to provide five or more Airway nurse FTEs as follows: [42]

a. A FTE is defined as a role in which a resource works a minimum of 37.5 hours per week;

b. A shift is 12 hours per day or 8 hours per day per individual.

124. CHL was to receive remuneration for services performed under the Airway Contract as follows:[43]

29(1)(a), 35(1)(g), 35(1)(d)

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[42] Airway Contract, Schedule A, Background, and paras. 1 and 2
[43] Airway Contract, Schedule C, para. 1
[44] Airway Contract Amendment No.1

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8.2.2. Duplicate invoiced hours

29(1)(a), 35(1)(d), 35(1)(g)

8.2.3. Number of hours invoiced by CHL

130. We reviewed invoices issued by CHL under the Airway Contract and noted the following:

29(1)(a), 35(1)(d), 35(1)(g)

132. For a timesheet to be considered appropriate supporting documentation, it was required to include:

a. Nurse's name;

b. Dates worked;

c. Length of the shift (or start and end times); and

d. Approval signature (typically from a supervisor or location manager employed by NLHS).

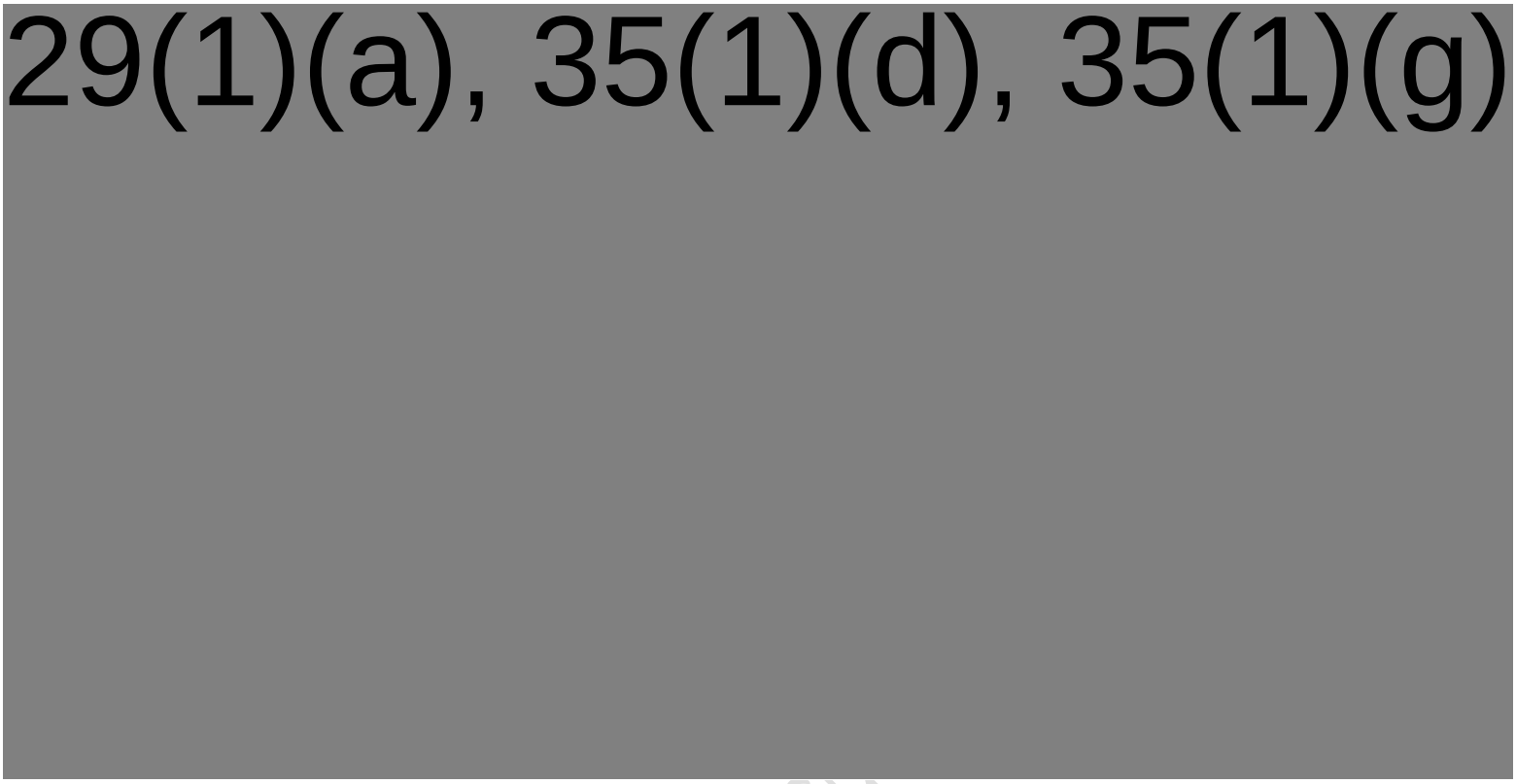
133. For each of the approval signatures we confirmed that the approver was an NLHS nurse manager by checking to see if their name was on the 2024 Newfoundland and Labrador Compensation Disclosure list.

134. These procedures resulted in two main types of discrepancies:

29(1)(a), 35(1)(g), 35(1)(d)

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139. The discrepancies may stem from data limitations, operational inconsistencies, or errors in time reporting and reconciliation. We did not identify a consistent pattern of discrepancies, and we also observed instances of underbilling. At this stage, we cannot conclude as to the cause of these discrepancies without additional supporting information.

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9. Meal allowance

140. This section examines the meal allowances invoiced by CHL under the CHL Contracts, which collectively totaled $2,552,400. Each contract specified that such claims must comply with Newfoundland and Labrador Board Secretariat's Meal Rates Policy (the "**NL Meal Policy**").

9.1. Relevant contract clauses

141. Each of the CHL Contracts contains the following clauses:

> "All travel and accommodation expenses will be in accordance with Newfoundland and Labrador provincial policy, as identified in Schedule "D"."[48]
>
> "[NLHS] will reimburse the Contractor for mileage and meals for the provision of the Services at rates as outlined in Schedule "D". […] The rates prescribed by the province of Newfoundland and Labrador include all applicable taxes." [49]

142. The daily meal allowance rates specified in Schedule D of the various CHL Contracts, as well as in the Meal Policy,[50] varied as follows:

Table 23

NLHS
Daily meal allowance rates as per Schedule "D" of the CHL Contracts and NL Meal Policy
$CA

	Date of contract	NL/In-province	Out-of-province
Contract			
Central	April 20, 2022	43.70	50.20
Western	June 30, 2022	N/A	50.20
Eastern	August 22, 2023	52.44	N/A
Airway	August 22, 2023	52.44	N/A
NL Treasury Board Secretariat Meal Rates Policy			
Before February 6, 2023		43.70	50.20
From February 6, 2023		52.44	60.24

143. We have the following observations regarding the contractual terms related to meal allowance in the CHL Contracts:

a. The Central Contract included both in-province and out-of-province meal allowance rates. In accordance with the NL Meal Policy, the in-province rate should be used when traveling in Newfoundland and Labrador.

29(1)(a), 35(1)(g), 35(1)(d)

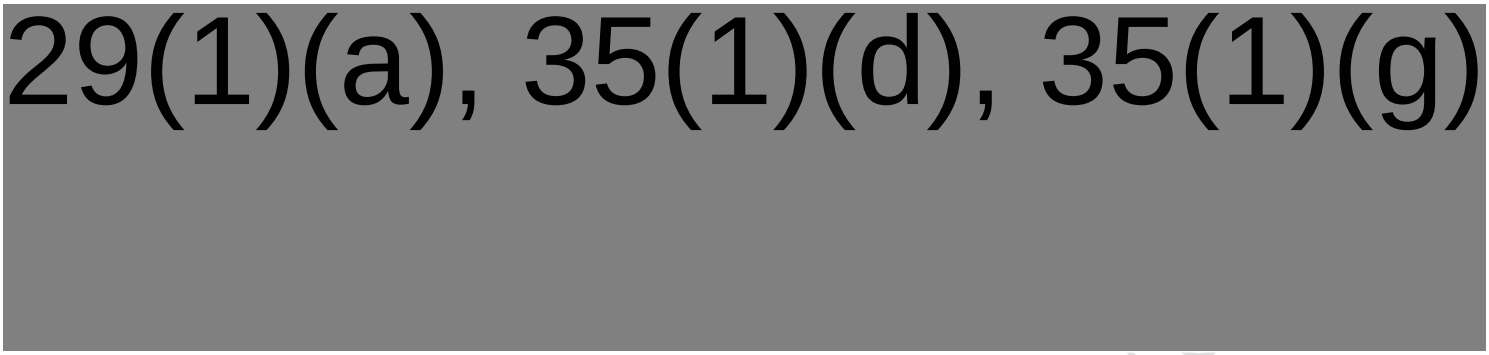
[48] Central Contract, General Terms, para. 17, Western Contract, General Terms, para. 17, Eastern Contract, General Terms, para. 17, Airway Contract, General Terms, para. 17

[49] Schedule C in Central, Western, ER RN, and Airway CHL Contracts.

[50] We understand that references to the provincial "policy" pertain to the NL Treasury Board Secretariat Meal Rates Policy. According to this policy, meal allowance rates remained unchanged from 2014 until February 6, 2023, when the rates were increased and a new policy with updated rates was published. These updated rates remain in effect until the termination of the CHL Contracts.

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9.2. Contract compliance findings

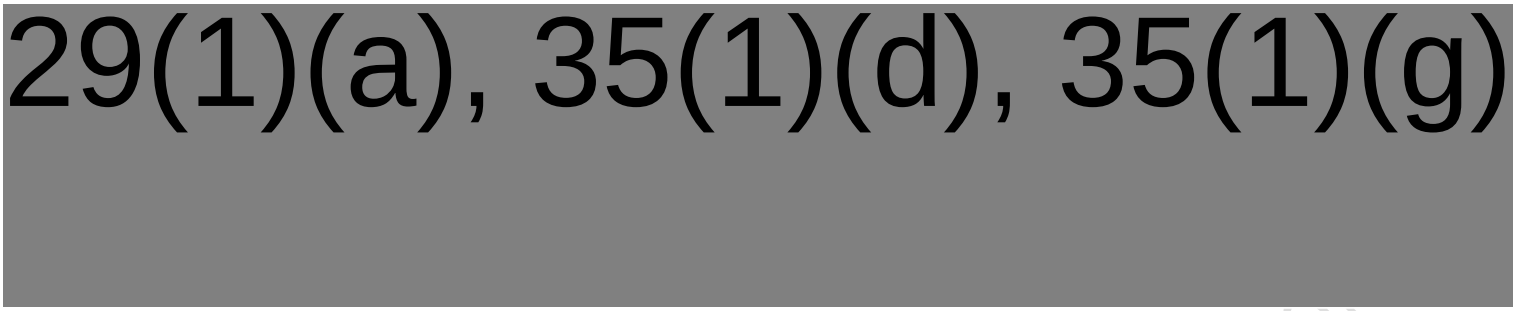
9.2.1. Meal rates

144. We have reviewed the line items from CHL's invoices paid by NLHS and have identified the following observations regarding the meal allowance rates charged by CHL:



[51] CHL Invoice No. 1555
[52] CHL Invoices Nos. 1569 and 1888
[53] On one occasion, CHL Invoice No. 1809 dated March 9, 2023, CHL charged a meal allowance of $50.00, whereas the out-of-province rate was $50.20.
[54] CHL Invoice No. 1900
[55] CHL Invoice No. 2006
[56] CHL Invoice No. 2013

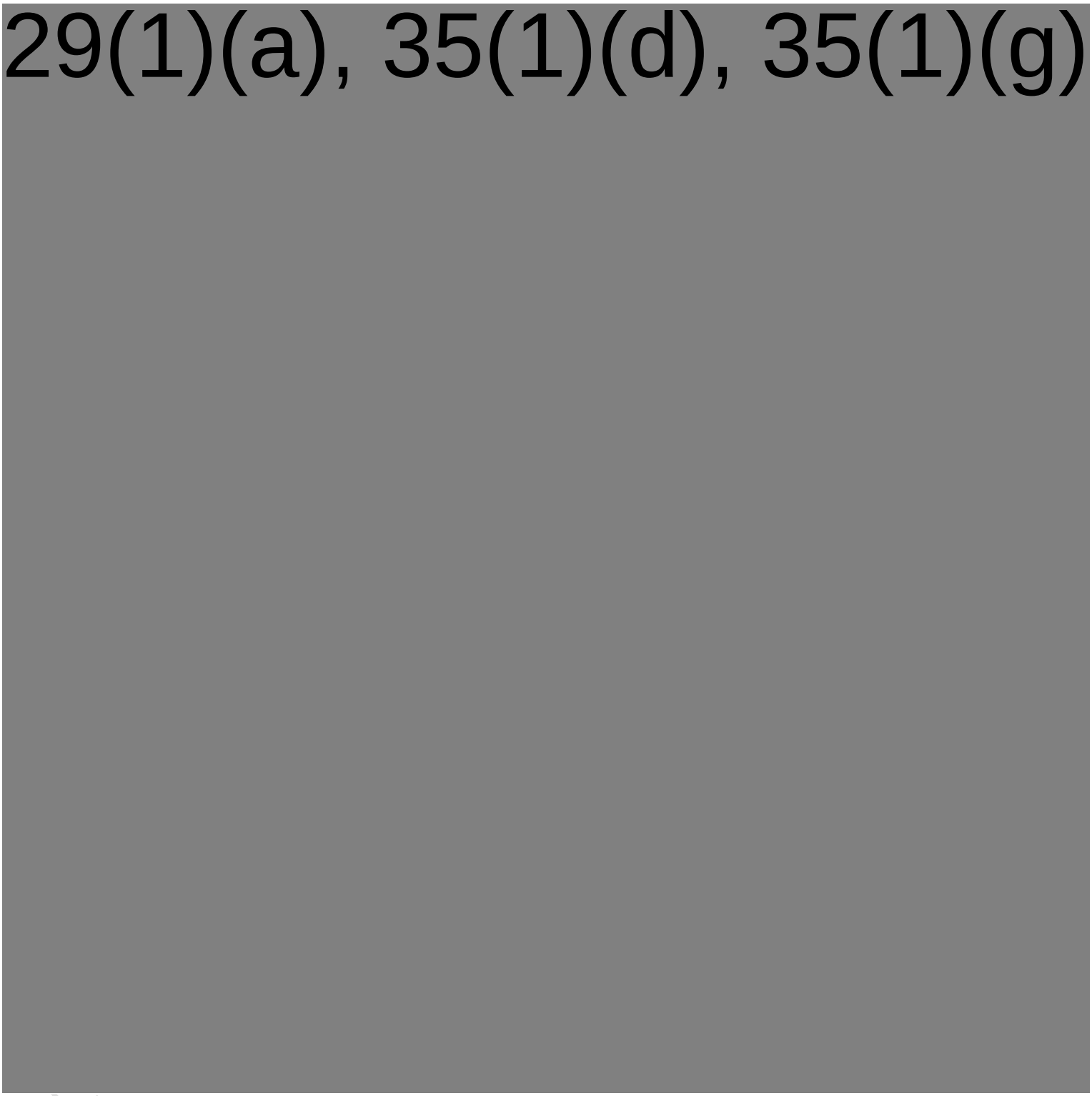
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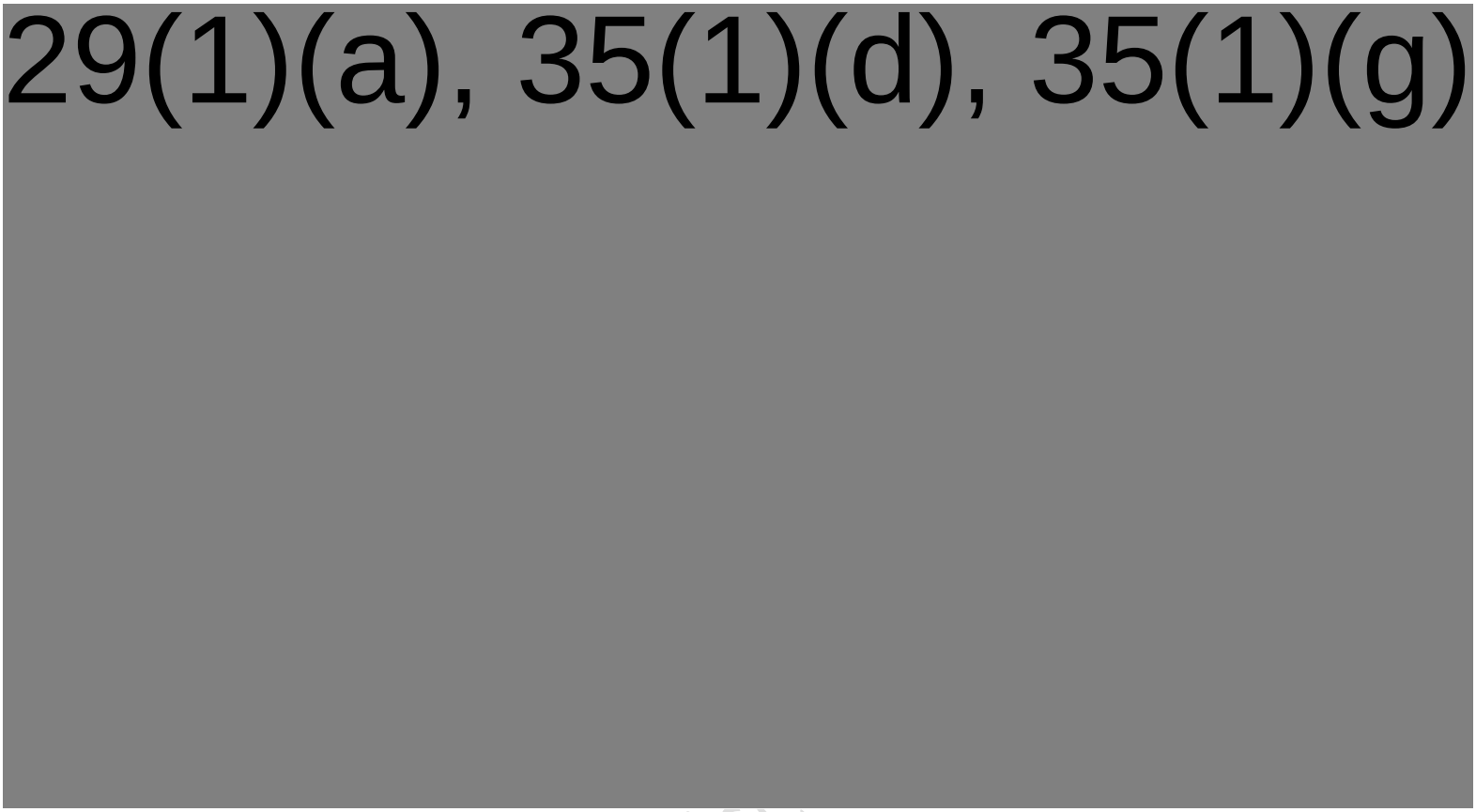
9.2.2. Number of meal allowances invoiced by CHL



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10. Kilometric allowance

158. This section examines the kilometric allowances invoiced by CHL under the CHL Contracts, which collectively totaled $272,947. Each contract specified that such claims must comply with Newfoundland and Labrador Board Secretariat's Automobile Reimbursement Rates Policy (the "**NL Automobile Policy**").

10.1. Relevant contract clauses

159. Each of the CHL Contracts contains the following clauses:

> "All travel and accommodation expenses will be in accordance with Newfoundland and Labrador provincial policy"[57]
>
> "[NLHS] will reimburse the Contractor for mileage and meals for the provision of the Services at rates as outlined in Schedule "D". […] The rates prescribed by the province of Newfoundland and Labrador include all applicable taxes." [58]
>
> "The following allowances apply when a private vehicle is used for travel as required under the terms of this Agreement:" [59]

160. Schedule D of the various CHL Contracts outlines the automobile reimbursement rates for the use of private vehicles for work purposes. These rates correspond to those in effect at the time each contract was signed, as established by the NL Automobile Policy. Furthermore, Schedule D specifies that these rates are to be reviewed and adjusted on a quarterly basis. However, it is important to note that certain differences exist between the contracts, as detailed below:

Table 26

29(1)(a), 35(1)(d), 35(1)(g)

29(1)(a), 35(1)(d), 35(1)(g)

[57] Airway Contract, General Terms, para. 17, Eastern Contract, General Terms, para. 17, Western Contract, General Terms, para. 17, Central Contract, General Terms, para. 17

[58] Schedule C in Central, Western, ER RN, and Airway CHL Contracts.

[59] Schedule D in Central, Western, ER RN, and Airway CHL Contracts.

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29(1)(a), 35(1)(d), 35(1)(g)

10.2. Newfoundland and Labrador Treasury Board Secretariat Policies

29(1)(a), 35(1)(d), 35(1)(g)

163. The NL Automobile Policy requires that employees claiming reimbursement for the use of private vehicles must complete a *Private Vehicle Usage Report* and attach it to their *Travel Expense Claim*. Although CHL nurses are not employees of NLHS, the CHL Contracts refer explicitly to the Newfoundland and Labrador Treasury Board Secretariat Policies and therefore the reporting requirements outlined in the NL Automobile Policy—specifically those found in the *Private Vehicle Usage Report*—would apply to travel nurses who claim kilometric allowances. According to *Private Vehicle Usage Report*, the applicable reporting requirements include:

a. Date of travel;

b. Details of travel (i.e., origin and destination for each day travel was undertaken)[60];

c. Distance travelled each day;

d. Claim amount.

10.3. Contract compliance findings

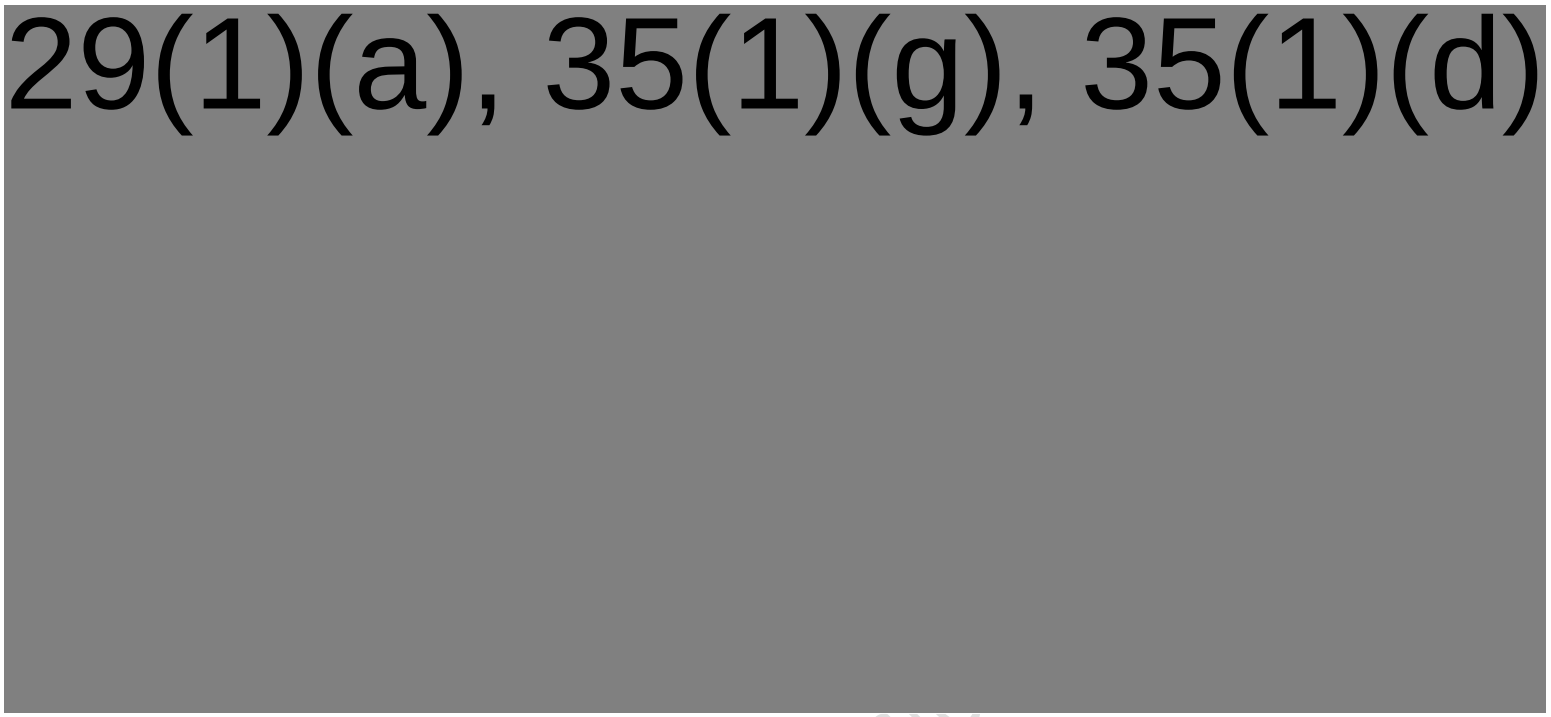
10.3.1. Rates

29(1)(a), 35(1)(d), 35(1)(g)

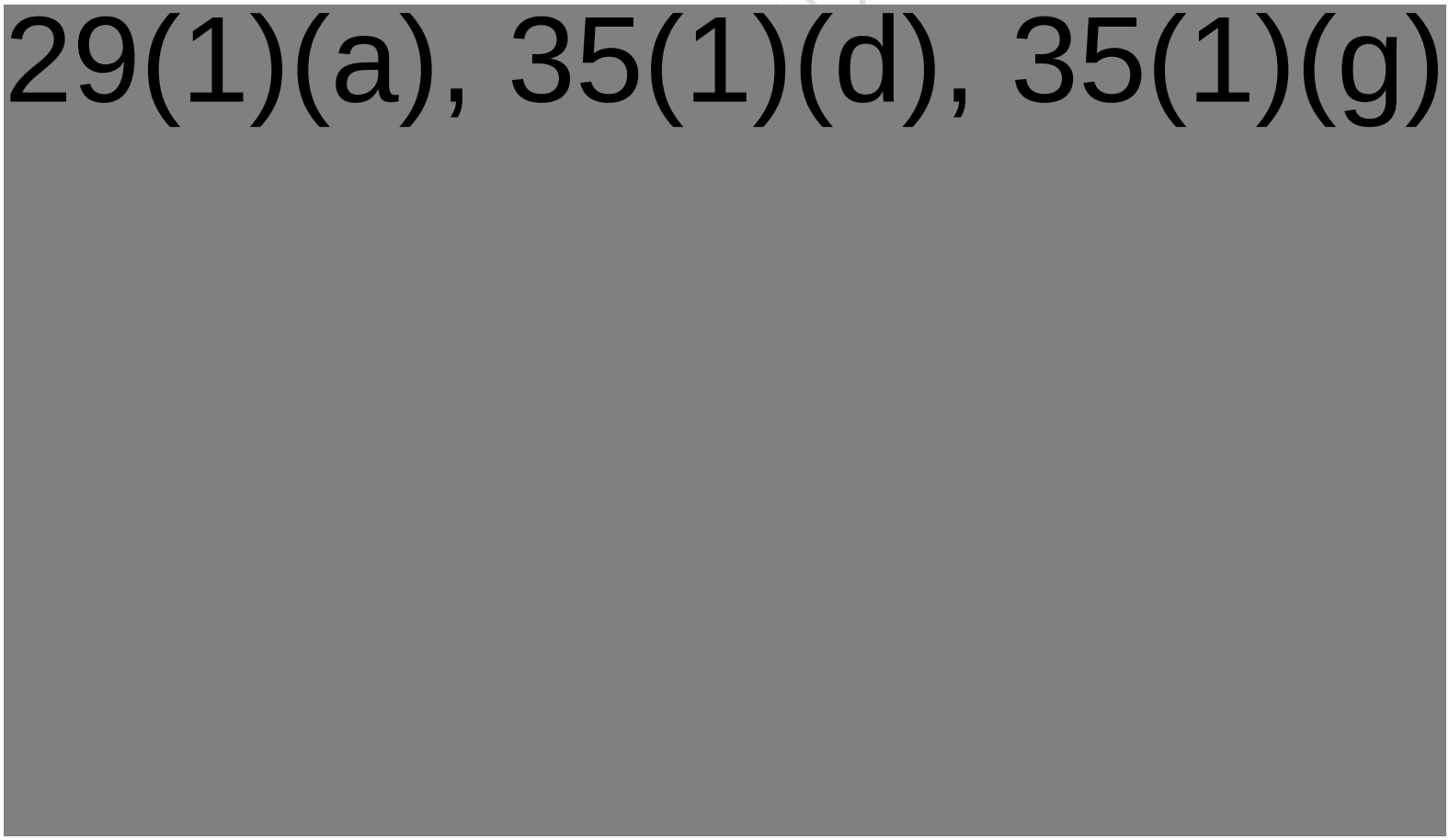
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[60] Kilometric allowance claims which included only the word airport, ferry port or home were considered insufficient in terms of the details of travel origin and destination as there are multiple ferry ports, airports and the home address is not precisely known.

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10.3.2. Incomplete kilometric allowance reporting



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29(1)(a), 35(1)(d), 35(1)(g)

170. For the Eastern Contract charges, the required travel information was provided in accordance with policy requirements. No kilometric allowances were invoiced under the Airway Contract.

10.3.3. Kilometric claims submitted while the nurse was not in Newfoundland

171. We reviewed all kilometric allowance claims exceeding $25 to determine whether each claim corresponded to a period when the employee was physically present in Newfoundland and Labrador. Presence in the province was assessed using available travel and accommodation documentation, which we consider generally sufficient to support our analysis.

172. Our procedures did not identify any instances where kilometric allowance claims were made (containing sufficient details) and the nurse was not present in Newfoundland.

10.3.4. Other findings

29(1)(a), 35(1)(d), 35(1)(g)

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[61] 183,116 / $272,947

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11. Accommodation and transportation expenses

176. This section analyzes travel expenses, excluding kilometric allowances, invoiced by CHL under the CHL Contracts. These expenses collectively totaled $3,389,761. For clarity, we have organized our procedures and findings into the following three categories:

a. Accommodation;

b. Electric vehicle rentals;

c. Flight, ferry and other transportation expenses.

11.1. Relevant contract clauses

177. The CHL Contracts specify that out-of-pocket travel expenses incurred by nurses in connection with their travel to Newfoundland and Labrador are reimbursable by NLHS. Each of the CHL Contracts allows for reimbursement of airfare, vehicle rentals, hotels, apartments, and AirBnBs, provided that invoices and proof of payment are submitted. All CHL Contracts specify that reimbursement is at the contractor's actual cost or "hard cost" and require the contractor to use best efforts to secure cost-effective means of transportation and accommodation.

178. The relevant contractual clauses in the CHL Contracts pertaining to travel expense reimbursement are as follows:

a. Central Contract

> "All travel and accommodations expenses will be in accordance with NL provincial policy." [62]
>
> "Airfare, hotels, and AirBnB's will be covered at a rate of the Contractor's hard cost; subject to the Contractor providing Invoice and proof of payment. The Contractor will use best efforts to provide the most cost-effective means of transportation to/from the deployment location(s). The rates prescribed by the province of Newfoundland and Labrador include all applicable taxes. With regard to rental of vehicles, as pre-approved by Central Health, by the Contractor, Central Health shall not be responsible to pay any costs associated with the separate costs of insurance charged by vehicle rental companies for property damage coverage (i.e., collision). The Contractor shall assume all responsibility for providing adequate coverage on rental vehicles, and Central Health shall not be held liable. Central Health shall be allowed to inspect all relevant documentation in order to determine the sums payable under this article."[63]

b. Western Contract

> "All travel and accommodations expenses will be in accordance with Newfoundland and Labrador provincial policy, as identified in Schedule "D"."[64]

[62] Central Contract, General Terms, para. 17
[63] Central Contract, Schedule C, para. 3
[64] Western Contract, General Terms, para. 17

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"Western Health acknowledges that it shall be responsible for covering costs such as airfare, vehicle rentals, and accommodations for the Contractor's infield resources in accordance with Schedule "C", and appreciates that allowing infield resources' families to travel to and/or reside in Newfoundland and Labrador from July to October, or any such period during this time, may assist in recruitment. In such circumstance where the Contractor identifies an infield resource who wishes to have family travel to or reside in Newfoundland and Labrador while they are working at Western Health facilities, the Contractor shall provide Western Health with a request detailing the cost of accommodations (which may include apartment and/or furniture rentals if and as appropriate) and vehicle solutions sought, which Western Health shall review in good faith on a case-by-base basis. If, in Western Health's opinion, such request is unreasonable, Western Health and the Contractor may work together in an attempt to find reasonable and cost-efficient alternative(s)." [65]

"Travel. Western Health will reimburse the Contractor for mileage and meals for the provision of the Services at rates as outlined in Schedule "D". Airfare, vehicle rentals, hotels, apartment (and furniture, if required) rentals and AirBnB's will be covered at a rate of the Contractor's actual cost; subject to the Contractor providing invoice and proof of payment. The Contractor will use best efforts to provide the most cost-effective and reasonable means of accommodation, and transportation to/from the deployment location(s). Where apartment and/or furniture rentals are proposed or submitted, Western Health shall have a right to assess the reasonableness of such costs, and where such costs are determined by Western Health to be unreasonable or excessive, Western Health and the Contractor shall work together to assess and implement reasonable alternatives.

The rates prescribed by the province of Newfoundland and Labrador include all applicable taxes. With regard to rental of vehicles, as pre-approved by Western Health, by the Contractor, Western Health shall not be responsible to pay any costs associated with the separate costs of insurance charged by vehicle rental companies for property damage coverage (i.e., collision). The Contractor shall assume all responsibility for providing adequate coverage on rental vehicles, and Western Health shall not be held liable for any costs in relation thereto. Western Health shall be allowed to inspect all relevant documentation in order to determine the sums payable under this Agreement. In addition, Western Health agrees to reimburse the cost of Standard Loss Damage Waiver (LDW) insurance coverage incurred on rental vehicles by CHL." [66]

c. Eastern Contract

"All travel and accommodation expenses will be in accordance with Newfoundland and Labrador provincial policy, as identified in Schedule "D"." [67]

"Travel and Accommodations. NL Health Services will reimburse the Contractor for mileage and meals for the provision of the Services at rates as outlined in Schedule "D". Prior to booking airfare, transportation, hotels, apartment (and furniture, if required) rentals and AirBnBs, the Contractor will consult with NL Health Services to determine if NL Health Services can provide these services for Deployed Personnel. If NL Health Services cannot provide such services, or if NLHS does not provide confirmation within 48 hours of initial deployment request, the Expenses will be covered at a rate of the Contractor's hard cost; subject to the Contractor providing invoice and proof of payment. The rates prescribed by the province of Newfoundland and Labrador include all applicable taxes. With regard to the rental of vehicles and accommodations, Canadian Health Labs reserves the right to rent accommodations and vehicles (including electric vehicles) from Canadian Sustainability Labs (or a Canadian Sustainability Labs affiliate) and pass these expenses back to NLHS; conditional on these rental costs not exceeding current market rates for rental vehicles and/or hotels / AirBnbs. The Contractor shall be responsible for providing adequate insurance on deployed vehicles and shall pay any additional costs (if applicable) for insurance related to

[65] Western Contract, Schedule "B", para. 13
[66] Western Contract, Schedule "C", para. 3
[67] Eastern Contract, General Terms, para. 17

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property damage coverage (i.e., collision coverage) that would not commonly be covered by NLHS. Vehicles may be used by both a single HHR or a pool of HHR approved drivers." [68]

d. Airway Contract

"All travel and accommodation expenses will be in accordance with Newfoundland and Labrador provincial policy, as identified in Schedule "D"." [69]

"Travel and Accommodations. NL Health Services will reimburse the Contractor for mileage and meals for the provision of the Services at rates as outlined in Schedule "D". Prior to booking airfare, transportation, hotels, apartment (and furniture, if required) rentals and AirBnBs, the Contractor will consult with NL Health Services to determine if NL Health Services can provide these services for Deployed Personnel. If NL Health Services cannot provide such services, or if NLHS does not provide confirmation within 48 hours of initial deployment request, the Expenses will be covered at a rate of the Contractor's hard cost; subject to the Contractor providing invoice and proof of payment. The rates prescribed by the province of Newfoundland and Labrador include all applicable taxes. With regard to the rental of vehicles and accommodations, Canadian Health Labs reserves the right to rent accommodations and vehicles (including electric vehicles) from Canadian Sustainability Labs (or a Canadian Sustainability Labs affiliate) and pass these expenses back to NLHS; conditional on these rental costs not exceeding current market rates for rental vehicles and/or hotels / AirBnbs.

The Contractor shall be responsible for providing adequate insurance on deployed vehicles and shall pay any additional costs (if applicable) for insurance related to property damage coverage (i.e., collision coverage) that would not commonly be covered by NLHS. Vehicles may be used by both a single HHR or a pool of HHR approved drivers." [70]

11.2. Newfoundland and Labrador Treasury Board Secretariat Policies

179. All four CHL Contracts stipulate that travel and accommodation expenses must comply with Newfoundland and Labrador provincial policy, as referenced in Schedule "D". The applicable policies are the Newfoundland and Labrador Treasury Board Secretariat Accommodations Policy (the "**NL Accommodations Policy**") and the Newfoundland and Labrador Treasury Board Secretariat Transportation Policy (the "**NL Transportation Policy**"). [71]

180. The Newfoundland and Labrador provincial policies establish the standards and reimbursement rates for expenses incurred during work-related travel. These policies require that all claims be supported by proper documentation, including invoices and proof of payment and emphasize cost-effectiveness, requiring travelers to select reasonably priced options and utilize the most economical means of transportation and accommodation available.

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[68] Eastern Contract, Schedule "C", para. 4
[69] Airway Contract, General Terms, para. 17
[70] Airway Contract, Schedule "C", para. 3
[71] https://www.gov.nl.ca/exec/tbs/policies/travel/transportation/#air

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Table 29

NLHS
NL Accommodations Policy

Expense category	Rule
Hotel rates	It is the responsibility of employee to seek favourable hotel rates when on travel status.
Private arrangements	Employees on overnight travel status may make private arrangements for accommodations. Employees who make such arrangements will be reimbursed $25.00 per night.
Government facilities	Employees working in areas where government owned or arranged facilities are available (i.e., camps, depots) for use by employees are required to use such facilities provided a more economical form of accommodation cannot be used.
Long stays	Where employees are required to spend in excess of one continuous month on travel status at one location, appropriate arrangements for suitable accommodations at weekly or monthly rates will be made prior to the start of the period on travel status.

Table 30

NLHS
NL Transportation Policy

Transportation general rules	It is the responsibility of employees to travel by the most economical route possible, keeping the purpose and urgency of the trip in mind. Where employees are authorized to travel by private vehicle from home or the workplace to a point of departure (e.g., airport) and return, they may claim: actual mileage; and/or airport parking fees (with receipts).
Air travel	All air travel on scheduled flights will be economy class except where, with the approval of the Minister, business dass is the only seat available and a delay in travel is not acceptable.
Sea travel	Employees traveling by sea may claim, with receipts, the cost of cabin accommodations, where a cabin is required and the cost of transportation of the employee's vehicle, where required.
Travel in rental vehicles	When renting a vehicle for travel on government business within Newfoundland and Labrador and the rest of Canada, employees should not purchase and will not be reimbursed for the cost of collision damage waivers as Government retains responsibility for payment of physical damage daims on leased or rented vehicles. Employees will not be reimbursed for personal life insurance purchased when renting vehicles. Employees will normally be required to rent compact or sub-compact vehicles except where, with the approval of the Deputy Minister, a larger vehicle is required. Claims for reimbursement for rental vehicles must include all receipts.
Use of taxis and public transportation	Deputy Ministers may approve employees' use of taxis when such use is justifiable and the most economical means of transportation. Employees using taxis must note the starting point and destination of the taxi trip on their travel claim or on the taxi chit, where the trip is billed directly to the department. Employees may use either taxis, limousines or airport buses for transportation to and from airports. Deputy Ministers may deny or reduce taxi claims where the taxi hire has been contrary to this policy, or where a receipt cannot be produced. Receipts are required for reimbursement of all taxi charges.

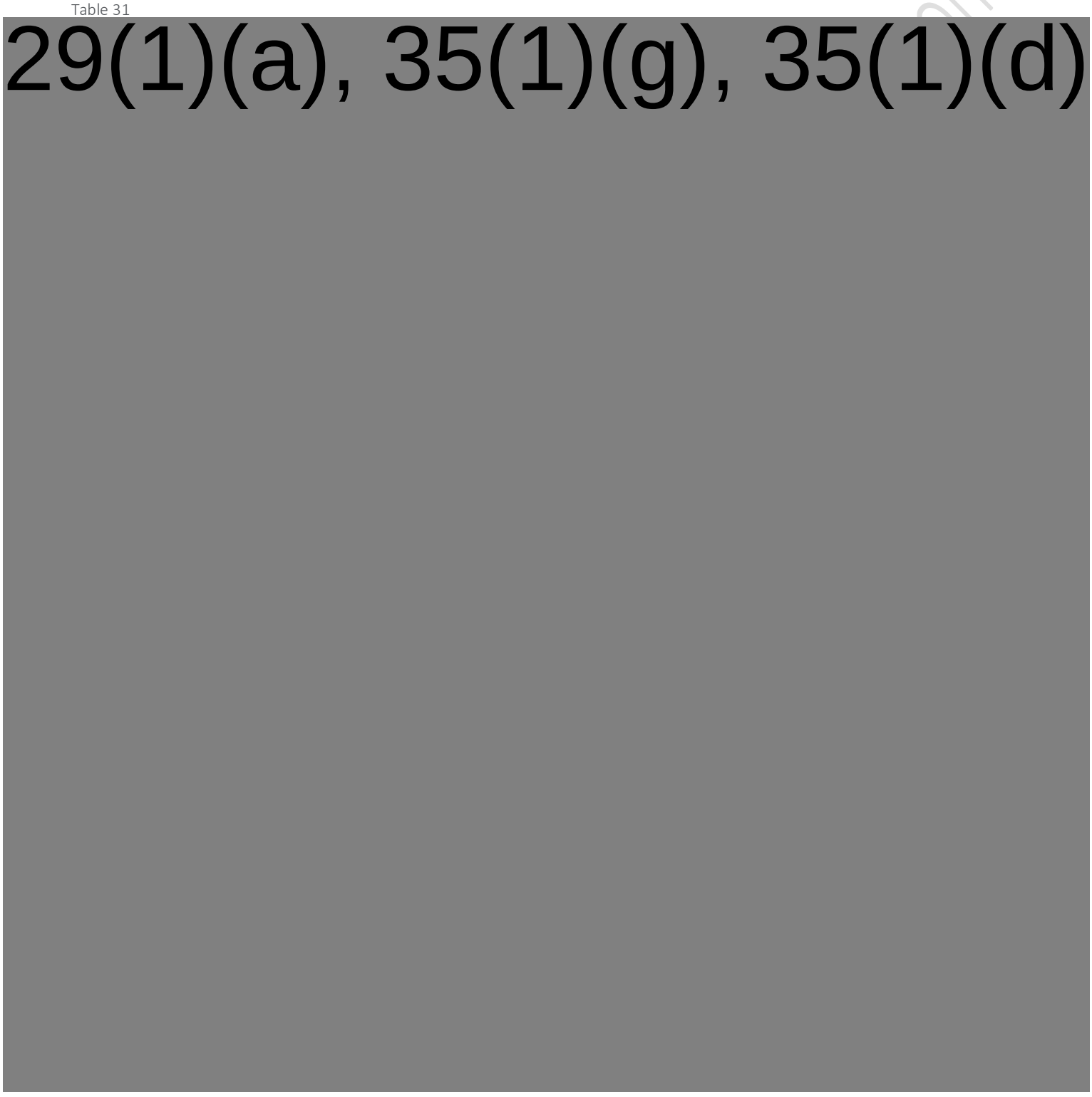
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11.3. Accommodation

181. Accommodation expenses totaling $1,610,618 were invoiced by CHL to NLHS under the CHL Contracts. We analyzed these expenses by category and by contract, as summarized in Table 31 below:

Table 31



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29(1)(a), 35(1)(d), 35(1)(g)

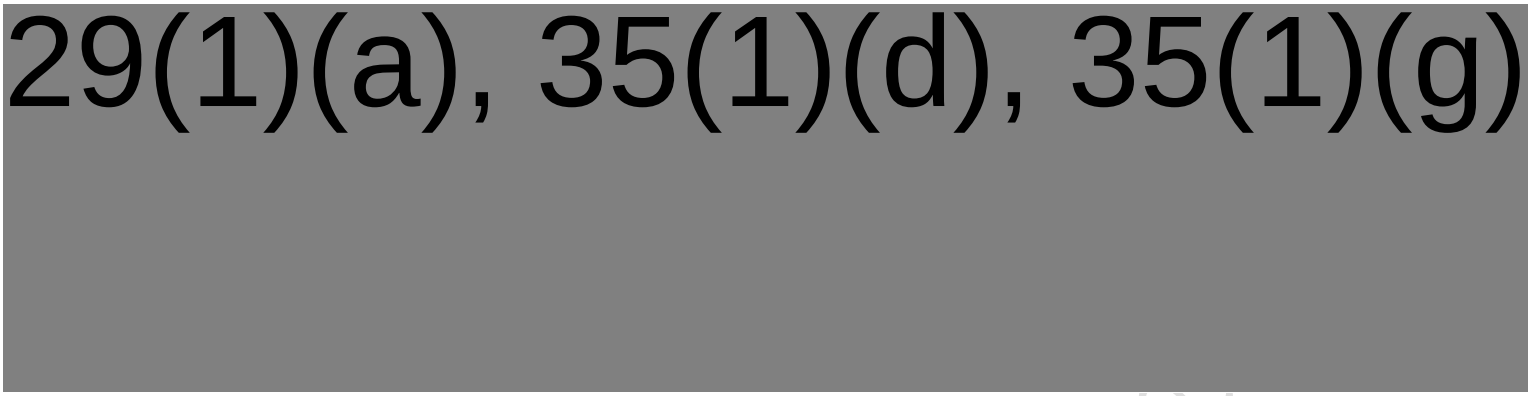
11.4. Electric vehicle rentals

11.4.1. General observations

29(1)(a), 35(1)(d), 35(1)(g)

[76] There was an overlap of one month between the companies.
[77] https://ised-isde.canada.ca/

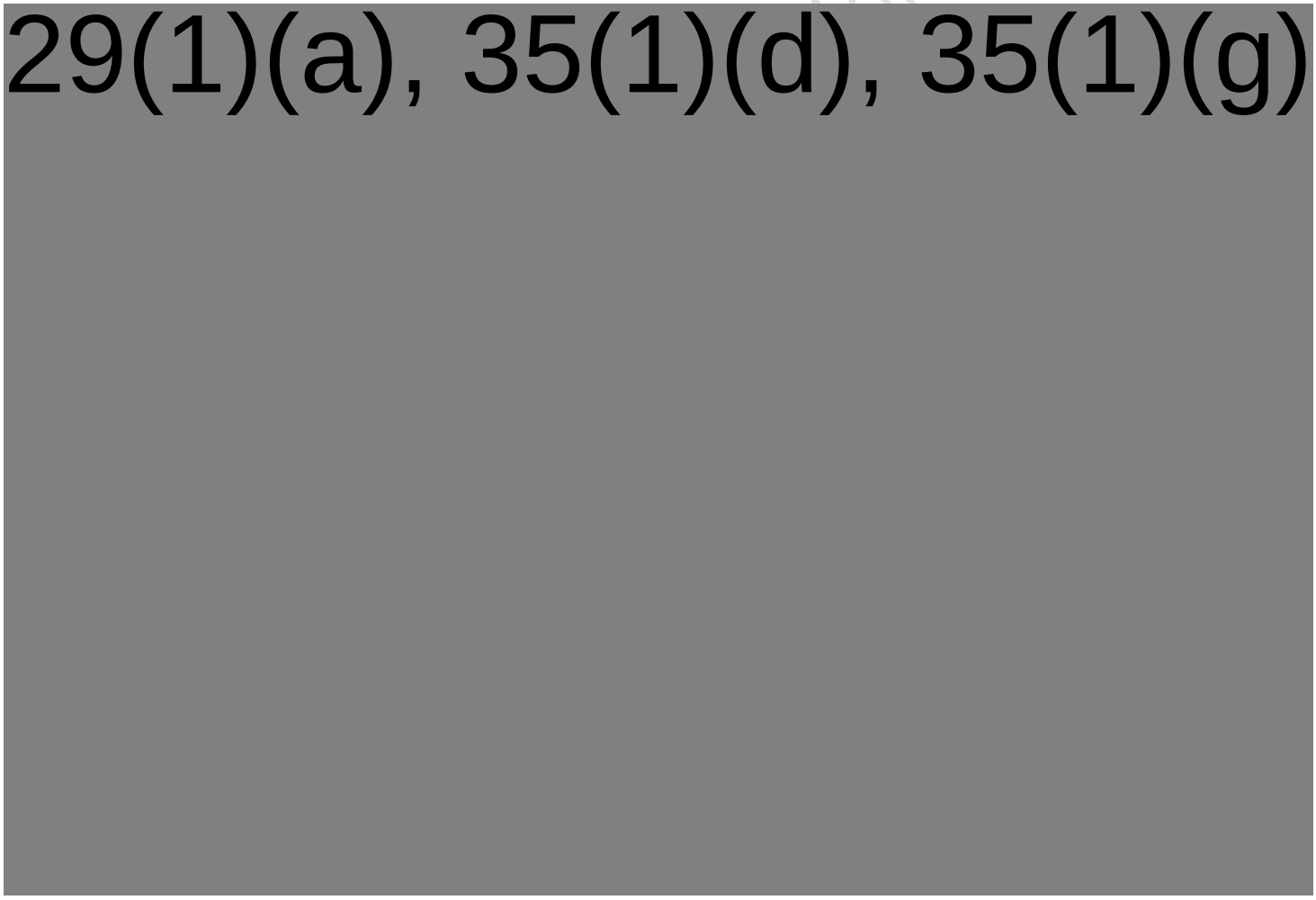
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193. No contract was identified between NLHS and CHL for the provision of electric vehicles during our review of contracts or through discussions with NLHS employees.

194. For the remainder of this section, references to CSL include Canadian EV Labs and Canadian EV Labs Inc.

195. CSL charged CHL, which then recharged NLHS, the following rates for each category of electric vehicle rental costs:



[78] https://ised-isde.canada.ca/
[79] https://www.canadiansustainabilitylabs.com/about-us

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29(1)(a), 35(1)(d), 35(1)(g)

11.4.2. Contract compliance findings

29(1)(a), 35(1)(g), 35(1)(d)

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198. In addition, we identified the following questionable charges on CHL invoices:



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[80] Central Contract, Schedule “C”, para. 3 and Western Contract, Schedule “C”, para. 3

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11.5. Other transportation expenses



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12. Licensure and background checks

209. This section outlines the expenses claimed by CHL in relation to licensure, background checks, and other professional costs associated with nursing personnel in the context of their deployment under the CHL Contracts, totaling $303,686.

12.1. Relevant contract clauses

210. Pursuant to the CHL Contracts, the health authorities were required to facilitate and assume all costs associated with licensure (via the College of Registered Nurses of Newfoundland and Labrador ["**CRNNL**"]), onsite orientation/training, and any additional pre-deployment or other ongoing requirements specified by the health authority to enable CHL's personnel to work in hospitals and long-term care facilities.[81]

211. Prior to any CHL personnel commencing the provision of services, CHL was required to conduct background checks on deployed personnel. These background checks must have, at a minimum, included verification of professional credentials, employment references, and criminal record checks. Under the **Central and Western Contracts**, CHL was responsible for bearing the costs associated with background checks. In contrast, under the **Eastern and Airway Contracts**, NLHS was responsible for covering the costs of both initial and renewal background checks, as well as any required certifications throughout the term of the contract, with any hard costs incurred by CHL to be passed through to NLHS. [82]

212. In addition, under the **Eastern and Airway Contracts**, NLHS was to cover any and all costs related to licensing and bridging competencies as required by NLHS provincial licensing body or College. [83]

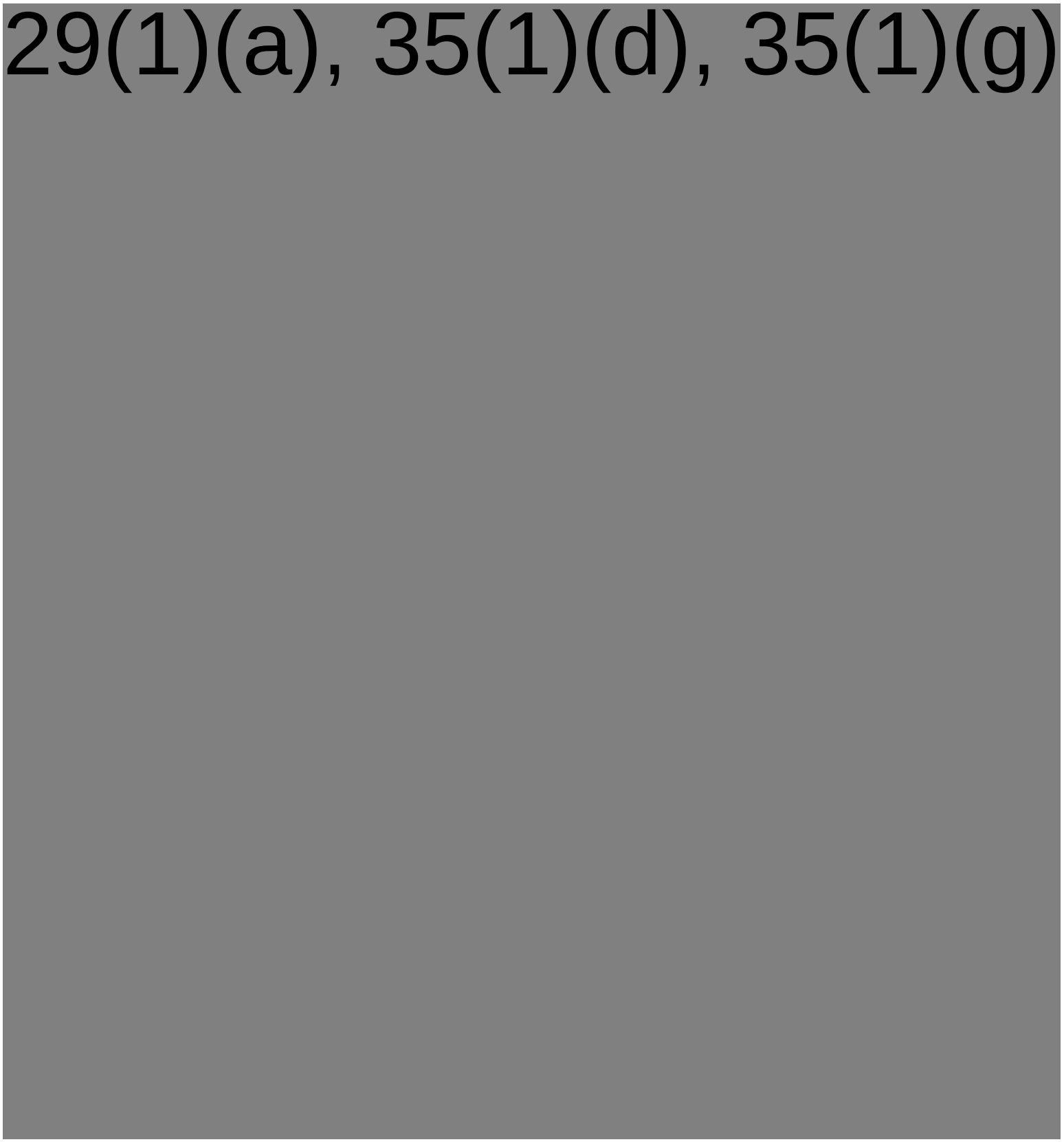
12.2. Contract compliance findings

12.2.1. Expenses not reimbursable by NLHS

29(1)(a), 35(1)(d), 35(1)(g)

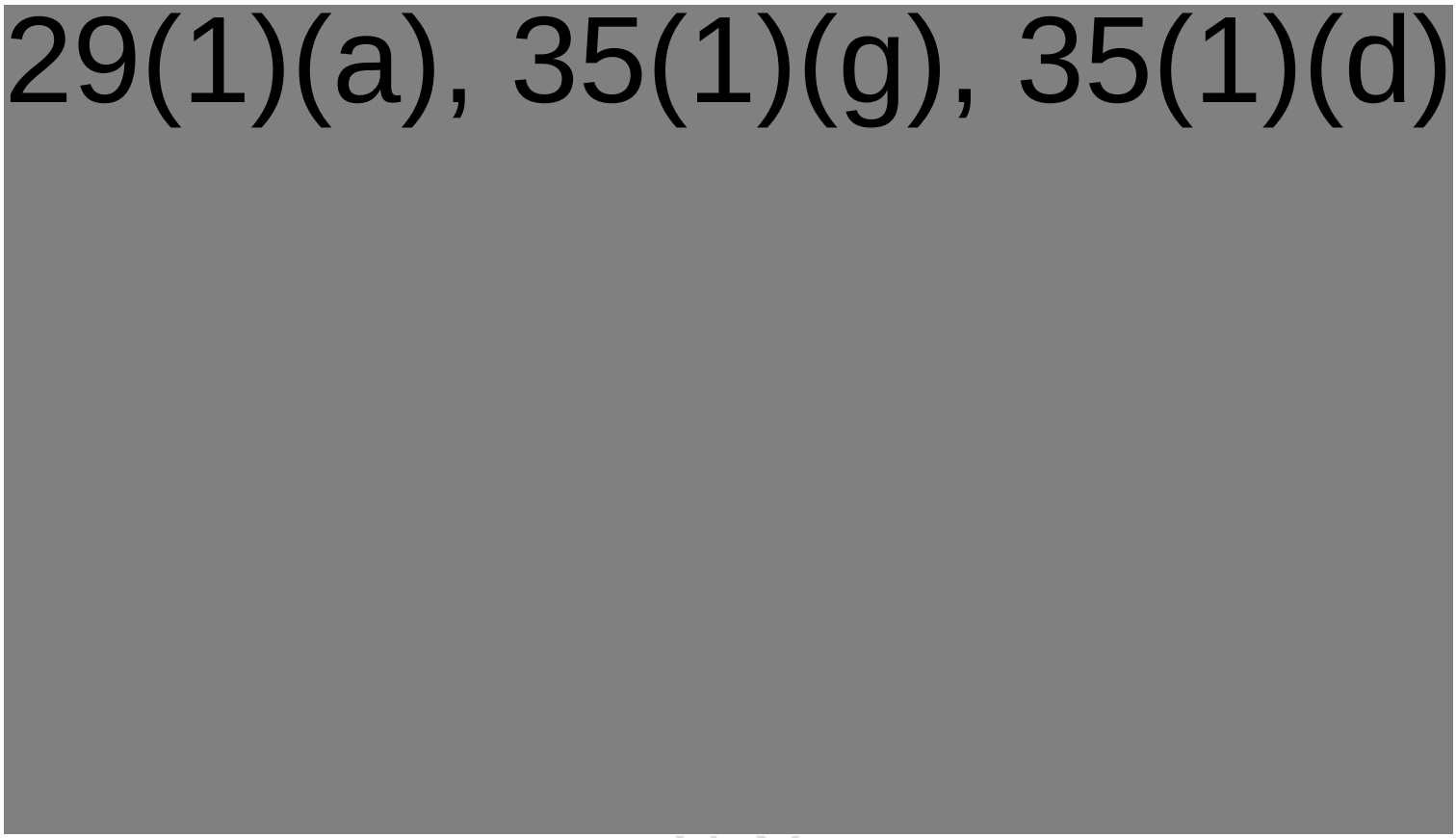
[81] Central Contract, Schedule B, para. 2, Western Contract, Schedule B, para. 3, Eastern Contract, Schedule B, para. 3, and Airway Contract, Schedule B, para. 3
[82] Central Contract, para. 8 (6) (iv), Western Contract, para. 10 (7) (d), Eastern Contract, para. 9 (7) (d) and Schedule B, para. 3, and Airway Contract, para. 9 (7) (d) and Schedule B, para. 3
[83] Eastern Contract, Schedule B, para. 3, and Airway Contract, Schedule B, para. 3
[85] Based on our compiled listing of nurses who worked under the CHL contract using hours reconciliation and invoice data.

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[85] Based on our compiled listing of nurses who worked under the CHL contract using hours reconciliation and invoice data.

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13. Other expenses and duplicate expenses claimed

29(1)(a), 35(1)(g), 35(1)(d)

13.1. Other expenses

13.1.1. Relevant contract clauses

221. Schedule "C" of the CHL Contracts indicates "No Other Benefits. The Contractor will not be entitled to receive any additional benefits pursuant to this Agreement."[86]

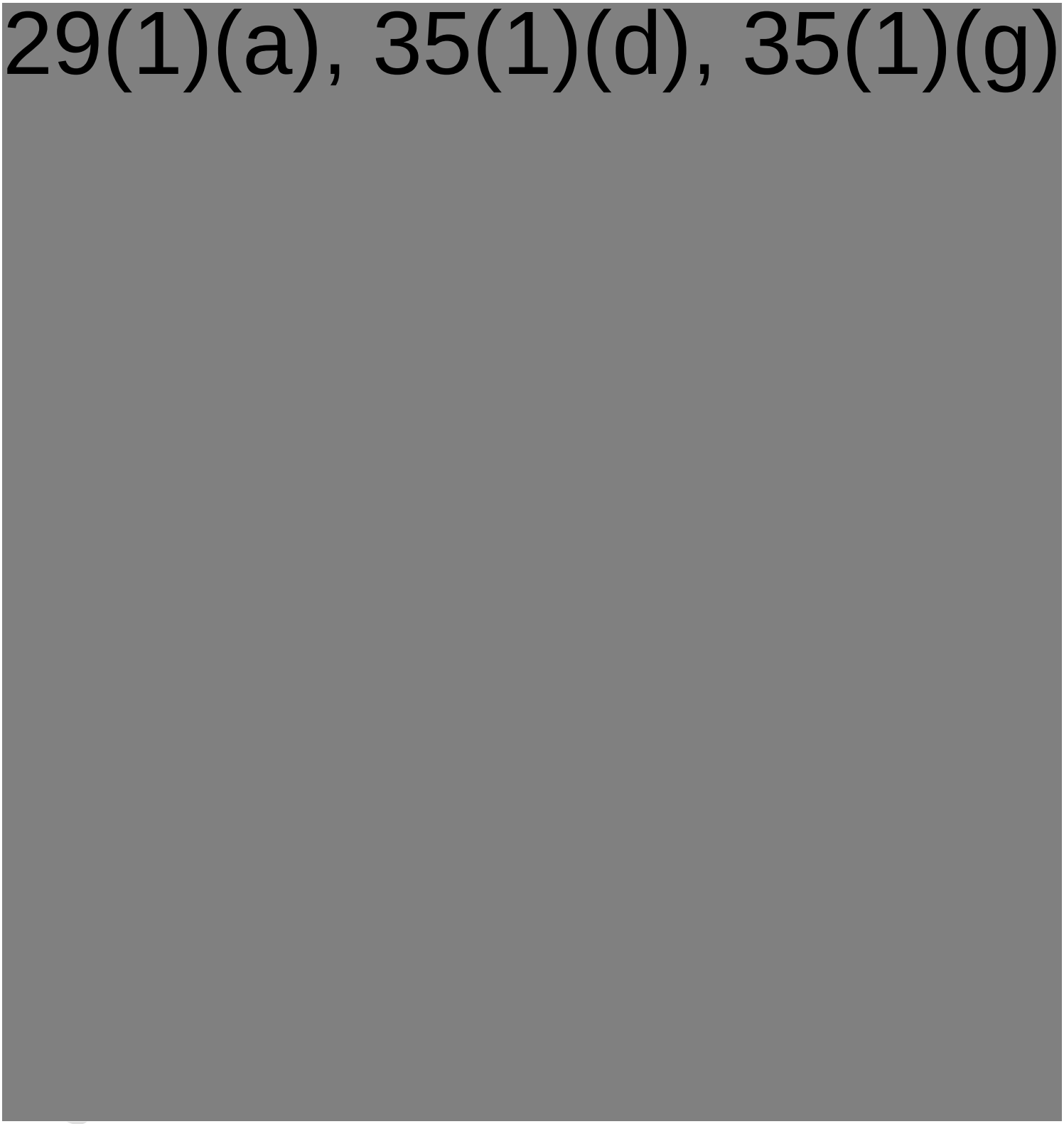
13.1.2. Contract compliance findings

29(1)(a), 35(1)(d), 35(1)(g)

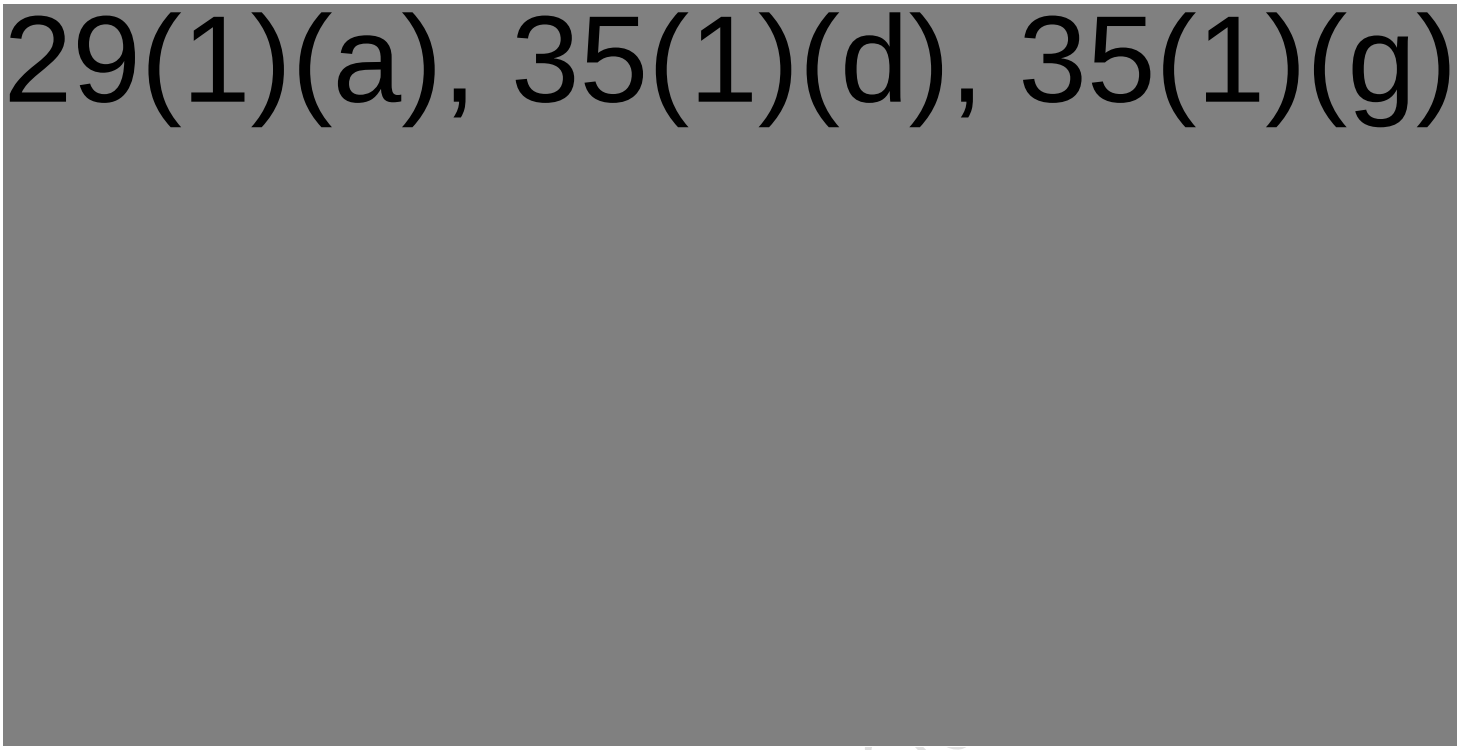
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[86] Central Contract, Schedule C, para. 4, Western Contract, Schedule C, para. 4, Eastern Contract, Schedule C, para. 5, Airway Contract, Schedule C, para. 4

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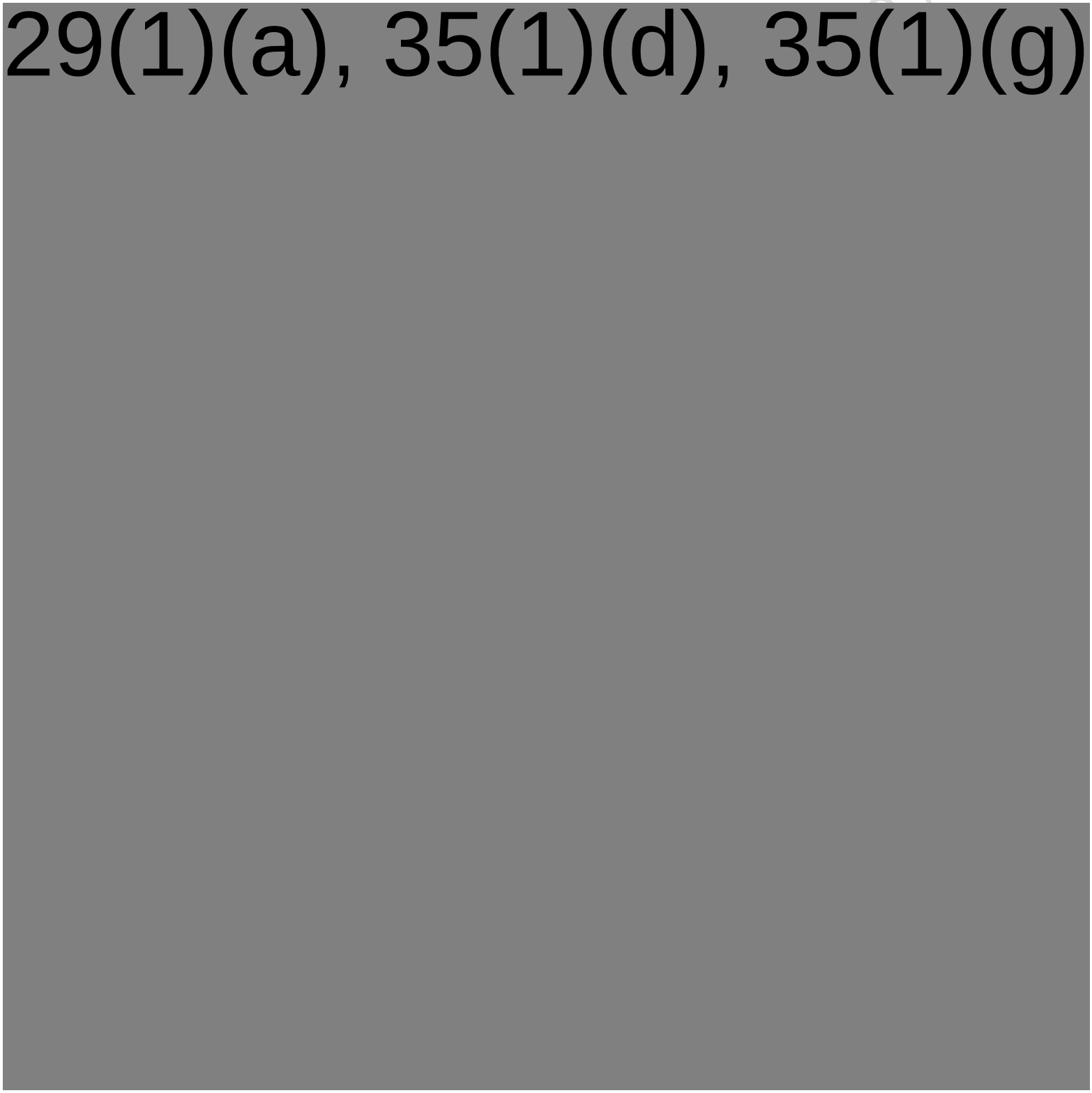


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14. HST on recoverable expenses

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29(1)(a), 35(1)(d), 35(1)(g)

228. Below is an example scenario:[99]

A consulting company based in Ontario travels to Newfoundland and Labrador for a client meeting and incurs the following costs:

- Hotel: $500 + $65 HST
- Flight: $300 + $39 HST
- Total HST paid: $104

The consulting company claims ITCs for the $104 HST and invoices the client as follows:

- Consulting fee: $2,000
- Travel expenses: $800 (pre-tax total)
- HST applied: Based on the client's location (Newfoundland and Labrador), the applicable HST rate is 15%.
- Total tax charged: 15% × $2,800 = $420

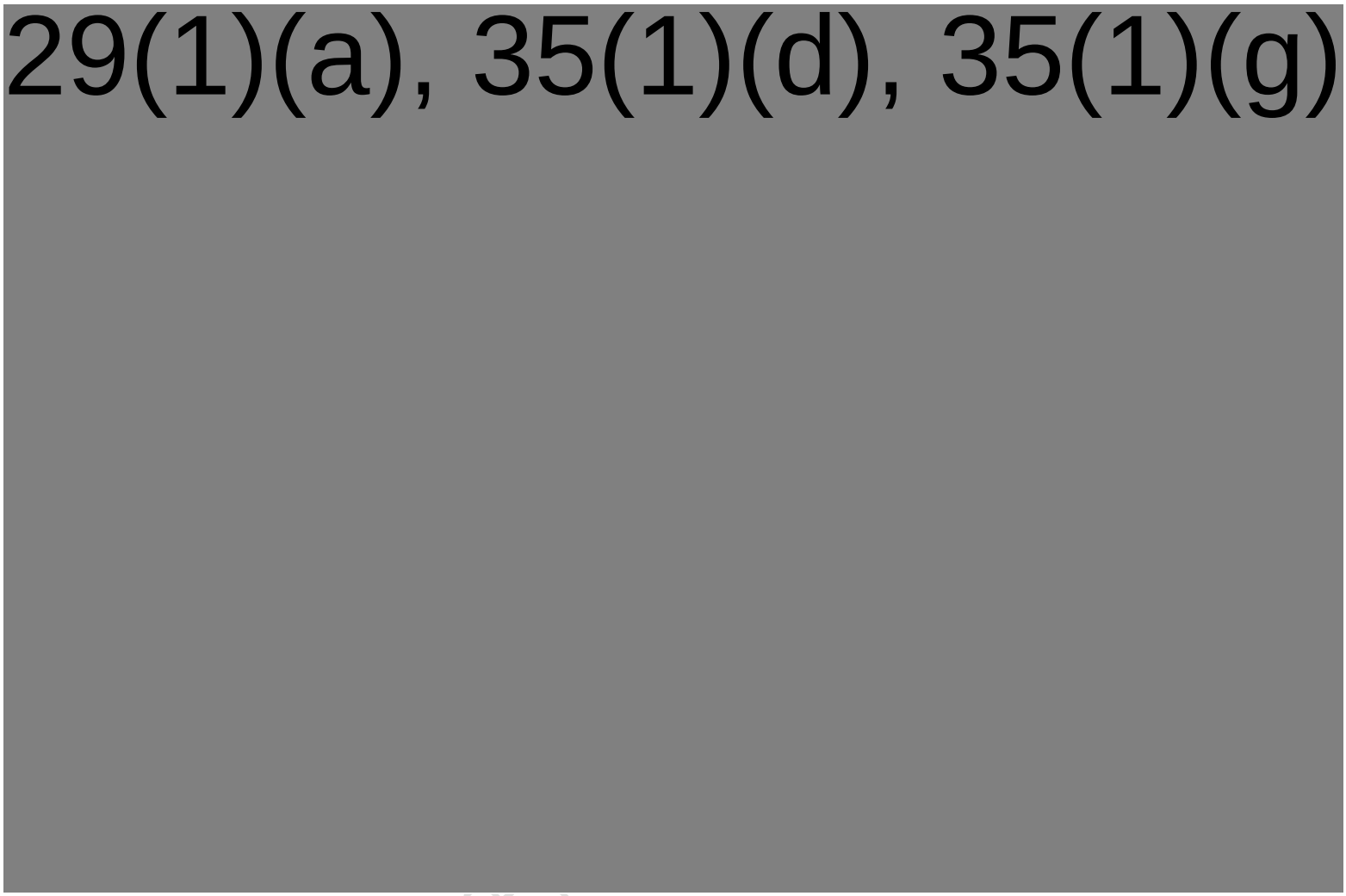
229. The preceding example illustrates the standard treatment of recoverable expenses as part of a taxable supply, where HST is applied to the full invoice amount—including both service fees and reimbursable costs. 29(1)(a), 35(1)(d), 35(1)(g)

29(1)(a), 35(1)(g), 35(1)(d)

[99] *Ibid.*

[100] Central Contract, Schedule "C", para. 3, Western Contract, Schedule "C", para. 3, Eastern Contract, Schedule "C", para. 3, Airway Contract, Schedule "C", para. 3

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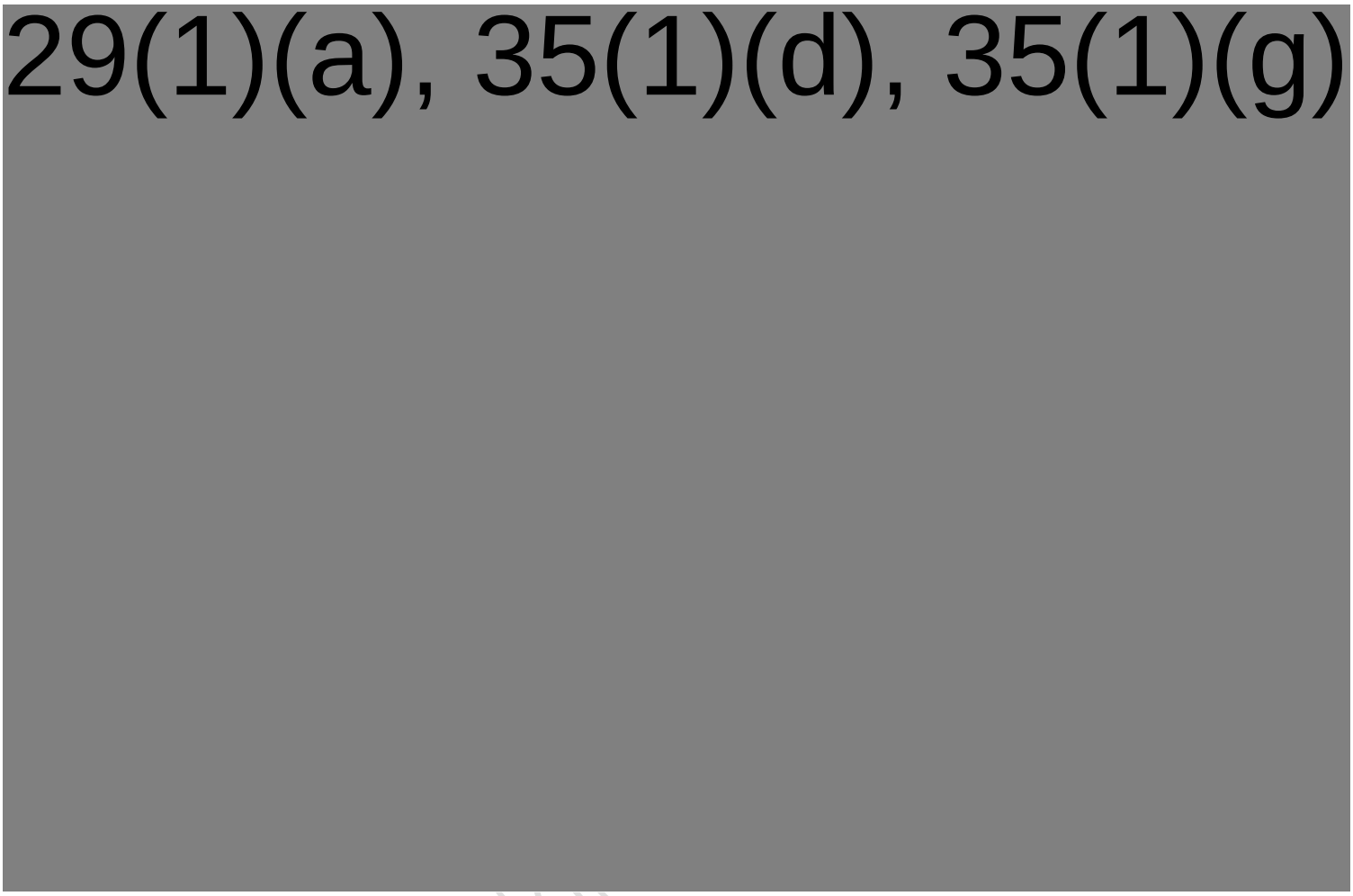
15. Conclusion

236. Based on the scope of our review and subject to the restrictions and limitations outlined in our report, we conclude by making the following observations.

15.1. Non-compliance with the CHL Contracts



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239. NLHS requested that our findings be broken down into two periods: before April 1, 2023, and on and after that date, which marks the merger of the RHAs to form NLHS. 29(1)(a), 35(1)(d), 35(1)(g)

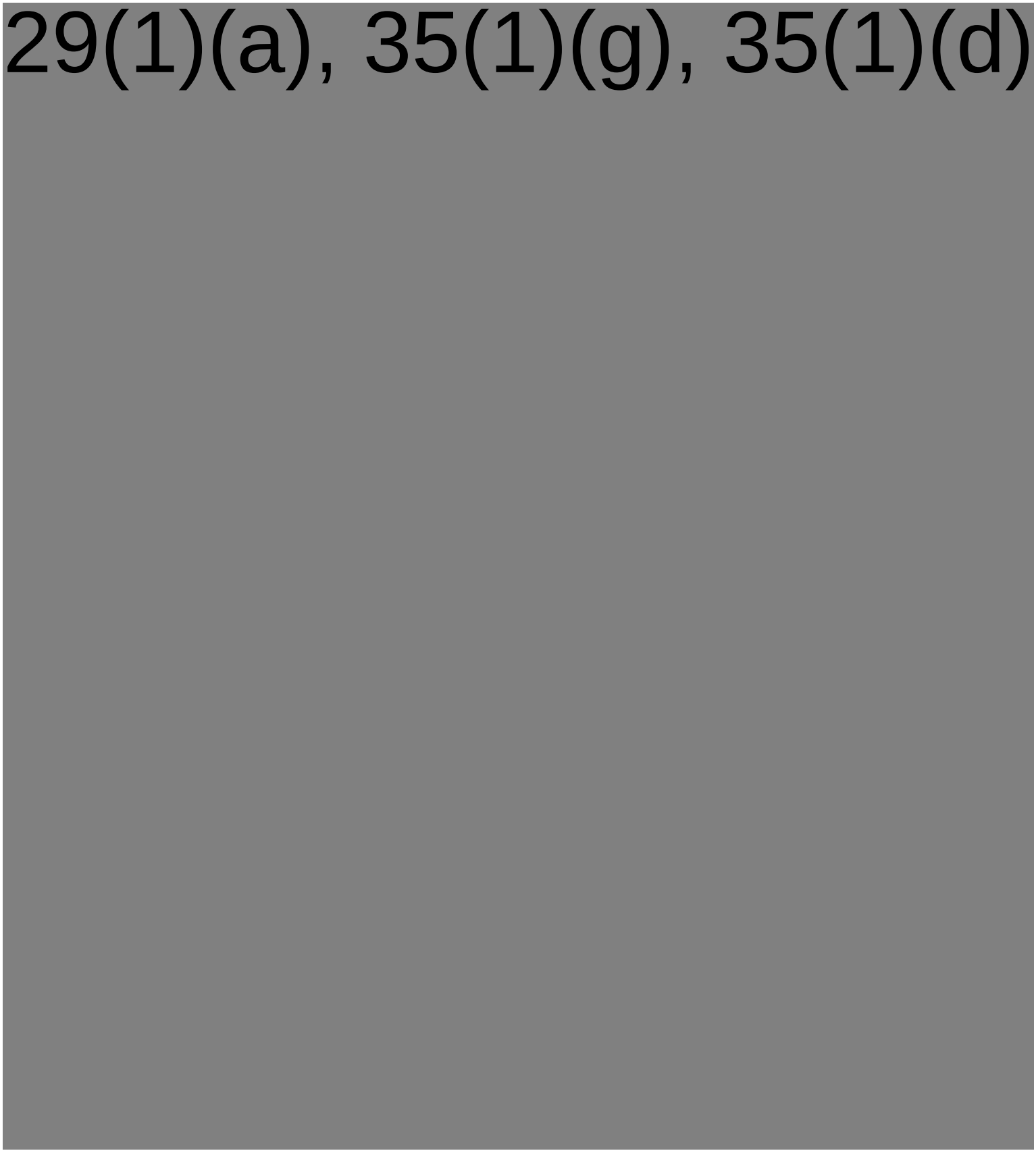
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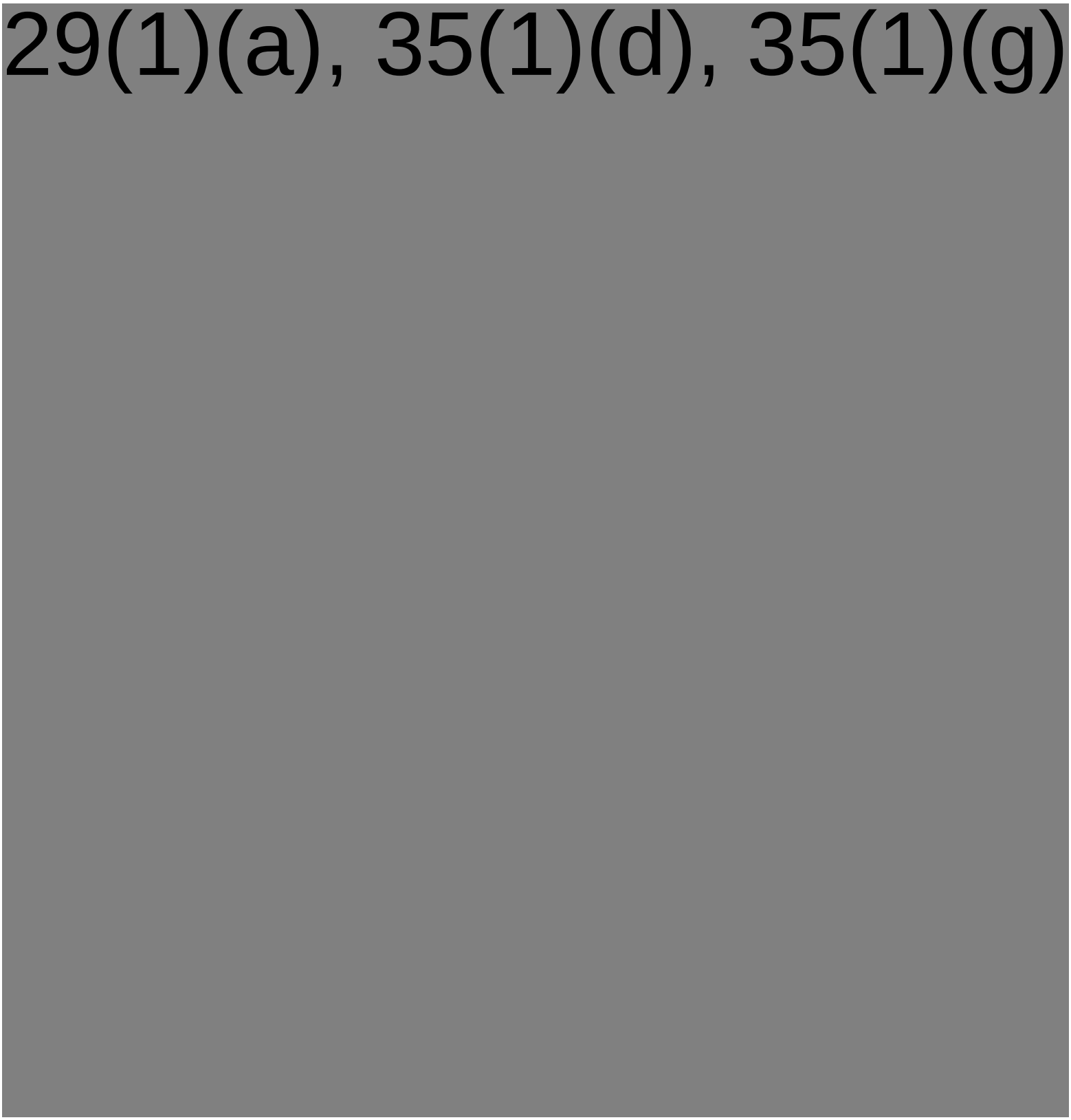


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