

AGENDA
MIDDLESEX-LONDON BOARD OF HEALTH
Finance and Facilities Committee

50 King Street, London
Middlesex-London Health Unit – Room 3A
Thursday, May 1, 2014 9:00 a.m.

- 1. DISCLOSURE OF CONFLICTS OF INTEREST**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
 - 3.1. Public Session Minutes March 26, 2014
 - 3.2. Confidential Minutes - March 26, 2014
- 4. BUSINESS ARISING FROM MINUTES**
- 5. NEW BUSINESS**
 - 5.1. 2014 Q1 Budget Variance (020-14FFC) – Walk on report
 - 5.2. 2014 BOH Remuneration (021-14FFC)
 - 5.3. Insurance Review Update (022-14FFC)
 - 5.4. New Reserve Funds (023-14FFC)
 - 5.5. Sick Leave Reserve Fund Balance (026-14FFC)
 - 5.6. Financial Policies – Group 1 Review (024-14FFC)
 - 5.7. 2013 Dental Clinic Shortfall (025-14FFC)
- 6. CONFIDENTIAL** – if necessary
- 7. OTHER BUSINESS**
 - 7.1. Change Date of June Meeting (currently conflicts with alPHa AGM and conference)
- 8. ADJOURNMENT**



PUBLIC MINUTES
Finance and Facilities Committee
50 King Street, Room 3A
MIDDLESEX-LONDON BOARD OF HEALTH
2014 March 26 9:00 a.m.

COMMITTEE

MEMBERS PRESENT: Mr. David Bolton
Ms. Trish Fulton (Chair)
Mr. Marcel Meyer
Mr. Stephen Orser
Mr. Ian Peer

OTHERS PRESENT: Dr. Christopher Mackie, Medical Officer of Health & CEO
Mr. John Millson, Director, Finance and Operations
Ms. Sherri Sanders, Executive Assistant to the Board of Health (Recorder)

Ms. Vanessa Bell, Manager, Privacy and Occupational Health & Safety
(Report No. 018-14FFC only)
Ms. Laura DiCesare, Director, Human Resources and Corporate Strategy
Ms. Alison Locker, Epidemiologist (Report No. 016-14FFC only)

MEDIA OUTLETS: none

At 9:00 a.m., Ms. Trish Fulton, Committee Chair, welcomed everyone to the Finance and Facilities Committee (FFC) meeting.

1. DISCLOSURES OF CONFLICT(S) OF INTEREST

Chair Fulton inquired if there were any disclosures of conflict of interest to be declared. None were declared.

2. APPROVAL OF AGENDA

It was moved by Mr. Meyer, seconded by Mr. Bolton *that the Agenda for the March 26, 2014 Finance and Facilities Committee meeting be approved with the addition of Report No. 018-14FFC re Proposal for the Completion of a Workplace Violence Risk Assessment.*

Carried

3. APPROVAL OF MINUTES

It was moved by Mr. Orser, seconded by Mr. Bolton *that the minutes of the February 12, 2014 Finance and Facilities Committee meeting be approved with an amendment made to page #2 under section 5.1. The minutes should read "It was agreed that performance measures should consider outcomes as well as outputs where possible."*

Carried

The minutes were amended on the Health Unit website to reflect this change.

4. BUSINESS ARISING FROM MINUTES

None

5. NEW BUSINESS

5.1 Ministry Funding Announcements – 100% Programs (012-14FFC)

Mr. John Millson, Director, Finance and Operations, reviewed the one-time funding letters received by the Health Unit for the Healthy Child Development Programs from the Ministry of Children and Youth Services (MCYS). He clarified that the one-time funding was provided specifically to purchase consumables and upgrades in equipment. Discussion ensued about the sustainability of the programs if this funding were not provided in the future.

The Committee recommended that the Health Unit send a letter to the appropriate branch within the MCYS thanking them for the one-time funding and explaining that this Health Unit already subsidizes the program with local tax dollars. Therefore, the Middlesex-London Board of Health may have to decide in the future whether it can continue to administer the program on behalf of the seven other health units.

It was moved by Mr. Meyer, seconded by Mr. Orser *that the Finance & Facilities Committee make the following recommendations to the Board of Health:*

- 1) *To receive the one-time funding letters attached as Appendix A to Report No. 012-14FFC as information, and*
- 2) *To increase the operating budget for the Best Beginnings Team by \$28,400 for one year only to be funded 100% by one-time grants from the Ministry of Children and Youth Services, and further*
- 3) *To increase the 2014 operating budget for the Screening, Assessment & Intervention Team for one year only to be funded 100% by a one-time grant from the Ministry of Children and Youth Services.*

Carried

The FFC agreed that it would consider similar one-time funding letters in an aggregate motion at future meetings. If Committee members felt that one or more of the grants needed to be reviewed in more detail, that grant always could be considered on its own with or without a separate motion.

5.2 2014 Ministry Grant Request – One-time Business Case re: Nicotine Replacement Therapy (NRT) (013-14FFC)

Dr. Mackie assisted the Committee with its understanding of this report.

A suggestion was made to charge a nominal fee to those clients seeking NRT who can afford to pay something to encourage them “to invest” in their own smoking cessation efforts. This would also enable a greater number of clients to be able to receive NRT. Dr. Mackie will discuss this suggestion with the Tobacco Control and Chronic Disease Prevention staff.

It was moved by Mr. Peer, seconded by Mr. Bolton *that the Finance & Facilities Committee make recommendation to the Board of Health to authorize the Board Chair to receive the \$27,000 grant if the Ministry of Health and Long-Term Care approves the one-time Business Case for Enhanced Smoking Cessation funding for Nicotine Replacement Treatment, if approved, as presented in Appendix A to Report No. 013-14FFC.*

Carried

5.3 2013 Vendor / Visa Payments (014-14FFC)

Mr. Millson reviewed this report with the Committee. The report follows up on a request at the November 7, 2013 FFC meeting ([Report 015-13C](#)) for more information on corporate credit card use.

A discussion concerning the Health Unit's procurement policies ensued. It was agreed that the Board of Health is required to receive a list of Vendors that received \$100,000 or greater from the Health Unit; however, going forward, the Board does not need to receive a summary of Visa payments. The FFC felt the Visa list could be misleading as it only shows spending paid by Visa and does not show the total spending in each category. The Visa information is available for the Board's review.

It was moved by Mr. Bolton, seconded by Mr. Orser *that the Finance & Facilities Committee make recommendation to the Board of Health to receive Appendix A to Report No. 014-14FFC as information.*

Carried

5.4 Shared Library Services Agreement 2014/15 Funding Year (015-14FFC)

It was moved by Mr. Meyer, seconded by Mr. Bolton *that the Finance & Facilities Committee make recommendation to the Board of Health to:*

- 1) Review the 2014/2015 Transfer Payment Agreement as attached to Report No. 015-14FFC and make recommendation to the Board of Health to authorize the Board Chair to sign the agreement; and further*
- 2) Recommend to the Board of Health to reduce the 2014 operating budget for Human Resources & Labour Relations by \$7,525 to reflect the reduced grant.*

Carried

5.5 FoodNet Canada's Ontario Site – Memorandum of Agreement (016-14FFC)

Ms. Alison Locker, Epidemiologist, and Dr. Mackie assisted Committee members with their understanding of this report. Ms. Locker explained that the program involves purchasing food from large retail sites, independent food markets and butcher shops, for example, and to send the items to a laboratory for testing.

Discussion ensued about what designation the position would require (Public Health Nurse, Public Health Inspector or Epidemiologist) and program sustainability after the three years. Ms. Locker explained that the position description is still being developed, and she will ensure that program evaluation methods are discussed keeping program sustainability in mind.

It was moved by Mr. Peer, seconded by Mr. Bolton:

- 1) That the Board Chair sign the Memorandum of Agreement as attached to Report No. 016-14FFC, and further*
- 2) That the 2014 operating budget be revised to include the 100% funding for the FoodNet Canada program of \$159,383 as outlined in Table 1 of Report No. 016-14FFC.*

Carried

5.6 Financial Policies – Status update (017-14FFC)

It was moved by Mr. Meyer, seconded by Mr. Peer *that the Finance and Facilities Committee that it recommend that the Board of Health receive Report No. 017-14FFC re "Finance Policies Internal Review Process" for information.*

Carried

5.7 Proposal for the Completion of a Workplace Violence Risk Assessment (Report 018-14FFC)

Ms. Vanessa Bell, Manager, Privacy and Occupational Health & Safety, assisted FFC members with their understanding of this report. Ms. Bell explained that once risk has been determined for all Health Unit positions and situations, training will be tailored to the level of risk.

It was moved by Mr. Orser, seconded by Mr. Peer *that the Finance and Facilities Committee (FFC) recommend that the Board of Health receive Report No. 018-14FFC re "Proposal for the Completion of a Workplace Violence Risk Assessment" for information.*

Carried

6. CONFIDENTIAL

At 10:35 p.m., it was moved by Mr. Orser, seconded by Mr. Peer *that the Finance and Facilities Committee move in camera to discuss a proposed or pending acquisition of land by the Middlesex-London Board of Health.*

Carried

At 10:55 p.m., it was moved by Mr. Orser, seconded by Mr. Meyer *that the Finance and Facilities Committee return to a public forum and report that matters were discussed concerning a proposed or pending acquisition of land by the Middlesex-London Board of Health.*

Carried

7. OTHER BUSINESS

Next meeting of the Finance and Facilities Committee is Thursday, May 1, 2014 at 9:00 a.m.

8. ADJOURNMENT

At 11:00 a.m., it was moved by Mr. Orser, seconded by Mr. Bolton that the meeting be adjourned.

Carried

TRISH FULTON
Chair

CHRISTOPHER MACKIE
Secretary-Treasurer



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

BOARD MEMBER COMPENSATION

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health to increase the Board of Health member compensation rate for a half day meeting to \$144.16 retroactively to January 1st, 2014.

Key Points

- The current half day meeting rate for Board members who are eligible to receive remuneration is \$142.03 which was established by the Board of Health on April 18th, 2013.
- On March 25th, 2014 County Council passed a new rate for its members of \$144.16, which represents a 1.5% increase.

Background

Section 49 of the Health Protection & Promotion Act (HPPA) speaks to the composition, term, and remuneration of Board of Health members. Subsections (4), (5), (6), & (11) relate specifically to remuneration and expenses. They are:

Remuneration

(4) A board of health shall pay remuneration to each member of the board of health on a daily basis and all members shall be paid at the same rate. R.S.O. 1990, c. H.7, s. 49 (4).

Expenses

(5) A board of health shall pay the reasonable and actual expenses of each member of the board of health. R.S.O. 1990, c. H.7, s. 49 (5).

Rate of remuneration

(6) The rate of the remuneration paid by a board of health to a member of the board of health shall not exceed the highest rate of remuneration of a member of a standing committee of a municipality within the health unit served by the board of health, but where no remuneration is paid to members of such standing committees the rate shall not exceed the rate fixed by the Minister and the Minister has power to fix the rate. R.S.O. 1990, c. H.7, s. 49 (6).

Member of municipal council

(11) Subsections (4) and (5) do not authorize payment of remuneration or expenses to a member of a board of health, other than the chair, who is a member of the council of a municipality and is paid annual remuneration or expenses, as the case requires, by the municipality. R.S.O. 1990, c. H.7, s. 49 (11).

In relation to Section 49(6), the Board of Health's current meeting rate is \$142.03 and has been in place since January 1, 2013.

2014 Compensation Rate

On March 25, 2014, Middlesex County Council passed its 2014 operating budget which included a per diem half day meeting rate of \$144.16 effective January 1, 2014 (see [Appendix A](#) for the corresponding By-Law). Historically compensation rates passed by Middlesex County Council have been applied for remunerating Board of Health members who are eligible to receive compensation. The new County Council rate represents an increase of \$2.13 or 1.5%. If 2013 meeting costs were used, this would translate into an increase of approximately \$452 for 2014. This increase was not incorporated into the 2014 operating budget, however given its minimal impact, health unit will monitor these costs and incorporate the increase in the 2015 estimates.

In accordance to Section 49(11) of the HPPA, Board members who are City Councilors do not receive an additional stipend for meetings, as it is deemed to be included in their annual remuneration from the City.

Conclusion

In accordance with Section 49 of the Health Protection & Promotion Act and following past practice, it is recommended that the half day per diem meeting rate for eligible Board of Health members be increased to \$144.16 retroactive to January 1, 2014.

This report was prepared by Mr. John Millson, Director of Finance & Operations Services.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health

THE CORPORATION OF THE COUNTY OF MIDDLESEX

BY- LAW

A BY-LAW to provide for remuneration and expenses, including convention expenses, payable to Members of Council.

WHEREAS Section 283 of The Municipal Act, S.O. 2001, c.25, provides that the council of a municipality may pay remuneration and expenses to members of Council and members of any local board of the municipality;

AND WHEREAS Council adopted a recommendation at the Middlesex County Council Budget Meeting on March 11, 2014 that a 1.5% increase be approved for the Members of Middlesex County Council and all Council Appointments for 2014 as follows:

Members of Council

That the annual salary for members of Council shall be:

effective January 1, 2014	\$4,036.53
---------------------------	------------

That the per diem for Council, Committee meetings, attendance at conventions, etc., shall be:

effective January 1, 2014	\$144.16
---------------------------	----------

That the approved per diem will be paid per month in recognition of preparation time.

Conventions

That effective January 1, 2014 the maximum for convention reimbursement, exclusive of registration fees, shall be \$3,000.00.

THEREFORE the Council of the Corporation of the County of Middlesex enacts as follows:

1. That remuneration payable to members of Council for attendance at each Council meeting and attendance at conventions shall be \$144.16 per meeting.
2. That the travelling allowance for attendance at meetings shall be the travelling allowance rates as approved by Council from time to time.
3. That delegates to conventions shall receive expenses as outlined on Schedule A.
4. That members of Council or other persons appointed by Council to serve as members of the following local boards and other bodies shall receive the same remuneration and expenses as members of Council attending Council meetings:

Middlesex County Library Board
 Middlesex-London Board of Health
 Western Fair Board
 County/City Liaison Committee
 Middlesex Accessibility Advisory Committee
 London-Middlesex Joint Waste Management Committee
 London-Middlesex Housing Corporation
 University of Western Ontario
 Middlesex County Woodlands Advisory Committee
 and such other bodies to which Council from time to time appoints representatives.

THE CORPORATION OF THE COUNTY OF MIDDLESEX**BY- LAW #** Page 2

5. Third Party Appointments
Prior to any member of County Council accepting a third party appointment to a Board, Committee, or Standing Committee appointment that requires compensation from the County of Middlesex; the nominee will obtain approval from County Council for the appointment. Outlined in Schedule "B"
6. Council will be required to approve by resolution all appointments that arise during the council term
7. That for special meetings, the following per diems be adopted:
 - a) less than 30 minutes - up to 25% of the per diem
 - b) 30 minutes to 1 ½ hours - 50% of the per diem
 - c) More than 1 ½ hours - 100% of the per diem
8. That the per diem will be paid for members of Council absent from Council meetings due to illness.
9. That, for the purposes of Revenue Canada, one-third of the total of the remuneration, and the amount paid for travel to and from Council meetings, shall be deemed to be the expense allowance for members of Council.
10. That By-law #6470 is hereby repealed effective January 1, 2014.

PASSED IN COUNCIL this 25th day of March, 2014.

Joanne Vanderheyden, Warden

Kathy Bunting, County Clerk

SCHEDULE "A"
TO BY-LAW #
COUNTY OF MIDDLESEX
POLICIES RE: ATTENDANCE AT CONVENTIONS

Expenses payable to Delegates at Conventions.

1. Registration
 The registration fee for two (2) authorized conventions per year.
2. Accommodations / Parking
 Accommodation costs for convention dates including one night prior, and the cost of parking, with the submission of appropriate receipts.
3. Meals
 The cost of meals to a maximum of \$75.00 per day with the submission of appropriate receipts. Expenses without receipts will be paid as a non-accountable expense to the \$75.00 maximum and will be taxable.
4. Per diem
 The approved per diem shall be paid for each ½ day attendance at the convention.
5. Travel
 - a) One per diem for travel before and after conventions over 300 kilometres
 - b) Mileage at the County's approved rate.
 - c) Airfare or train expense with receipts.
6. The maximum convention expenditure per member of Council per year will be \$3,000.00, exclusive of registration costs.
7. Item #6 maximum per year does not apply to the Warden (expenditure within the approved budget).
8. The registration and expenses be paid for the Warden's partner.
9. Member of Council who is a member of the Board of Directors of a municipal association.

The maximum related to attendance at conventions shall be \$6,000.00, exclusive of registration expenses, on the condition that the nomination to the Board was supported by a resolution from Council. (Schedule C)

**SCHEDULE “B”
TO BY-LAW #
COUNTY OF MIDDLESEX
“THIRD PARTY APPOINTMENTS”**

Policy No. LEG – 2.01

SUBJECT: COMMITTEE APPOINTMENTS	DEPARTMENT: COUNTY COUNCIL
ISSUED: June 22, 2010	REVISED:
APPROVED: Middlesex County Council	APPROVED:
DATE: June 8, 2010	DATE:

PURPOSE: To provide direction for the appointment of County Councillors and Middlesex County Library Board Members to external Boards, Committees and Associations.

PROCEDURE:

1. At the beginning of the Council term of office, the CAO will present a report for County Council which lists all of the current and potential appointments for County Council and the Library Board
 - a. The report will invite Councillors and Library Board Members to submit their appointment requests for council approval
2. On a quarterly basis, each appointee will provide Council with a verbal report on the actions and activities of the external Board, Committee or Association they are appointed to.
3. At the conclusion of each Council term of office, Council will establish a committee to make recommendations to council on the maximum budget (per diems, travel, conferences) for each board or committee appointment for the following term of office.
4. All appointments will be concurrent with Council's term of office where applicable.
5. Prior to accepting a Board, Committee, or Standing Committee appointment that requires compensation from the County of Middlesex; the nominee will obtain approval from County Council for the appointment.
6. Council will be required to approve by resolution all appointments that arise during the council term
7. This policy will be effective December 1st, 2010.

**SCHEDULE “C”
TO BY-LAW #
COUNTY OF MIDDLESEX
“BOARD OF DIRECTORS
OF A MUNICIPAL ASSOCIATION”**

The following Councillors are member of a Board of Directors of a Municipal Association for the year 2014:

Councillor Blackmore	Library Board
Councillor Maudsley	South Central Ontario Region (SCOR) Economic Development Corporation
Councillor Hall	South Central Ontario Region (SCOR) Economic Development Corporation and Southwest Economic Alliance (SWEA)
Councillor Reycraft	Federation of Canadian Municipalities, London Middlesex Housing Corporation and Association of Municipalities Ontario (AMO)



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

INSURANCE REVIEW UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No. 022-14FFC, re Insurance Renewal Update for information.

Key Points

- The Middlesex-London Health Unit collaborates with the City of London to obtain insurance and risk management services.
- The cost of insurance includes a premium for insurance and a contribution to the City of London's Self Insurance Reserve Fund.
- Given the timing of the review, moving to a different insurance was not financially feasible for 2014, however staff are investigating the need to contribute to the Self Insurance Reserve Fund for 2014.
- The review of insurance requirements will continue in 2014 and any approved changes will be implemented for the 2015 operating year.

Background

In August 2013, the Finance & Facilities Committee received [Report No. 001-13C](#) re Insurance Coverage for information. The Committee recommended that staff investigate the option to move to a different Broker and bring back a comparison to a future committee meeting.

At the November 7 committee meeting, members were provided an update in regards to the progress of investigating the option to move to a different insurance provider ([Report No. 016-13C](#)). In late December 2013 the Health Unit received information (quote) from Frank Cowan regarding the cost of adequate insurance coverage under Frank Cowan.

At that time, Joy Jackson, Insurance Risk Manager for the City of London notified Mr. John Millson, Director, Finance & Operations, that insurance for the 2014 operating year was being underwritten with OMEX and that it would be unlikely that the Health Unit would be able to discharge itself of most of the insurance costs for 2014. Given this, the Health Unit did not proceed with moving to a different Broker for the 2014 operating year.

Addressing the PBMA Proposal

As part of the 2014 Board of Health budget, proposal # 107 –“General Liability Insurance – New Broker” was approved. The proposal sought to reduce the Health Unit's insurance costs annually by \$28,250 as a result of moving away from the current insurance model provided through the City of London. Table 1 on page 2 of this report provides a history of insurance premiums and self-insurance reserve fund (SIRF) contributions made to the City of London since 2007.

Table 1 – 2007-2014 Summary of Insurance Costs

Year	Premiums	Self-Insurance	Total Premium
2014	\$ 78,830	\$ 29,663	\$ 108,493
2013	63,817	28,250	92,067
2012	57,509	27,633	85,142
2011	44,435	26,317	70,752
2010	44,435	25,064	69,499
2009	33,764	22,785	56,549
2008	16,813	22,673	39,486
2007	14,918	21,650	36,568
Total	\$ 354,521	\$ 204,035	\$ 558,556

Also attached as [Appendix A](#) is a claims history provided by the City which details the claims the Health Unit has made during the same period of time. A total of \$6,443.78 has been paid out from the SIRF for losses claimed by the Health Unit. Given the fact that it is likely the Health Unit will make a change to a different insurance provider, and it has experienced low claims from the SIRF in the recent past, staff intend to approach City of London to reduce or eliminate the planned contribution the City's SIRF for 2014. If successful, this will achieve the savings identified in the 2014 operating budget.

Next Steps

Staff will continue to review the insurance needs of the Health Unit in order to be more prepared in the event the decision is to move to a different Broker. Staff has begun surveying other Ontario Public Health Units to understand what types of insurance policies are used and which Broker they contract with. In early responses, it is noticeable that Frank Cowan Insurance has a strong presence in insuring Boards of Health across the province. A report providing the outcome of the review along with recommendations will be brought to a future Finance & Facilities Committee.

This report was prepared by Mr. John Millson, Director, Finance & Operations.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health

Claims Report By Department Loss Date 2007-01-01 To 2013-11-07

Date: 2013-11-07

Policy Type	Claim Number	Loss Date	Last Name	Cause Description	Paid to Date	Handling Cost Estimated	Estimated Settlement Cost
M.L.H.U.							
ALL RISK PROPERTY	20487	2013-01-30	MIDDLESEX LONDON HEATH UNIT	RAIN/SNOW/SNOWLOAD	4,611.02	0.00	0.00
ALL RISK PROPERTY	19733	2012-01-16	MIDDLESEX LONDON HEATH UNIT	THEFT/BURGLARY	1,275.00	0.00	0.00
ALL RISK PROPERTY	20701	2013-06-23	MIDDLESEX LONDON HEALTH UNIT	THEFT/BURGLARY	0.00	0.00	0.00
AUTO FLEET BLANKE	19958	2012-03-28	ENTERPRISE RENT A CAR	MISCELLANEOUS	557.76	0.00	0.00
AUTO FLEET BLANKE	20989	2013-10-26	MIDDLESEX LONDON HEALTH UNIT	REAR END	0.00	2.00	5,000.00
			MILNER		0.00	0.00	0.00
GENERAL LIABILITY	16972	2008-12-20	GORECKI	food-borne contamination	0.00	0.00	0.00
7 ALL SERVICES					6,443.78	2.00	5,000.00
7 M.L.H.U.					6,443.78	2.00	5,000.00
Incidents	6				6,443.78	2.00	5,000.00



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

NEW RESERVE FUNDS

Recommendation

It is recommended that the Finance & Facilities Committee make the following recommendations to the Board of Health in regards to reserve funds:

- 1) Reaffirm the purpose of the existing Reserve / Reserve Funds attached as Appendix A of Report No. 023-14FFC, and further*
- 2) Approve the establishment of a Technology & Infrastructure Reserve Fund as outlined in Appendix A of Report No. 023-14FFC, and*
- 3) Approve the establishment of a Wage Stability Reserve Fund as outlined in Appendix A of Report No. 023-14FFC.*

Key Points

- As outlined in the Reserve/Reserve Fund Policy, any reserve funds must be established by resolution of the Board of Health.
- As part of the 2014 Board of Health budget, two new reserve funds were introduced, one for an annual contribution of \$250,000 for costs associated with the use of property and periodic IT expenses, and another \$200,000 annually to mitigate specific inflationary pressures.

Background

In accordance to the [Reserve / Reserve Fund Policy](#) that was approved by the Board of Health on May 16, 2013 each reserve fund must be established by a resolution of the Board of Health. At the time of establishment, the purpose of the Reserve Fund, maximum contribution and expected timelines for contributions to and withdrawals from the Reserve Fund is provided.

Attached as Appendix A is a summary of current reserves and reserve funds as well as two new reserve funds introduced in the 2014 Board of Health budget.

New Reserve Funds

Contributions to two new reserve funds were approved in the 2014 Board of Health budget. These were an annual contribution of \$250,000 for costs associated with infrastructure, including the Health Unit's use of property and periodic Information Technology expenses, and another \$200,000 annually for a new reserve fund to mitigate specific inflationary pressures. On page two of this report is a brief description and intended use of the contributions.

Technology & Infrastructure Reserve Fund – NEW

The Infrastructure Reserve is being established to create a funding source for buildings and infrastructure capital projects, new equipment purchases, move costs 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
- Costs associated with major office moves
- Major purchases of Information Technology software or hardware.
- Vehicle or equipment replacement

The maximum contributions to this fund are being proposed at \$2 million, with annual contributions of \$250,000.

Wage Stability Reserve Fund – NEW

The Wage Stability Reserves Fund is required to fund mitigation strategies to maintain or reduce the growth of wages and/or employee benefits.

The maximum contributions to this fund are being proposed at \$600,000, with annual contributions of \$200,000.

Conclusion

As part of the Board approved 2014 budget, the establishment of two new reserve funds is being recommended. The first is an annual contribution of \$250,000 for costs associated with the Board of Health's use of property and periodic IT expenses. The second is an annual contribution of \$200,000 to mitigate specific inflationary pressures.

This report was prepared by Mr. John Millson, Director, Finance & Operations.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health

Middlesex-London Health Unit

Reserve / Reserve Fund Summary

Funding Stabilization Reserve

Purpose:

The Funding Stabilization Reserve Fund is required to ensure the ongoing financial stability and fiscal health of the Board. Generally, the use of these funds falls within these three categories:

- 1) ***Operating and Environmental Emergencies*** – highest priority and are based on public safety and demand nature of the expenditure.
- 2) ***Revenue Stability and Operating Contingency*** - intended to stabilize the impacts of cyclical revenue downturns and operating cost increases that are largely temporary and not within the Health Unit's ability to adjust in the short-term.
- 3) ***Innovation*** – incentive to encourage creativity and innovation, funds maybe be used to explore innovative and creative solutions directed towards making the Health Unit more efficient and effective.

Maximum contribution:

As per policy the total annual contributions to reserves shall be 2% of gross revenues, and the total of reserve shall not exceed 10% of gross revenues found on the annual audited statement of operations.

Expected contributions / withdrawals:

None

Dental Treatment Reserve Fund

Purpose:

The reserve fund was established with proceeds from the sales of assets as a result of closure of the various clinics throughout the City of London as a result in a change in policy from the Ontario Works program. The purpose of the fund are to fund annual deficits (if any) from operations and ultimately for future obligations relating to a closure of the Dental Treatment Clinic.

Maximum contribution:

\$ N/A

Expected contributions/withdrawals:

Annual contributions and withdrawals may be made for annual operating surpluses and deficits. Any balance is intended to partially fund closure costs in the event the Board of Health ceases the Clinic's operations.

Sick Leave Reserve Fund**Purpose:**

The reserve fund was established and contributions made, as a result of the OMERS rate holiday. Employees hired prior to January 1, 1982 are entitled to accumulate and receive payment upon retirement of up to six month's salary of unused sick leave credits. Funds are to be applied to payment of this obligation or liability.

Maximum contribution:

The maximum contributions should equal the value of the estimated liability as per the audited financial statements for the Middlesex-London Health Unit.

Expected contributions / withdrawals:

Annually contributions would be required for increases in the liability due to salary increases and accumulation of additional sick credits for employees with balances less than the maximum payout. Withdrawals occur from time to time when employees retire.

Environmental Reserve – Septic Tank Inspections**Purpose:**

This reserve funds was established to cover possible future settlements of outstanding lawsuits against the Middlesex-London Health Unit due to inspections of septic installations under what is now the Part 8 of the Building Code.

The lawsuits generally relate to the claim of faulty septic tank installations. Often Middlesex-London Health Unit was named in the lawsuit as the Public Health Inspector inspected the installation. Middlesex-London Health Unit has not performed this work since around 1994.

Maximum Contribution:

\$ N/A

Expected contributions / withdrawals:

None

Technology & Infrastructure Reserve Fund – NEW /Draft

Purpose:

The Technology and Infrastructure Reserve is 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 or equipment replacement

Maximum contribution:

\$ 2 million

Expected contributions / withdrawals:

Annual contributions of \$250,000.

Wage Stability Reserve Fund – NEW /Draft

Wage Stability Reserves are required to fund mitigation strategies to maintain or reduce the growth of wages and/or employee benefits.

Maximum contribution:

\$600,000

Expected contributions / withdrawals:

Annual contributions of \$200,000.

TO: Chair and Members of the Finance and Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

FINANCE POLICIES REVIEW: REPORT 1 OF 3

Recommendation

It is recommended that the Finance and Facilities Committee:

- 1. Endorse the Financial Signing Authority policy as appended to Report No. 024-14FFC re: “Finance Policies Review: Report 1 of 3” and recommend that the Board of Health approve this policy; and*
- 2. Receive for information the policies on Moving Expenses, Corporate Credit Cards and Petty Cash as appended to Report No. 024-14FFC re: “Finance Policies Review: Report 1 of 3.”*

Key Points

- The 2013 PwC review recommended MLHU update its finance policies.
- In consultation with PwC, Finance reviewed these policies to ensure they reflect industry best practice.
- Managers and the Senior Leadership Team reviewed these policies to ensure that they are both fiscally responsible and operationally feasible.

Background

Finance and Facilities Committee (FFC) endorsed a process at the March 2014 to address a key recommendation of PricewaterhouseCoopers (PwC) to ensure MLHU’s financial policies and practices align with industry best-practice. The Provincial broader public sector guidelines are used as a benchmark (see [Report No. 017-14FFC](#)) where appropriate. As per the endorsed process, this report, the first of three, summarizes revisions to the following policies: Appendix A

- Financial Signing Authority
- Corporate Credit Cards
- Moving Expenses
- Petty Cash

The Financial Signing Authority policy requires Board of Health approval. Major changes to the policies will be highlighted in a presentation to FFC.

Next Steps

With input from FFC, these policies will go to the Board of Health for review or approval as appropriate. Implementation, including staff and manager training, will occur over Q2 and Q3. Additional finance policies will be brought to the Finance and Facilities Committee for review and endorsement at the June and July meetings.

This report was prepared by Mr. Ross Graham, Manager of Strategic Projects and Mr. John Millson, Director of Finance and Operations.



Christopher Mackie, MD, MHSc
Medical Officer of Health



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: Financial Signing Authority **POLICY NUMBER:** 1-060
SECTION: Governance Page 1 of 3

IMPLEMENTATION: **APPROVAL:** Board of Health
SPONSOR: Director, Finance and **SIGNATURE:**
Operations

PURPOSE

The purpose of this policy is to outline the financial signing authority and responsibilities for those who can approve Health Unit financial transactions, both revenue generating and expenditures, ~~whether related to contracts/agreements~~, purchase orders, expense reports, ~~purchase card~~ credit card statements, mileage claims, petty cash vouchers and all other binding agreements on behalf of the Health Unit.

POLICY

This policy applies to all financial commitments made for Health Unit funds, whether charged to a ~~purchase card~~ credit card, paid by the staff/board member, or paid by a cash advance. This policy also applies to purchase orders/requisitions or contractual agreements entered into. Full time staff, part time staff and the Board Chair (or his/her delegate) are permitted to authorize expenses; contract staff or consultants are not.

Granting Signing Authority

In granting signing authority, the Health Unit is allowing staff to make financial commitments or expenditures on behalf of the organization. Individuals must respect this privilege and abide by this policy or risk having their signing authority revoked or revised. The individual's manager, director or Director of Finance & Operations can report any violations of this policy and recommend appropriate action.

Supporting Documentation

Individuals when committing Health Unit financial resources must do so within the context of the budgets or funding for which they are responsible. It is the responsibility of the individual incurring the expense, as well as the individual authorizing the expense, to ensure all claims are supported by adequate documentation and that the expense is appropriate and in accordance with Health Unit policies. Reimbursements for items of an individual personal-nature are subject to closer scrutiny than regular program expenses.

Approval of Expenses

Approval should only be given when it is confirmed that goods were received in excellent condition and/or services were performed adequately, as stated in the original signed contract and/or purchase order.

Signing Authority Structure

Signing authority is automatically vested in the individual at the next higher level of authority in the direct line of reporting. Under no circumstance is the individual submitting the expense permitted to approve their own expense.

REVISION DATES (* = major revision):

July 20 2000; June 17 2004; February 17 2011; April 19 2012; March 31 2014



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: Financial Signing Authority
SECTION: Governance

POLICY NUMBER: 1-060
 Page 2 of 3

Approval Limits

Total Amount of Expense <u>Per Transaction</u> (in CAD, inclusive of taxes & gratuities)	Submitter	Approver
Category A: \$0-\$1,250	Staff	Manager
	Manager	Director
	Director	MOH
	MOH	Director of <u>Finance</u> <u>FOS</u>
Category B: \$1,251-\$10,000	Manager	Director
	Director	MOH
	MOH	Director of <u>FOS</u> <u>Finance</u>
Category C: \$10,001-\$50,000	Director	MOH
	MOH	Director of <u>FOS</u> <u>Finance</u>
Category D: >\$50,000	MOH	Chair, BOH
Category E: Moving expense pre-approval >\$2,000* <u>-(+)</u>	Staff	MOH

**After the moving expenses have been incurred, and are submitted for reimbursement, then categories A-D apply.*

Similar and Related Transactions

Similar and related transactions that would normally be processed concurrently must not be split in order to avoid signing authority levels.

Delegation of Approval Authority

Delegation of approval is permitted during temporary absences of an approver. The delegate must be of an equivalent or higher managerial rank to the approver they are replacing. The approver cannot sign his or her own expenses. The absence of the approver should be noted beside the delegate's signature. The person that has been delegated signing authority will remain ultimately responsible, and cannot further delegate the responsibility.

Under no circumstances should an individual allow (or ask) one of their staff to submit an expense that they would subsequently approve as a way of getting around the approval levels outlined in this policy.

Signatures

A list of names, titles and signatures for the Chair, Board of Health, the Medical Officer of Health, all Directors and all Managers will be maintained by the Finance Department. This complies with Board of Health Bylaws.

REVISION DATES (* = major revision):

July 20 2000; June 17 2004; February 17 2011; April 19 2012; March 31 2014



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: Financial Signing Authority
SECTION: Governance

POLICY NUMBER: 1-060
Page 3 of 3

Controlled digital signatures are permitted when approved by the Finance Department, typically in situations where a workflow process requires electronic signature for document processing/approvals. The approval is based on the network login id. Network logon ids should never be shared between employees.

DEFINITIONS

Adequate Documentation: itemized receipt (original preferred) including total cost of purchase, where possible.

Formatted: Font: Not Bold

Individual/Personal items: mileage, travel, accommodation, meals, staff education, purchases at conferences (books, DVDs, etc).

Contract: Any written or verbal agreement, contract, letter of intent, memorandum of understanding or memorandum of agreement, the provisions of which are binding upon the HU.

Purchasing Contract: Any purchase agreement, blanket order, Contract or purchase order for the acquisition by purchase, lease-back or rental of moveable effects including goods, supplies, equipment and services (including professional consulting services) for any HU purpose .

Expense Reimbursement: A claim by an employee or board member to recoup for the outlay of personal funds, in procuring goods and/or services needed to conduct the business of the Health Unit. Supporting documentation must be attached.

Approval Authority: Identifies the individual(s) who can bind the organization for financial commitments and to what dollar amount. It can refer to purchase orders, ~~purchase card~~credit card expenses, contracts or any other transactions where the Health Unit is financially liable.

Delegate: A person of an equivalent or higher managerial rank who is designated to act for or represent another person

REFERENCES

Corporate Policies: Use of Personal Vehicle (Policy #4-090), Corporate Expense (Policy #4-030), Moving Expenses (Policy #4-110)

REVISION DATES (* = major revision):

July 20 2000; June 17 2004; February 17 2011; April 19 2012; March 31 2014



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT:	Corporate <u>Corporate-Credit</u> Purchase Cards	POLICY NUMBER:	4-130
SECTION:	Financial Management	PAGE:	1 of 3
IMPLEMENTATION:		APPROVAL:	<u>Senior Leadership Team</u> <u>Board of Health</u>
SPONSOR:	Director of Finance & Operations	SIGNATURE:	

PURPOSE

This policy sets out the governance of issuing ~~purchase card~~ Credit Cards to employees. It ensures that controls are in place to safeguard the Health Unit's assets, particularly to minimize the risk of fraudulent or inappropriate activity.

POLICY

Card Eligibility

The ~~purchase card~~ Credit Card is not an entitlement nor reflective of title, position or seniority. The Health Unit will issue ~~purchase card~~ Credit Cards to employees where their role involves a purchasing activity. The employee's immediate supervisor can approve the request for a ~~purchase card~~ Credit Card. The Health Unit is billed directly for all ~~purchase card~~ Credit Card purchases, and pays the full balance on a monthly basis. There is no financial burden on the employee.

Restrictions on Use of Card

Use of the card is restricted to the purchase of goods or services required to carry on the business of the Health Unit as per the Corporate Expense Policy. Under no circumstances can the card be used for purchases of a personal nature or for any of the following items:

- Personal ~~or private use~~ travel or purchases
- Financial instruments of any kind (e.g., money orders or bank drafts)
- Pre-payments or down payments
- Temporary help employees
- ~~Hazardous material~~
- Maintenance contracts
- ~~Purchase of a~~ Alcohol
- ~~Non-MLHU use~~
- Collection of points on a personal loyalty card
- ~~Education and long-term vs 1-day course~~
- Training
- ~~Furniture~~
- ~~Meals where non-compliance with food policies re healthy eating and expense~~
- ~~Service contracts where insurance and workers compensation apply~~

Transaction Limits

The ~~per~~ transaction amount allowed is governed by the Signing Authority Policy and the monthly allowable spend is as follows: staff \$5,000, director \$7,500, Medical Officer of Health

REVISION DATES (* = major revision): March 2 2005, April 15* 2009, March 31 2014

Formatted: Font: Bold, Underline

Formatted: Not Highlight



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: ~~Corporate~~ ~~Corporate-Credit~~ ~~Purchase~~ Cards **POLICY NUMBER:** 4-130
SECTION: Financial Management **PAGE:** 2 of 3

\$XXXX???, Any exceptions to the transaction or monthly limits is to be approved by the Director of Finance. Single transactions must comply with the Signing Authority Policy and purchases must not be split in order to avoid the per transaction limit. **Where multiple staff are involved, the highest ranking person's credit card should be used for project or event purchases.**

Formatted: Highlight

Formatted: Highlight

Expense Per Month Limit <i>(in CAD, inclusive of taxes & gratuities)</i>	Personnel
<u>Category A:</u> \$5,000	<u>Staff & Managers</u>
<u>Category B:</u> \$7,500	<u>Directors</u>
<u>Category C:</u> \$XXXX	<u>MOH</u>

Formatted Table

Formatted: Font: Not Bold

Formatted: Right: 0.53 cm

Formatted: Right: 0.53 cm

Formatted: Right: 0.53 cm

Formatted: Highlight

Violations of Card Use

Compliance with Cardholder Agreement

The Health Unit has entrusted its employees with a corporate asset and views inappropriate use as a serious matter. Cardholders must act with strict prudence and professionalism. By signing the Cardholder Agreement (refer to Appendix A), employees agree to abide by the conditions set out. Employees also must ensure that the card is not shared, the PIN is not disclosed and the card is kept safe and secure at all times.

Account Audits

To ensure integrity of the ~~Purchase Card~~Credit Card Program and to validate appropriate use of the cards at the Health Unit, the Manager of Procurement and Operations/Designate may at any time conduct random audits. ~~Willful-Intentional~~ misuse of the card will subject the employee to dismissal and criminal prosecution. If audit findings indicate that administrative policy objectives and regulations have not been met, recommendations by improvements the Manager of Procurement and Operations may ~~be suggested~~ changes to ~~for~~ the ~~Purchase Card~~Credit Card Program.

The following violations of the Cardholder Agreement can initiate ~~cause~~ an audit process ~~to begin and~~which may result in revoking the card:

- Card used to purchase restricted or personal goods and services
- Repeated late submission of expense reports for approval
- Repeated instances of missing documentation
- Repeated unauthorized splitting of transactions to purchase items which exceed transaction limit
- Failure to report a lost or stolen card

In the event of a violation of card use, card limits (either per transaction or monthly) can be revised, on an individual basis, by either the employee's Manager or Director, or by the Director of Finance.

REVISION DATES (* = major revision): March 2 2005, April 15* 2009, March 31 2014



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: ~~Corporate~~ ~~Corporate-Credit~~ ~~Purchase~~ Cards **POLICY NUMBER:** 4-130
SECTION: Financial Management **PAGE:** 3 of 3

DEFINITIONS

Adequate Documentation: itemized receipt (original preferred) including total cost of purchase, where possible.

Purchase-Card **Credit Card:** A card that can be used by a cardholder and accepted by a merchant to make a payment for a purchase or in payment of some other obligation.

Money Order/Bank Drafts: A type of cheque where the funds are guaranteed, as the funds are taken directly from the financial institution.

PIN: Personal Identification Number.

REFERENCES

Corporate Expense: Signing Authority (Policy #1-060)

SUBJECT:	Moving Expenses	POLICY NUMBER:	4-110
SECTION:	Financial Management	PAGE:	1 of 3
IMPLEMENTATION:		APPROVAL:	Board of Health
SPONSOR:	Director of Finance & Operations	SIGNATURE:	

PURPOSE

This policy outlines the reimbursement of certain expenses associated with the relocation of employees and their families, as part of the Health Unit's commitment to attracting and retaining the most qualified candidates. The intent is to relocate an employee in the most efficient fashion, at the most reasonable cost.

POLICY

This Policy applies to all regular full-time employees who have accepted a new position with the Health Unit. This policy excludes temporary, contract or consulting personnel, or employees employed in an "acting" role. Additionally, an employee who moves more than 3 months after starting employment with the Health Unit is not considered to be a new employee, and therefore is not eligible for reimbursement under this policy.

Approval of Moving Expenses

Approval to reimburse an employee for moving expenses in order to relocate to the London area will be made in conjunction with the Employment Contract. The maximum amount that can be reimbursed is \$2,000, unless otherwise approved by the Medical Officer of Health. Once the expenses are incurred, the actual reimbursement of expenses will follow the Signing Authority Policy.

The following factors will be considered when approving the reimbursement, as well as the actual amount of the reimbursement:

- Health Unit's need for qualified staff in the new employee's occupation/profession
- Availability of suitable full time candidates
- Distance being moved (must be greater than 100 kilometres)
- Number of family members moving with the employee and the amount of their belongings
- Availability of funds to provide such assistance

The approval is made on the condition that the employee commits to employment with the Health Unit for at least 18 months. If the employee terminates employment before 18 months have passed, the employee will repay the full amount of the reimbursement to the Health Unit.

Eligible Moving Expenses

Reimbursement will be for expenses that fall within Revenue Canada's guidelines for non-taxable benefits, and are limited to:

- Transportation

REVISION DATES (* = major revision): December 14 2004, December 15 2005, October 30 2008, April 1 2009, March 31 2014



MIDDLESEX-LONDON HEALTH UNIT

ADMINISTRATION MANUAL

SUBJECT: Moving Expenses **POLICY NUMBER:** 4-110
SECTION: Financial Management **PAGE:** 3 of 3

Corporate Policies: Signing Authority (Policy #1-060)

Rescinded

REVISION DATES (* = major revision): December 14 2004, December 15 2005, October 30 2008, April 1 2009, March 31 2014

ADMINISTRATION MANUAL

SUBJECT: Petty Cash **POLICY NUMBER:** 4-040
SECTION: Financial Management **PAGE:** 2 of #

For audit purposes, all financial records and back up documentation must be maintained for the required amount of time (refer to Records Retention Policy).

Non-Reimbursable Petty Cash Expenses

Items for which petty cash should not be used:

- Travel-related expenses (incl. taxi fare) – Refer to policy 4-90 Travel Reimbursement
- ~~Meals or entertainment~~
- and Meal allowance – Refer to policy X-XX
- ~~Cab Fare~~
- Parking – Refer to policy 3-020 Parking
- Course registration – Refer to policy 5-060 Continuing Education
- Food for meetings

DEFINITIONS

Petty Cash Voucher: A petty cash voucher is a standard form that is used to document the details of product or service acquired with petty cash funds.

Reconciliation: Is an accounting process that compares two sets of records so as to ensure that the figures on them are in agreement and accurate.

Reconciliation Report: When petty cash does not balance, a reconciliation report will be generated and sent to Finance.

REFERENCES

Corporate Policies: Records Retention (Policy #)



TO: Chair and Members of the Finance and Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

DENTAL CLINIC 2013 FINANCIAL SHORTFALL

Recommendation

It is recommended that that Report No. 025-14FFC re Dental Clinic 2013 Financial Shortfall be received for information.

Key Points

- In 2012, the Dental Clinic experienced an adjusted financial shortfall of \$30,361.60. Mitigating strategies were identified and put in place in Q4, in an effort to reduce the anticipated shortfall for 2013.
- The 2013 shortfall in the Dental Clinic of \$20,070.87 was a result of increases in staffing costs, and a reduction in revenue from Ontario Works claims.
- It is anticipated that the clinic may again experience a budget shortfall in 2014. Mitigating strategies employed in late 2013 will be employed throughout 2014, and further strategies are being considered. As a result, it is expected the financial shortfall will be further minimized.

Background

The Health Unit has operated the Dental Clinic at its 50 King Street office since 1986. The clinic has four dental chairs and provides a full range of dental treatment (e.g., examinations including X-rays, fillings and extractions) and preventive services (e.g., cleanings, sealants and fluoride treatments). The Dental Clinic is staffed full-time by 1.0 Dentist and 2.0 certified Dental Assistants. The Dental Clinic serves an average of 450 new clients and over 600 returning clients every year.

The Dental Clinic primarily serves clients 0 – 17 years of age who are covered by publicly-funded dental programs which include Ontario Works (OW), Children in Need of Treatment (CINOT), Ontario Disability Support Program (ODSP) and Healthy Smiles Ontario (HSO). As well, Dental Hygienists offer adults on OW and parents of children on the HSO program limited preventive services for a nominal fee of \$20. This program, known as SmileClean, serves as an additional source of revenue for the clinic.

The Dental Clinic incurred an adjusted shortfall of \$30,361.60 in 2012 and this was brought to the attention of the Board through Report 007-13C re [Dental Clinic 2012 Financial Shortfall](#), in September 2013. It was noted in the report that a shortfall was anticipated for 2013, and the Board of Health asked staff to explore options that would minimize this expected shortfall.

Mitigating Strategies

In the last quarter of 2013, staff implemented a number of mitigating strategies to reduce the anticipated shortfall:

1. Revised the materials and supplies procurement process.
2. Shifted some service provision from the Dentist to the Registered Dental Hygienists.
3. Educated the Case Managers at the City of London OW department about MLHU dental services, and advocated for increased referrals.

4. Advocated for a re-allocation of funds from the HSO program to increase the percentage of the Dentist and Dental Assistants wages covered by this program. This is important as the number of HSO clients who utilise the clinic has continued to grow.
5. Increased the fee for providing SmileClean services to HSO and OW clients.

These mitigating strategies implemented in Q4 did seem to have an impact, as the shortfall seen in 2013 was significantly less than the 2012 shortfall.

Deficit Situation

As anticipated, The Dental Clinic incurred a shortfall in 2013 of \$20,070.87. This reflects a one-third reduction in shortfall from the previous year. Table 1 in Appendix A provides an overview of the Dental Clinic revenue and expenditures for the past four operating years. Table 1 also illustrates that the shortfall is as a result of increases in personnel costs (a 7.4% increase from the previous year), and a slight reduction in revenue generated (a 0.4% reduction). On further review, the drop in revenue is a combination of fewer OW claims (2.4% reduction) which is partly offset by increases in revenue from the CINOT Program (3.4% increase) and the funds received for wages from the HSO program.

It is anticipated that the budget pressures being experienced by the Dental Clinic will continue for 2014 due to further increases in operating costs, and in particular, personnel costs. However, with further measures being explored, and 2013 mitigating strategies implemented for the entire year rather than just one quarter, it is anticipated that the shortfall for 2014 will be further minimized.

Some of the additional measures being explored include:

1. Increasing the number of OW and CINOT clients using the Dental Clinic in order to increase the revenue from these programs;
2. Having additional services provided by Dental Hygienists rather than the Dentist.

It is also important to note that the impact of the anticipated changes to the HSO programs on the clinic deficit is currently unclear.

Conclusion

Staff will continue to explore options to minimize or eliminate the deficit for 2014. Staff will report back to the Board of Health with semi-annual Dental Clinic financial reports. Additional options will be considered if the shortfall cannot be successfully managed with the strategies described above.

This report was prepared by Dr. Chimere Okoronkwo, Manager, Oral Health Team; Ms. Heather Lokko, Acting Director, Oral Health, Communicable Disease and Sexual Health Services; Dr. Maria van Harten, Dental Consultant; and Mr. John Millson, Director, Finance and Operations.



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health and CEO

This report addresses the following requirement(s) of the Ontario Public Health Standards: Child Health

Appendix A

TABLE 1 – Middlesex-London Health Unit – 2010-2013 Dental Clinic Revenue/Expenditures

Line Items		2010	2011	2012	2013	Percent change between 2012 and 2013
Revenue	User Fees	\$182,554.65	\$183,704.50	\$148,855.32	\$145,349.02	-2.4%
	Other revenue	\$62,819.31	\$56,830.28	\$75,237.36	\$77,794.25	3.4%
	Total Revenue	\$245,373.96	\$240,534.78	\$224,092.68	\$223,143.27	-0.4%
Expenses	Personnel Costs*	\$228,561.16	\$184,338.89	\$209,077.08	\$224,480.05	7.4%
	Admin. Expenses	\$2,041.06	\$2,604.32	\$2,800.00	\$1,829.75	-34.7%
	Materials & Supplies	\$27,162.39	\$31,133.00	\$36,967.73	\$14,656.73	-60.4%
	Purchased Services	\$4,889.86	\$4,802.42	\$3,097.07	\$806.33	-74.0%
	Furniture & Equipment**	\$1,740.41	\$461.79	\$12,727.68	\$1,441.28	-88.7%
	Total Expenses	\$264,394.88	\$223,340.42	\$264,669.56	\$243,214.14	-8.1%
Surplus/(deficit)		(\$19,020.92)	\$17,194.36	(\$40,576.88)	(\$20,070.87)	-50.5%

* The 2011, 2012, and 2013 personnel costs represent only 85% of the total personnel costs for the Dentist and two Dental Assistants who staff the Dental Clinic, as 15% is covered by the Healthy Smiles Ontario (HSO) program.

** It was determined, in 2012, that \$10,215.28 was erroneously allotted to this line item instead of the Healthy Smiles Ontario (HSO) program.



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 May 1

SICK LEAVE RESERVE FUND BALANCE

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health to transfer \$110,000 from the Sick Leave Reserve Fund to the Funding Stabilization Reserve for reasons described in Report No. 000-14FFC "Sick Leave Reserve Fund Balance".

Key Points

- The Sick Leave Reserve Fund was set up with municipal funds to pay for unused sick leave benefits for eligible employees hired prior to January 1, 1982.
- The number of sick days and the employee's income are two variables that can change the amount of the liability prior to a payout.
- The value of the reserve fund is higher than the liability by \$127,339 as of the end of 2013.

Background

The Sick Leave Reserve Fund was set up using municipal funds when Ontario Municipal Employee Retirement Savings (OMERS) experienced a rate holiday. Unused sick leave can accumulate and employees may become entitled to a cash payment of up to a maximum of 6 months salary when they leave the Middlesex-London Health Unit's employment. This plan applies to employees hired prior to January 1, 1982. Currently there are 7 employees eligible for payment under this plan, with a current obligation of \$179,975. The reserve fund balance is \$307,314, which is \$127,339 more than required for the liability. This difference accumulated over the years when the Ministry paid their share of the sick leave payouts. Since 2009, the Ministry's grant has been insufficient to fund its portion of the Mandatory Programs and therefore has not contributed to the payment of these benefits.

Reserve Fund Policy

In May 2013, the Board of Health approved Policy 4-015, "[Reserve/Reserve Fund Policy](#)". The policy governs the establishment, maintenance, and use of Reserves and Reserve Funds. According to the new policy, the maximum contributions to a reserve fund shall be the amount required to fulfil the specific requirement or obligation. The value of the requirement is calculated at the end of each operating year and is disclosed in the Health Unit's financial statements. For the sick leave liability, the value may change from year to year depending on the # of sick days each employee has, the change in wage rates, and of course if there are any retirements for the year.

The Sick Leave Reserve Fund is currently over funded by roughly \$127,339. It is anticipated that the reserve fund will only be required for another 5 years or so, as by then, all eligible employees are expected to have retired into OMERS.

Conclusion

Given the Sick Leave Reserve Fund is currently over funded and the new policy states that reserve funds should have a maximum contribution of the amount required to meet the specific obligation, it is recommended to transfer \$110,000 out of the Sick Leave Reserve Fund and into the Funding Stabilization Reserve. The Funding Stabilization Reserve is a general contingency reserve and according to policy is subject to a maximum cumulative contribution of 10% gross Health Unit revenues. If approved this will leave \$197,314 in the Sick Leave Reserve Fund which is more in-line with the future requirements.

Mr. John Millson, Director, Finance & Operations, will be in attendance at the May 1st meeting to answer any questions the Committee members may have.

This report was prepared by Mr. John Millson, Director, Finance & Operations.

A handwritten signature in black ink, appearing to read 'C. Mackie', is positioned above the printed name and title.

Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health