



TO: Chair and Members of the Finance & Facilities Committee

FROM: Emily Williams, Chief Executive Officer

DATE: 2022 November 3

Proposed Adjustments to Reserves

Recommendation

It is recommended that the Finance & Facilities Committee recommend that the Board of Health approve contributing \$250,000 to the Technology & Infrastructure Reserve.

Key Points

- The request is to approve a contribution of \$250,000 to the Technology and Infrastructure Reserve using 2022 surplus municipal funds. This transfer to reserve was not budgeted.
- Policy G-250 states that “Any planned contribution and drawdown to the reserves or reserve funds will be included in the annual operating budget approved by the Board of Health”.
- Policy G-250 also states that “Any audited unexpended municipal funds are eligible for transfer to a reserve or reserve fund by resolution of the Board of Health subject to consultation with municipal councils”.

Background (aligned with Policy G-250 Reserve and Reserve Funds)

The **Technology and Infrastructure Reserve** was established to create a funding source for buildings and infrastructure capital projects, new equipment purchases, and capital replacement programs. Use of the reserve is restricted to the following types of purchases:

- Major construction, acquisition, or renovation activities as approved by the Board of Health.
- Major purchases of Information Technology software or hardware.
- Vehicle, furniture and/or equipment replacement.

The current balance of the Reserve is zero with the last balance noted in 2018 of \$1,250,000 which was depleted in 2019.

There is a \$2 million fund limit with maximum annual contributions of \$250,000.

Challenges and Risks

With the current IT infrastructure and number of users, it would be prudent to have funds available for the replacement of laptops and/or cell phones. These items are typically included in the operating budget, but it is getting increasingly difficult to set aside the funds required. A reserve would be beneficial and alleviate the stress related with finding funds to purchase much needed equipment.

Request

The request is to approve a contribution of \$250,000 to the Technology and Infrastructure Reserve using 2022 surplus municipal funds. This transfer to reserve was not budgeted.

Policy Compliance

Policy G-250 states that “Any planned contribution and drawdown to the reserves or reserve funds will be included in the annual operating budget approved by the Board of Health”. The drawdown will meet this requirement, but the contribution will not.

Policy G-250 also states that “Any audited unexpended municipal funds are eligible for transfer to a reserve or reserve fund by resolution of the Board of Health subject to consultation with municipal councils”. With the forecasted 2022 surplus, the contribution will meet this requirement. Staff initiated discussion with respective financial representatives from municipal partners and the establishment of reserves for these purposes was supported.

Related Risks

The Ministry has asked health units to direct surplus from mandatory programs to COVID-19 expenditures. Also, the contributions to reserves were not budgeted. The Ministry may object to the proposed contribution to reserves.

Next Steps

The Finance Team will follow the direction of the Board of Health in establishing reserve funds for the Technology and Infrastructure Reserve.

This report was prepared by the Finance Team, Healthy Organization Division.



Emily Williams BScN, RN, MBA, CHE
Chief Executive Officer