



TO: Chair and Members of the Finance & Facilities Committee

FROM: Dr. Christopher Mackie, Medical Officer of Health

DATE: 2017 November 2

Q3 FINANCIAL UPDATE AND FACTUAL CERTIFICATE

Recommendation

It is recommended that the Finance & Facilities Committee review and recommend to the Board of Health to receive Report No. 038-17FFC re: Q3 Financial Update and Factual Certificate for information.

Key Points

- The 2017 approved budget assumes a 1.5% (\$241,968) increase in Mandatory Programs funding from the Ministry of Health and Long-Term Care (MOHLTC).
- The annual grant request was submitted to the MOHLTC on March 1, 2017, and included one-time funding requests totaling \$141,361.
- On June 20, 2017, the Health Unit had been approved for base funding of \$250,000 to support local opioid response initiatives (see Report No. 038-17).
- Ministry grant approvals are expected in the near future (Q4).
- The Health Unit is expecting to end the operating year in a surplus position.
- Included in the financial update is a signed factual certificate, which provides assurance that financial and risk management functions are being performed.

Background

The Board of Health approved MLHU's 2017 operating budget on February 16, 2017 ([Report No. 007-17FFC](#)). The approved budget includes a \$250,000 contribution to the Technology and Infrastructure Reserve Fund and assumes a 1.5% (\$241,968) increase in Mandatory Programs funding from the Ministry of Health and Long-Term Care (MOHLTC). Also, in the same grant submission, one-time funding of \$141,361 was requested for two PHI practicum placements, compliance with the Healthy Menu Choices Act, a new vaccine fridge, expansion of the HPV vaccine program and nicotine replacement therapy initiatives.

2017 Growth Funding for Mandatory Programs

The Province has not yet provided funding approvals for the 2017 program-based budget grants. As a follow-up to the funding announcement received on June 20, 2017, regarding the \$250,000 in base funding to support local opioid response initiatives, Assistant Deputy Minister Roselle Martino stated that all health units should plan for status quo, or no change in program funding from 2016. The impact of 0% for growth funding for Mandatory Programs would be a reduction in expected grants of \$241,968 in 2017.

The 2017 budget included reallocating \$275,000 to respond to HIV prevention and control. For 2017, the \$250,000 additional base funding announced on June 20 could be directed to the same initiative, thereby ameliorating the 0% change in Mandatory Program funding for 2017.

Q3 Financial Highlights

The Budget Variance Summary, which provides budgeted and actual expenditures for the first nine months and projections to the end of the operating year for the programs and services governed by the Board of Health, is attached as [Appendix A](#).

Table 1, below, provides a comparison by division of the updated year-end variance forecasts. In addition to the information provided in the Q2 Financial Update (Report No. 042-17FFC), the estimates have increased due to additional favourable variances across divisions. There will be fifteen staff retiring in 2017, along with an increase in the number (eighteen) of pregnancy/parental leaves, which has contributed to a higher position vacancy rate than in previous years.

Table 1 – Anticipated Quarterly Variances by Division

Division	Quarter 1	Quarter 2	Quarter 3	Change
Environmental Health & Infectious Disease	\$ 155,014	\$ 211,126	\$ 203,899	\$ (7,227)
Healthy Living	16,410	188,549	392,125	203,576
Healthy Start	35,000	89,999	259,436	169,437
Office of the CNO & SDOH	-	-	11,000	11,000
Office of the Medical Officer of Health	-	-	16,595	16,595
Corporate Services	28,777	130,456	183,138	52,682
Foundational Standards	31,300	16,010	17,610	1,600
General Expenses & Revenues	30,000	30,000	197,800	167,800
Total Anticipated Variances Before Agency Gapping Budget	\$ 296,501	\$ 666,140	\$ 1,281,603	\$ 615,463

Reasons for the \$615,463 increase:

\$ 416,660	1) More position vacancies across all programs
65,663	2) Other program costs (travel, program resources, cell phones, training)
(21,860)	3) Lower revenue from contraceptive sales
(10,000)	4) Reduction in MOHLTC revenue for MOH/AMOH compensation
45,000	5) Employer Paid Benefits (ASO) based on claims to date, plus other benefits
125,000	6) Outside consulting and legal services requirements lower than anticipated
(17,000)	7) More Supplemental Unemployment Benefits
8,000	8) Lower BOH travel and education expenses
4,000	9) Preconception health promotion campaign put on hold
\$615,463	Total net increase from Q2 reported variance

Additional initiatives considered in Q4:

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| \$ 10,000 | 1) Purchase of survey software |
| 30,000 | 2) Various training initiatives (Indigenous Cultural Training, Crucial Conversations) |
| 20,000 | 3) Training for managers and union members (Managing in a Unionized Environment) |
| 5,000 | 4) French-language training for staff |
| 10,200 | 5) Maintain security to December 31, 2017 |
| 10,000 | 6) Support Graduate Education program |
| 4,500 | 7) Carpet and window cleaning throughout building |
| 80,000 | 8) Activity Based Workstations acquisitions (workstations and chairs) |
| 21,000 | 9) Retroactive pay for three employees |
| 10,000 | 10) Needle recovery (cost unknown at time of report) |
| | 11) Electronic Client Record (cost unknown at time of report) |

\$200,700 **Subtotal of additional initiatives for Q4**

Overall, the net favourable variance has increased to \$1,281,603 from \$666,140, as reported in the Q2 financial update, and will more than satisfy the annual expected gapping budget of \$749,155. Taking the above additional initiatives into account, it is expected that the Health Unit will end the 2017 operating year in a surplus position.

Factual Certificate

A signed factual certificate is attached as [Appendix B](#). This certificate is signed by senior Health Unit administrators 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 is submitted with each financial update.

This report was prepared by the Finance Team, Corporate Services Division.



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Medical Officer of Health