



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2016 November 3

Q3 FINANCIAL UPDATE & FACTUAL CERTIFICATE

Recommendation

It is recommended that the Finance & Facilities Committee review and recommend to the Board of Health to receive Report No. 042-16FFC re: “Q3 Financial Update & Factual Certificate” and appendices for information.

Key Points

- The Ministry of Health and Long-Term Care (MOHLTC) approved the Mandatory & Related Program grants September 23, 2016
- Mandatory Programs will receive an increase of 1.57% for 2016. Taking into account the HSO integration of dental programs, this is \$9,087 more than the assumption used the 2016 budget.
- The MOHLTC’s in-year one-time funding process has not been identified, and the Health Unit has two (2) proposals that warrant additional funding by the MOHLTC.
- The Health Unit is expecting to end the operating year in a break-even or modest surplus position.

Background

The 2016 operating budget was approved by the Board of Health on February 19, 2016 ([Report No. 008-16](#)).

On September 23, 2016 the Health Unit received details of the MOHLTC grants ([Report No. 036-16FFC](#)). Mandatory Programs will receive an increase of 1.57% for 2016. Taking into account the HSO integration of dental programs, this is \$9,087 more than the assumption used in the 2016 budget. In addition, the MOHLTC approved \$225,100 in one-time funding for four initiatives; two relate to the implementation of the Electronic Cigarettes Act, one for purchase of additional Nicotine Replacement Therapy products, and one is for the continued implementation of Panorama.

Q3 Financial Highlights

Attached as [Appendix A](#) is the Budget Variance Summary which provides actual and budgeted net expenditures for the nine months ending September 30, and provides management’s projections to the end of the operating year.

Table 1 below provides a comparison by division of the updated year end variance forecasts. The estimates have increased as expected due to additional favourable variances across divisions.

Table 1 – Anticipated Quarterly Variances by Division

Division	Quarter 1	Quarter 2	Quarter 3	Change
Environmental Health & Infectious Disease	\$ 60,743	\$ 114,045	\$ 177,672	\$ 63,627
Healthy Living	117,295	102,498	255,196	152,698
Healthy Start	73,748	127,411	285,451	158,040
Office of the Medical Officer of Health	-	-	-	-
Corporate Services	25,984	68,644	96,644	28,000
Foundational Standards	35,300	35,300	34,800	500
General Expenses & Revenues	(49,800)	(89,800)	(34,913)	54,887

Total anticipated variances before agency gapping budget	\$ 263,270	\$ 358,098	\$ 814,850	\$ 456,782
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The \$456,782 increase in the variance over the second quarter is mainly due to the following:

\$ 372,849	1) Additional position vacancies across all programs.
21,000	2) Reduced cost of contraceptives
39,500	3) Needle Exchange contract savings due to late implementation of PBMA investment
8,000	4) Living wage – contracts renegotiated and costs for 2016 are now known
9,087	5) Additional MOHLTC grant – over what was planned
15,000	6) Board Expenses – due to vacancies
53,008	7) Other program costs across all divisions (Program supplies and travel related)
85,000	8) Employer Paid Benefits (ASO) based on cost of claims to date.
6,738	9) Lower than anticipated deficit in the Dental Clinic
(30,000)	10) Multi-drug resistant TB Outbreak in a healthcare worker
(19,000)	11) Immunization related to Syrian Newcomers
(8,000)	12) Health Promotion Campaign – focused on soft drinks
(39,400)	13) Various training initiatives (Indigenous Cultural Competency training, and Crucial Conversations)
(57,000)	14) Occupancy costs – Utilities, Maintenance, etc. including \$10,200 repairs for Strathroy Office, and \$1,800 for repairs in the Dental Clinic
\$ 456,782	Total net increase from Q2 reported variance

Overall, the net favourable variance has increased to \$814,850 from \$358,098 as reported in the Q2 financial update and will more than satisfy the annual expected gapping budget of \$789,938. Taking the above into account it is expected that the Health Unit will end the 2016 operating year in a break-even or modest surplus position. This projection may increase if the Health Unit is able to make in-year one-time funding requests to the MOHLTC.

MOHLTC In-year One-time Funding Requests

Typically as part of the third quarter financial update provided to the MOHLTC, there is a process to request in-year one-time funding for extraordinary costs which may have occurred during the year after the grant submissions have been made. This year the Health Unit would like to make two such requests. The first is for approximately \$19,000 in additional costs associated with immunizing Syrian Newcomers. The second request is for approximately \$30,000 relating to the outbreak management of a multi drug resistant TB case in a local healthcare worker. If these two requests are funded this will increase the forecasted surplus by \$49,000.

Factual Certificate

Attached as [Appendix B](#) is a signed factual certificate. This certificate is signed by senior administrators of the Health Unit responsible for ensuring certain key financial and risk management functions are being performed to the best of their knowledge. The certificate is revised as appropriate on a quarterly basis and submitted with each financial update.

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



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