



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2014 September 4

---

## SECOND QUARTER FINANCIAL UPDATE

### ***Recommendation***

*It is recommended that the Finance & Facilities Committee receive Report No. 030-14FFC re Second Quarter Financial Update for information.*

### **Key Points**

- The 2014 approved budget includes an anticipated 2% (\$308,024) increase in Mandatory Programs funding from the Ministry of Health and Long-Term Care.
- Overall the Health Unit is expected to achieve a breakeven position by the end of the year.
- Impact of factors such as ONA negotiations and level of provincial funding remain uncertain.

### **Background**

The 2014 operating budget was approved by the Board of Health on February 26<sup>th</sup>, 2014 (Report No. 015-14). The approved operating budget anticipates an additional 2% (\$308,024) increase in the Mandatory Programs funding from the Ministry of Health and Long-Term Care (MOHLTC).

### **Financial Review to June 30th**

The 2014 Budget Variance Summary is attached as [Appendix A](#). The summary provides actual and budgeted expenditures for the first six months and provides management's best estimates (see pages 3-8 for comments) to the end of the operating year.

On August 19<sup>th</sup>, the Senior Leadership Team met to review financial results for the first six months and to discuss year end projections. Overall the Health Unit is expected to meet its financial plans by year end. In other words, programs are expected to achieve a breakeven position. Thus far, managed gapping and other program surpluses across the organization are matching budget projections. These will offset Board approved contributions to reserve funds of \$450,000, and one-time Program Budget Marginal Analysis (PBMA) proposals totaling \$235,163. Table 1 below provides a list of pressures that remain unfunded as yet. If further surplus is identified, these will be funded from the 2014 budget allocation. Otherwise, the Board of Health will be consulted about options for funding these items, or they will be deferred.

**Table 1 – Potential Re-Investments**

| Description  | Amount            |
|--|-------------------|
| 1) CUPE signing bonus  | \$ 115,000        |
| 2) Agency-wide communications campaign                       | 10,000            |
| 3) Clinical review costs                                     | 13,000            |
| 4) Smoke Free Ontario – prosecution costs                    | 10,000            |
| 5) Enhanced access to community data                         | 12,000            |
| 6) Production of School Health Walls                         | 4,000             |
| 7) Triple P SharePoint modifications                         | 3,000             |
| 8) Updating FHS program manuals                              | 9,000             |
| 9) Crucial Conversations – master training                   | 5,500             |
| 10) AON Hewitt – predictive modeling for wellness initiative | 10,000            |
| 11) Climate change – final report                            | 5,000             |
| <b>Total Potential Re-Investments</b>                        | <b>\$ 196,500</b> |

### Factors That May Impact Estimates

Two major sources of uncertainty remain which may negatively impact these estimates. First, the MOHLTC has not yet approved its grant allocations for 2014. The 2014 operating budget includes a 2% (\$308,024) increase in the Mandatory Programs grant. It is anticipated that funding will be announced by mid-October. Secondly, the Ontario Nurses Association (ONA) collective bargaining process has not been completed.

### Conclusion

Health Unit staff performed a financial analysis to the end of June and have provided estimates to the end of the year. Based on this analysis it is expected that the Health Unit will complete the year with a break-even position. However, uncertainty remains with the outcome of collective bargaining with ONA and the level of provincial funding the Board will receive for 2014.

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



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