1.1 Introduction

This policy outlines the conditions and process in which long-term care home licensees will purchase and dispose of all furnishing and equipment\(^1\) purchased using any Local Health Integration Network (LHIN) or Ministry of Health and Long-Term Care (Ministry) funding.

2.1 Purchasing of Furnishing and Equipment

2.1.1 Conditions

Furnishing and equipment purchased using any LHIN or Ministry funds, must meet the following conditions:

- The item must meet the envelope definitions and eligibility criteria as they apply to equipment and furnishings, in accordance with applicable policy or directive under the Long-Term Care Homes Service Accountability Agreement (L-SAA) and any Direct Funding Agreement (DFA) and be used for the purposes for which they were purchased;
- The use of funds must be in accordance with the LHIN Service Accountability Agreement (L-SAA), any Direct Funding Agreement (DFA), and all applicable policies and directives under each agreement;
- Use of funds must satisfy the principle of value for money by using funding with due regard for economy, efficiency, and effectiveness;
- Use of funds must not compromise the ongoing provision of resident care and services (e.g., staffing levels must be maintained);
- Where applicable, if the transaction is a non-arm’s length transaction, as defined under section 265 of O. Reg. 79/10 under the Long-Term Care Homes Act, 2007, the licensee must comply with the requirements set out in the regulation

2.1.2 Purchase Timeframe

Licensee must purchase and receive the piece of furnishing or equipment by December 31\(^{st}\) of the year, unless otherwise stipulated in accordance with applicable policies and directives that are part of the LHIN Service Accountability Agreement (L-SAA) between a LHIN and a licensee or a Direct Funding Agreement (DFA) between the Ministry and a licensee.

2.1.3 Records

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\(^1\) Please note that computer software is considered “furnishing and equipment” for the purposes of this policy.
Licensees must maintain a list of all furnishing and equipment with a value equal to or greater than $1,000 purchased using LHIN or Ministry funding,

In all instances, the $1,000 amount includes all applicable sales taxes.

3.1 Disposition of Furnishing and Equipment

3.1.1 Conditions

Where the Province of Ontario has contributed to the original purchase price, the following conditions must be met when disposing of furniture and equipment:

- All furnishing and equipment disposed of must be disposed of at fair market value, if fair market value exists;
- The percent share of the Province of Ontario’s contribution must be applied to the proceeds and credited to the funding envelope that reflects the disposed asset;
- The relevant amount must be recorded as an Expenditure Recovery in the Annual Report; and
- Where furnishing and equipment are disposed of as a trade-in to purchase similar or like assets, the fair market value should be recorded as the disposition amount.

3.1.2 Records

Licensees must maintain a record detailing the disposition of furnishing and equipment where the Province of Ontario has contributed an amount equal to or greater than $1,000 to the original purchase price.

In all instances, the $1,000 amount includes all applicable sales taxes.

Records, to be maintained in a book of account, must include the following information:

- Date of disposition;
- The method of disposal;
- Proceeds from fair market value, where applicable, including trade-in value;
- If no fair market value exists, an account for this;
- Original purchase price;
- Date of purchase;
- Province of Ontario’s share of cost;
- Purchaser; and
- Any other such information as is necessary to ensure an adequate audit trail (e.g. purchase orders, invoices, and delivery dockets).

4.1 References to Other Policy Documents and Technical Instructions and Guidelines

For further information, please refer to:

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2 Fair market value means an amount at which, in an open and unrestricted market, a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other would reasonably be expected to exchange a good, service or property.
Agreements –
Long-Term Care Homes Service Accountability Agreement

Policy –
Eligible Expenditures for Long-Term Care Homes

Long-Term Care Homes Level-of-Care Per Diem, Occupancy and Acuity-Adjustment Funding Policy

Technical Instructions and Guidelines3 -
Annual Report Technical Instructions and Guidelines

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3 Report submission instructions and guidelines are issued annually. Consult the applicable document in effect for the period for which the report data is being submitted and reviewed.