

AGENDA
MIDDLESEX-LONDON BOARD OF HEALTH
Finance & Facilities Committee

50 King Street, London
Middlesex-London Health Unit – Room 3A
Thursday May 2, 9:00 a.m.

1. DISCLOSURE OF CONFLICTS OF INTEREST

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES – March 7, 2019

4. NEW BUSINESS

4.1 Q1 Financial and Factual Certificate Update (Report No. 015-19FFC)

4.2 Financial Controls Checklist (Report No. 016-19FFC)

4.3 Q2 Physical Assets and Facilities Update (Report No. 017-19FFC)

5. OTHER BUSINESS

5.1 Next meeting Thursday, June 6, 2019 at 9:00 a.m. Room 3A

6. CONFIDENTIAL

The Finance and Facilities Committee will move in-camera to consider matters regarding identifiable individuals, information (e.g., a trade secret or scientific, technical, commercial, or financial) that belongs to the Middlesex-London Health Unit and has monetary value.

7. ADJOURNMENT



PUBLIC MINUTES
FINANCE & FACILITIES COMMITTEE
50 King Street, London
Middlesex-London Health Unit
Thursday, March 7, 2019 10:15 a.m.

MEMBERS PRESENT: Mr. Matt Reid (Chair)
Ms. Maureen Cassidy
Ms. Kelly Elliott
Ms. Tino Kasi

REGRETS: Ms. Trish Fulton

OTHERS PRESENT: Dr. Christopher Mackie, Secretary-Treasurer
Ms. Lynn Guy, Executive Assistant to the Medical Officer of Health (Recorder)
Mr. Brian Glasspoole, Manager, Finance
Mr. Joe Belancic, Manager, Procurement and Operations
Ms. Nicole Gauthier, Manager, Risk and Governance

At 10:17 a.m., Chair Reid called the meeting to order.

DISCLOSURES OF CONFLICT(S) OF INTEREST

Chair Reid inquired if there were any disclosures of conflicts of interest. None were declared.

APPROVAL OF AGENDA

It was moved by Ms. Cassidy, seconded by Ms. Elliott, *that the AGENDA for the March 7, 2019 Finance & Facilities Committee meeting be approved.*

Carried

APPROVAL OF MINUTES

It was moved by Ms. Cassidy, seconded by Ms. Elliott, *that the MINUTES of the February 7 and February 14, 2019 Finance & Facilities Committee meetings be approved.*

Carried

NEW BUSINESS

4.1 2018 Board of Health Remuneration (Report No. 010-19FFC)

Dr. Mackie provided the context for this annual report.

It was moved by Ms. Cassidy, seconded by Ms. Kasi, *that the Finance & Facilities Committee review and recommend to the Board of Health to receive Report No. 010-19FFC re: "2018 Board of Health Remuneration." for information.*

Carried

4.2 By-Law and Policy Review (Report No. 011-19FFC)

Dr. Mackie introduced the report, noting that while the Governance Committee approves these reports, it is important to get feedback from the Finance & Facilities Committee. Mr. Belancic provided an overview of both these policies in the report, noting that legal advice was sought to ensure that *Trade Act* legislation was being followed. At the Committee's request, Mr. Belancic will outline the changes that have been made to the documents for the Governance Committee's review.

It was moved by Ms. Cassidy, seconded by Ms. Kasi, *that the Finance & Facilities Committee:*

1. *Receive Report No. 011-19FFC re; By-Law and Policy Review for information; and*
2. *Approve the governance by-laws and policies outlined within this report, which relate to the financial operations of the Middlesex-London Health Unit to go to Governance Committee for final review.*

Carried

4.3 Q4 Financial Update and Factual Certificate (Report No. 012-19FFC)

Dr. Mackie noted that there is additional information to add to this report, which had been received only after the report was finalized. He advised that an invoice from Middlesex County for parking costs showed an increase from approximately \$9,000 to approximately \$52,000. The Health Unit is currently investigating the increase and will provide an update to the FFC once more information is received. Dr. Mackie noted that the amount varies with each invoice due to seasonal variations such as snow removal. While it is not defined in the invoice, the Health Unit believes that the increased cost may be for the newly installed parking arm. There will be a budget deficit if the Health Unit has to pay this amount.

It was moved by Ms. Cassidy, seconded by Ms. Elliott, *that the Finance & Facilities Committee review and recommend to the Board of Health to approve Report No. 012-19FFC re: Q4 Financial Update and Factual Certificate.*

Carried

4.4 2018 Vendor / Visa Payments (Report No. 013-19FFC)

Dr. Mackie noted that this report is an annual report that lists payments over \$100,000 and provides a summary of Visa expenditures.

It was moved by Ms. Kasi, seconded by Ms. Elliott, *that the Finance & Facilities Committee receive Report No. 013-19FFC re: "2018 Vendor/Visa Payments" for information.*

Carried

4.5 Public Sector Salary Disclosure Act – 2018 Record of Employee's Salaries and Benefits (Report No. 014-19FFC)

Mr. Glasspoole advised that the report will be sent to the Ministry today.

It was moved by Ms. Cassidy, seconded by Ms. Kasi, *that the Finance & Facilities Committee make recommendation to the Board of Health to receive Report No. 014-19FFC "Public Sector Salary Disclosure Act – 2018 Record of Employee's Salaries and Benefits" for information.*

Carried

OTHER BUSINESS

Next meeting: April 4, 2019.

Chair Reid gave his regrets in regard to the next FFC meeting.

ADJOURNMENT

At 10:38 a.m., it was moved by Ms. Cassidy, seconded by Ms. Elliott, *that the meeting be adjourned.*

Carried

At 10:38 a.m., Chair Reid *adjourned the meeting.*

MATT REID
Chair

CHRISTOPHER MACKIE
Secretary-Treasurer



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 015-19FFC

TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2019 May 2

Q1 FINANCIAL UPDATE AND FACTUAL CERTIFICATE

Recommendation

It is recommended that the Finance & Facilities Committee review and recommend to the Board of Health to approve Report No. 015-19FFC re: Q1 Financial Update and Factual Certificate.

Key Points

- The 2019 approved budget assumes a zero percent increase in Mandatory Programs funding from the Ministry of Health and Long-Term Care (MOHLTC).
- This report does not take into account the impact of the 2019 provincial budget announcement and potential changes to government funding in the current year, as details are not yet available.
- This forecast projects a net deficit of \$433,649 at year end, although further variances are anticipated to fully offset the planned agency gapping budget of \$1,124,269.
- 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 the 2019 operating budget on February 15, 2019 ([Report No. 007-19FFC](#)). The approved budget includes a \$250,000 contribution to the Technology and Infrastructure Reserve Fund and assumes no increase in Mandatory Programs funding from the MOHLTC.

The Annual Service Plan was submitted to the MOHLTC on April 1, 2019, and included base funding requests totaling \$328,468 and one-time funding requests totaling \$544,994 ([Report No. 006-19FFC](#)). No response has been received from the Ministry with respect to these requests.

This report does not take into account the impact of the 2019 provincial budget announcements and potential changes to government funding in the current year as outlined in [Report 031-19](#).

Financial Highlights

The Budget Variance Summary, which provides budgeted and actual expenditures for the first three 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](#).

Current forecasting shows favourable variances across the organization as a result of position vacancies due to implementation of approved PBMA proposals, maternity leaves, retirements/resignations and medical

leaves of absence. However, based on current spending projections, lower than planned spending is not sufficient to offset the planned agency gapping budget of \$1,124,269 resulting in a forecast deficit of \$433,649. Further vacancies are expected to offset this, and spending will be monitored closely over the balance of the year with an objective to eliminate this budget gap.

Factual Certificate

A signed factual certificate, attached as [Appendix B](#), is to be 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 submitted with each financial update.

This report was prepared by the Healthy Organization Division.



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

**MIDDLESEX-LONDON HEALTH UNIT
NET BUDGET VARIANCE SUMMARY**

As at March 31, 2019

Appendix A to Report No. 015-19FFC

	2018 YTD ACTUAL (NET)	2018 YTD BUDGET (NET)	VARIANCE (OVER) / UNDER	% VARIANCE	DECEMBER FORECAST	2018 ANNUAL NET BUDGET	ANNUAL SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
<i>Environmental Health & Infectious Disease Division</i>									
Office of the Director	\$ 66,651	\$ 70,148	\$ 3,498	5.0%	\$ 297,938	\$ 297,938	\$ -	0.0%	No variance anticipated at year-end.
Emergency Management	35,672	42,825	7,154	16.7%	161,195	180,848	\$ 19,653	10.9%	Lower anticipated spending on needle recovery costs \$13,802 and program costs \$2,280 coupled with salary gapping \$2,240 and related benefits \$304 for program assistant.
Food Safety & Healthy Environments	400,430	406,009	5,579	1.4%	1,727,955	1,727,955	\$ -	0.0%	No variance anticipated at year-end.
Infectious Disease Control	390,411	429,709	39,298	9.1%	1,793,004	1,814,317	\$ 21,313	1.2%	Lower spending in salaries \$17,465 and benefits \$4,265 for PHI position due to hiring freeze partly offset by lower revenue from long term care workshop.
Safe Water, Rabies & Vector-Borne Disease	224,437	329,123	104,686	31.8%	1,385,067	1,385,067	\$ -	0.0%	No variance anticipated at year-end.
Sexual Health	530,452	652,942	122,490	18.8%	2,695,193	2,732,418	\$ 37,225	1.4%	Higher than planned revenues from the Clinic will contribute \$28,500, coupled with reduced travel expense \$5,500, staff development \$3,900. partly offset by higher program costs (\$500).
Vaccine Preventable Disease	422,666	339,067	(83,599)	-24.7%	1,455,260	1,448,804	\$ (6,456)	-0.4%	Higher spending for wages (\$8,965) to cover unplanned staff vacancies partly offset by reduced spending for program supplies \$2,628.
Total Environmental Health & Infectious Disease Division	\$ 2,070,719	\$ 2,269,824	\$ 199,105	8.8%	\$ 9,515,612	\$ 9,587,347	\$ 71,735	0.7%	
<i>Healthy Living Division</i>									
Office of the Director	\$ 84,543	\$ 89,253	\$ 4,710	5.3%	\$ 294,579	\$ 379,454	\$ 84,875	22.4%	Lower spending in salaries \$59,648 and benefits \$17,428 related to staff vacancy. Lower spending anticipated in travel \$2,000 program supplies \$3,500, professional services \$1,000 and program and equipment costs \$1,300.
Child Health	369,958	393,404	23,447	6.0%	1,587,100	1,673,200	\$ 86,100	5.1%	Lower spending in salaries \$60,000 and benefits \$16,000 due to unfilled PHN vacancy. Lower spending for program supplies \$6,000, staff development \$3,500 and other program costs \$600.
Chronic Disease and Tobacco Control	275,979	333,646	57,667	17.3%	1,389,148	1,407,541	\$ 18,393	1.3%	Lower spending in salaries \$13,624 and benefits \$1,041 due to staffing gap. Lower spending also anticipated for travel \$2,100 and staff development \$1,628.
Healthy Communities and Injury Prevention	196,155	274,892	78,737	28.6%	1,150,191	1,168,241	\$ 18,050	1.5%	Lower spending in salaries \$4,850 and benefits \$1,200 reflect anticipated hiring gap, coupled with lower travel expense \$4,000, program supplies \$3,000, staff development \$3,000 and professional services \$2,000.
Oral Health	231,629	264,191	32,561	12.3%	981,681	1,116,045	\$ 134,364	12.0%	Lower spending for salaries \$108,940 and benefits \$18,924 for staff vacancies, lower travel \$2,000 and staff development costs \$4,500

	2018 YTD ACTUAL (NET)	2018 YTD BUDGET (NET)	VARIANCE (OVER) / UNDER	% VARIANCE	DECEMBER FORECAST	2018 ANNUAL NET BUDGET	ANNUAL SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Southwest Tobacco Control Area Network	77,522	105,514	27,991	26.5%	432,862	436,500	\$ 3,638	0.8%	Lower spending, primarily for reduced travel \$2,146, staff development \$1,000 and gapping on salaries and benefits \$491.
Young Adult Health	231,137	267,610	36,474	13.6%	1,117,465	1,137,465	\$ 20,000	1.8%	Lower spending in salaries \$11,000 and benefits \$500 due to expected hiring gaps. In addition lower spending on program supplies \$5,000 travel \$1,000, professional services \$2,000 and staff development \$500.
Total Healthy Living Division	\$ 1,466,922	\$ 1,728,509	\$ 261,587	15.1%	\$ 6,953,026	\$ 7,318,446	\$ 365,420	5.0%	
Healthy Start Division									
Office of the Director	\$ 56,659	\$ 49,182	\$ (7,477)	-15.2%	\$ 204,616	\$ 208,616	\$ 4,000	1.9%	Revised plans to lower spending in travel \$1,500, program supplies and equipment \$2,500.
Best Beginnings	677,104	744,524	67,420	9.1%	3,042,188	3,061,076	\$ 18,888	0.6%	Lower spending in salaries \$94,505 and benefits \$25,970 reflect vacancies for a family home visitor and a public health nurse.
Early Years Health	332,999	\$ 387,830	54,832	14.1%	1,587,907	1,648,166	\$ 60,259	3.7%	Lower spending in salaries \$42,262 and benefits \$7,997 reflect hiring gaps for a number of staff positions. Lower spending in program supplies \$10,000 due to change in communication strategy with greater emphasis on social media.
Reproductive Health	321,997	334,145	12,148	3.6%	1,363,423	1,400,590	\$ 37,167	2.7%	Lower spending in salaries \$35,446 and benefits \$8,861 reflect vacancy for a public health nurse.staff positions. Unplanned revenue for universal prenatal classes will contribute \$1,000.
Screening Assessment and Intervention	525,854	\$ 525,854	-	0.0%	2,103,417	2,103,417	\$ -	0.0%	No variance anticipated at year-end.
Total Healthy Start Division	\$ 1,914,613	\$ 2,041,536	\$ 126,923	6.2%	\$ 8,301,551	\$ 8,421,865	\$ 120,314	1.4%	
Office of the Chief Nursing Officer	\$ 108,966	\$ 184,189	\$ 75,223	40.8%	\$ 596,682	\$ 684,129	\$ 87,447	12.8%	Lower spending in salaries \$21,958 and benefits \$5,489 due to vacancy for community health nurse specialist position and \$60,000 related to deferral of diversity and inclusion assessment.
Office of the Medical Officer of Health									
Office of the Medical Officer of Health	\$ 96,827	\$ 123,334	\$ 26,508	21.5%	\$ 522,535	\$ 522,535	\$ -	0.0%	No variance anticipated at year-end.
Communications	\$ 114,272	125,264	10,992	8.8%	531,684	531,684	\$ -	0.0%	No variance anticipated at year-end.
Associate Medical Officer of Health	\$ 66,484	\$ 59,050	(7,434)	-12.6%	254,916	254,916	\$ -	0.0%	No variance anticipated at year-end.
Population Health Assessment & Surveillance	\$ 141,132	139,439	(1,693)	-1.2%	593,835	593,835	\$ -	0.0%	No variance anticipated at year-end.
Total Office of the Medical Officer of Health	\$ 418,715	\$ 447,088	\$ 28,373	6.3%	\$ 1,902,970	\$ 1,902,970	\$ -	0.0%	
Healthy Organization Division									
Office of the Director	\$ 90,405	\$ 85,525	\$ (4,880)	-5.7%	\$ 354,699	\$ 354,699	\$ -	0.0%	No variance anticipated at year-end.
Finance	105,328	106,987	1,658	1.6%	455,506	455,506	\$ -	0.0%	No variance anticipated at year-end.
Human Resources	136,197	\$ 164,899	28,702	17.4%	674,056	701,599	\$ 27,543	3.9%	Lower spending in salaries \$6,564 and benefits \$20,979 due to manager vacancy and position gapping.

	2018 YTD ACTUAL (NET)	2018 YTD BUDGET (NET)	VARIANCE (OVER) / UNDER	% VARIANCE	DECEMBER FORECAST	2018 ANNUAL NET BUDGET	ANNUAL SURPLUS / (DEFICIT)	% VARIANCE	Comment / Explanation
Information Technology	213,885	263,696	49,812	18.9%	1,069,292	1,069,292	\$ -	0.0%	No variance anticipated at year-end.
Privacy Risk & Governance	33,005	\$ 35,945	2,940	8.2%	153,110	153,110	\$ -	0.0%	No variance anticipated at year-end.
Procurement & Operations	56,305	66,538	10,233	15.4%	283,638	283,638	\$ -	0.0%	No variance anticipated at year-end.
Program Planning & Evaluation	180,558	\$ 205,186	24,628	12.0%	848,372	866,533	\$ 18,161	2.1%	Lower spending in salaries \$14,159 and benefits \$4,002 related to program evaluator vacancy.
Strategic Projects	59,030	61,896	2,866	4.6%	263,202	263,202	\$ -	0.0%	No variance anticipated at year-end.
Total Healthy Organization Division	\$ 874,714	\$ 990,672	\$ 115,958	11.7%	\$ 4,101,875	\$ 4,147,579	\$ 45,704	1.1%	
General Expenses & Revenues	\$ 565,706	663,393	\$ 97,687	14.7%	\$ 2,653,573	\$ 2,653,573	\$ -	0.0%	No variance anticipated at year-end.
Total Expenditures Before Expected Gapping	\$ 7,420,356	\$ 8,325,212	\$ 904,856	10.9%	\$ 34,025,289	\$ 34,715,909	\$ 690,620	2.0%	
Less: Expected Agency Gapping Budget		(281,067)	(281,067)		(1,124,269)	(1,124,269)	\$ (1,124,269)		Expected agency gapping budget forecast to be fully offset by lower spending in all operating divisions.
TOTAL BOARD OF HEALTH EXPENDITURES	\$ 7,420,356	\$ 8,044,144	\$ 623,788	7.8%	\$ 32,901,020	\$ 33,591,640	\$ (433,649)	-1.3%	

Middlesex-London Health Unit
FACTUAL CERTIFICATE

To: Members of the Board of Health, Middlesex-London Health Unit

The undersigned hereby certify that, to the best of their knowledge, information and belief after due inquiry, as at March 31, 2019:

1. The Middlesex-London Health Unit is in compliance, as required by law, with all statutes and regulations relating to the withholding and/or payment of governmental remittances, including, without limiting the generality of the foregoing, the following:
 - All payroll deductions at source, including Employment Insurance, Canada Pension Plan and Income Tax;
 - Ontario Employer Health Tax; and
 - Federal Harmonized Sales Tax (HST).Further, staff believe that all necessary policies and procedures are in place to ensure that all future payments of such amounts will be made in a timely manner.
2. The Middlesex-London Health Unit has remitted to the Ontario Municipal Employees Retirement System (OMERS) all funds deducted from employees along with all employer contributions for these purposes.
3. The Middlesex-London Health Unit is in compliance with all applicable Health and Safety legislation.
4. The Middlesex-London Health Unit is in compliance with applicable Pay Equity legislation.
5. The Middlesex-London Health Unit has not substantially changed any of its accounting policies or principles since December 8, 2016.
6. The Middlesex-London Health Unit reconciles its bank accounts regularly and no unexpected activity has been found.
7. The Middlesex-London Health Unit has filed all information requests within appropriate deadlines.
8. The Middlesex-London Health Unit is in compliance with the requirements of the Charities Act, and the return for 2017 has been filed. (due by June 30th each year).
9. The Middlesex-London Health Unit has been named in a complaint to the Human Rights Tribunal of Ontario by a former student. The hearing has been completed and a decision to dismiss has been rendered that found no violation of human rights, however the individual has filed an Application to Divisional Court for a Judicial Review. MLHU has also been named in a second complaint to the Human Rights Tribunal of Ontario by the same individual. This application is in respect to the recruitment of three management positions for which he was not selected for an interview.

10. The Middlesex-London Health Unit is fulfilling its obligations by providing services in accordance with our funding agreements, the Health Protection & Promotion Act, the Ontario Public Health Standards, and as reported to the Board of Health through reports including but not limited to:

- Quarterly Financial Updates;
- Annual Audited Financial Statements;
- Annual Reporting on the Accountability Indicators;
- Annual Service Plans; and
- Information and Information Summary Reports.

Dated at London, Ontario this 1st day of April, 2019

Christopher Mackie
Medical Officer of Health & CEO

Brian Glasspoole
Manager, Finance

Laura Di Cesare
Director, Healthy Organization



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2019 May 2

FINANCIAL CONTROLS CHECKLIST

Recommendation

It is recommended that the Finance & Facilities Committee receive Report No 016-19FFC, re: “Financial Controls Checklist” for information.

Key Points

- Financial controls are a critical part of an organization’s internal controls system. They ensure that the resources are being correctly used and activities are accurately reported.
- The Ministry of Health & Long-Term Care (“MOHLTC”) requires Boards of Health to comply with Schedule E-2 “Boards of Health Financial Controls” of the Public Health Financial Accountability Agreement.
- As part of the annual financial update to the MOHLTC, each health unit is required to submit a Financial Controls checklist.
- The Health Unit is in compliance with MOHLTC financial controls requirements.

Background

www.healthunit.com

The Ministry of Health & Long-Term Care (“MOHLTC”) requires each board of health to comply with Schedule E-2 of the Public Health Funding Accountability Agreement (“PHFAA”): “Boards of Health Financial Controls” (attached as [Appendix A](#)). As part of the annual financial update to the MOHLTC, health units are also required to complete and submit a Financial Controls Checklist ([Appendix B](#)).

Health Unit – Financial Controls

Many factors relate to an organization’s internal controls. Internal controls help organizations achieve their objectives via operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and legislation. Broadly defined, internal controls involve any measures that limit risk to an organization. Financial controls, a critical part of an organization’s internal controls system, ensure that resources are being used correctly and activities reported accurately. It is the responsibility of an organization’s board to ensure that good financial controls are in place and it is the responsibility of management to ensure that the controls are operating effectively.

Even when the best financial controls system is in place and fully utilized, it can only provide reasonable, and not absolute, assurance against material misstatement of accounts, loss or misuse of resources and non-compliance with laws or regulations. However, they represent an important set of measures that can help achieve an organization’s financial goals, and prevent misuse of funds.

A single approach to designing and managing financial controls is not always realistic, given the complexity of various organizational processes and the systems that support them. Financial controls must address key

risks in the context of the overall organization and the environment in which it operates. There are several factors to consider when putting controls in place:

- Division of duties
- Qualifications of staff
- Budgetary Controls
- Cash Controls
- Expenditure and Purchasing Controls
- Payroll and Personnel Controls
- Controls over Assets
- Treasury Management (Accounts Payable/Receivables)
- Audits
- Insurance

Schedule E of the PHFAA and the Financial Controls Checklist addresses many of these factors. A chart, attached as [Appendix C](#), sets out the checklist requirements and the financial controls currently in place to mitigate risk to the Health Unit.

Conclusion

Financial controls are a critical part of an organization's internal controls system. They ensure that resources are being correctly used and activities reported accurately. The Health Unit has financial controls that are operating effectively, and the organization is in compliance. The Health Unit is in compliance with current MOHLTC requirements. The Health Unit is expecting to receive updated requirements however, no timeline has been provided. Once received a further review of the controls will be conducted.

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



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

SCHEDULE E-2

BOARD OF HEALTH FINANCIAL CONTROLS

Financial controls support the integrity of the Board of Health's financial statements, support the safeguarding of assets, and assist with the prevention and/or detection of significant errors including fraud. Effective financial controls provide reasonable assurance that financial transactions will include the following attributes:

- **Completeness** – all financial records are captured and included in the Board of Health's financial reports;
- **Accuracy** – the correct amounts are posted in the correct accounts;
- **Authorization** – the correct levels of authority (i.e., delegation of authority) are in place to approve payments and corrections including data entry and computer access;
- **Validity** – invoices received and paid are for work performed or products received and the transactions properly recorded;
- **Existence** – assets and liabilities and adequate documentation exists to support the item;
- **Error Handling** – errors are identified and corrected by appropriate individuals;
- **Segregation of Duties** – certain functions are kept separate to support the integrity of transactions and the financial statements; and,
- **Presentation and Disclosure** – timely preparation of financial reports in line with the approved accounting method (e.g., Generally Accepted Accounting Principles (GAAP)).

The Board of Health is required to adhere to the principles of financial controls, as detailed above. The Board of Health is required to have financial controls in place to meet the following objectives:

1. Controls are in place to ensure that financial information is accurately and completely collected, recorded, and reported.

Examples of potential controls to support this objective include, but are not limited to:

- Documented policies and procedures to provide a sense of the organization's direction and address its objectives.
- Define approval limits to authorize appropriate individuals to perform appropriate activities.
- Segregation of duties (e.g., ensure the same person is not responsible for ordering, recording, and paying for purchases).
- An authorized chart of accounts.
- All accounts reconciled on a regular and timely basis.
- Access to accounts is appropriately restricted.
- Regular comparison of budgeted versus actual dollar spending and variance analysis.
- Exception reports and the timeliness to clear transactions.
- Electronic system controls, such as access authorization, valid date range test, dollar value limits, and batch totals, are in place to ensure data integrity.

- Use of a capital asset ledger.
- Delegate appropriate staff with authority to approve journal entries and credits.
- Trial balances including all asset accounts that are prepared and reviewed by supervisors on a monthly basis.

2. Controls are in place to ensure that revenue receipts are collected and recorded on a timely basis.

Examples of potential controls to support this objective include, but are not limited to:

- Independent review of an aging accounts receivable report to ensure timely clearance of accounts receivable balances.
- Separate accounts receivable function from the cash receipts function.
- Accounts receivable sub-ledger is reconciled to the general ledger control account on a regular and timely basis.
- Original source documents are maintained and secured to support all receipts and expenditures.

3. Controls are in place to ensure that goods and services procurement, payroll and employee expenses are processed correctly and in accordance with applicable policies and directives.

Examples of potential controls to support this objective include, but are not limited to:

- Policies are implemented to govern procurement of goods and services and expense reimbursement for employees and board members.
- Use appropriate procurement method to acquire goods and services in accordance with applicable policies and directives.
- Segregation of duties is used to apply the three (3) way matching process (i.e., matching 1) purchase orders, with 2) packing slips, and with 3) invoices).
- Separate roles for setting up a vendor, approving payment, and receiving goods.
- Separate roles for approving purchases and approving payment for purchases.
- Processes in place to take advantage of offered discounts.
- Monitoring of breaking down large dollar purchases into smaller invoices in an attempt to bypass approval limits.
- Accounts payable sub-ledger is reconciled to the general ledger control account on a regular and timely basis.
- Employee and Board member expenses are approved by appropriate individuals for reimbursement and are supported by itemized receipts.
- Original source documents are maintained and secured to support all receipts and expenditures.
- Regular monitoring to ensure compliance with applicable directives.
- Establish controls to prevent and detect duplicate payments.
- Policies are in place to govern the issue and use of credit cards, such as corporate, purchasing or travel cards, to employees and board members.
- All credit card expenses are supported by original receipts, reviewed and approved by appropriate individuals in a timely manner.
- Separate payroll preparation, disbursement and distribution functions.

4. Controls are in place in the fund disbursement process to prevent and detect errors, omissions or fraud.

Examples of potential controls include, but are not limited to:

- Policy in place to define dollar limit for paying cash versus cheque.
- Cheques are sequentially numbered and access is restricted to those with authorization to issue payments.
- All cancelled or void cheques are accounted for along with explanation for cancellation.
- Process is in place for accruing liabilities.
- Stale-dated cheques are followed up on and cleared on a timely basis.
- Bank statements and cancelled cheques are reviewed on a regular and timely basis by a person other than the person processing the cheques / payments.
- Bank reconciliations occur monthly for all accounts and are independently reviewed by someone other than the person authorized to sign cheques.

Financial Controls Checklist

Appendix B to Report No. 016-19FFC

Board of Health:	Board of Health for the Middlesex-London Health Unit	Period ended:	Dec. 31/18
-------------------------	--	----------------------	------------

Objective:

- The objective of the Financial Controls Checklist is to provide the Board of Health and the Public Health Unit with a tool for evaluating financial controls while also promoting effective and efficient business practices.

Responsibilities:

- This checklist is for the management of the public health unit to document that controls have been implemented. The controls listed in the checklist are not meant to be exhaustive. Management of the public health unit should outline other key controls in place for achieving the control objectives. One must note that no effective financial control is achieved by signing the checklist. The control is achieved through carrying out the key controls themselves.
- The following table outlines the responsibilities for completing and using this Financial Controls Checklist.

Description of Responsibilities	Board of Health	Management of the Public Health Unit
• Completion of Financial Controls Checklist		✓
• Review and assessment of the completed Financial Controls Checklist	✓	✓
• Ongoing design of financial controls		✓
• Ongoing preparation of policies related to financial controls		✓
• Ongoing testing of financial controls		✓
• Ongoing monitoring of financial controls testing results	✓	✓
• Approval of key financial controls and related policies	✓	✓
• Implementation of financial controls		✓

Financial controls support the integrity of the Board of Health's financial statements, support the safeguarding of assets, and assist with the prevention and/or detection of significant errors including fraud. Effective financial controls provide reasonable assurance that financial transactions will include the following attributes:

- **Completeness** – all financial records are captured and included in the board of health's financial reports;
- **Accuracy** – the correct amounts are posted in the correct accounts;
- **Authorization** – the correct levels of authority (i.e. delegation of authority) are in place to approve payments and corrections including data entry and computer access;
- **Validity** – invoices received and paid are for work performed or products received and the transactions properly recorded;
- **Existence** – assets and liabilities and adequate documentation exists to support the item;
- **Error Handling** – errors are identified and corrected by appropriate individuals;
- **Segregation of Duties** – certain functions are kept separate to support the integrity of transactions and the financial statements; and,
- **Presentation and Disclosure** – timely preparation of financial reports in line with the approved accounting method (e.g., Generally Accepted Accounting Principles (GAAP)).

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>1. Controls are in place to ensure that financial information is accurately and completely collected, recorded and reported.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Documented policies and procedures to provide a sense of the organization’s direction and address its objectives. ☒ Define approval limits to authorize appropriate individuals to perform appropriate activities. ☒ Segregation of duties (e.g., ensure the same person is not responsible for ordering, recording and paying for purchases). ☒ An authorized chart of accounts. ☒ All accounts reconciled on a regular and timely basis. ☒ Access to accounts is appropriately restricted. ☒ Regular comparison of budgeted versus actual dollar spending and variance analysis. ☒ Exception reports and the timeliness to clear transactions. ☒ Electronic system controls, such as access authorization, valid date range test, dollar value limits and batch totals, are in place to ensure data integrity. ☒ Use of a capital asset ledger. ☒ Delegate appropriate staff with authority to approve journal entries and credits. ☒ Trial balances including all asset accounts that are prepared and reviewed by supervisors on a monthly basis. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>2. Controls are in place to ensure that revenue receipts are collected and recorded on a timely basis.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Independent review of an aging accounts receivable report to ensure timely clearance of accounts receivable balances. ☒ Separate accounts receivable function from the cash receipts function. ☒ Accounts receivable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. ☒ Original source documents are maintained and secured to support all receipts and expenditures. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>3. Controls are in place to ensure that goods and services procurement, payroll and employee expenses are processed correctly and in accordance with applicable policies and directives.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Policies are implemented to govern procurement of goods and services and expense reimbursement for employees and board members. ☒ Use appropriate procurement method to acquire goods and services in accordance with applicable policies and directives. ☒ Segregation of duties is used to apply the three way matching process (i.e. matching 1) purchase orders, with 2) packing slips, and with 3) invoices). ☒ Separate roles for setting up a vendor, approving payment and receiving goods. ☒ Separate roles for approving purchases and approving payment for purchases. ☒ Processes in place to take advantage of offered discounts. ☒ Monitoring of breaking down large dollar purchases into smaller invoices in an attempt to bypass approval limits. ☒ Accounts payable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. ☒ Employee and Board member expenses are approved by appropriate individuals for reimbursement and are supported by itemized receipts. ☒ Original source documents are maintained and secured to support all receipts and expenditures. ☒ Regular monitoring to ensure compliance with applicable directives. ☒ Establish controls to prevent and detect duplicate payments. ☒ Policies are in place to govern the issue and use of credit cards, such as corporate, purchasing or travel cards, to employees and board members. ☒ All credit card expenses are supported by original receipts, reviewed and approved by appropriate individuals in a timely manner. ☒ Separate payroll preparation, disbursement and distribution functions. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Control Objective	Controls / Description	Control Deficiency (If Any) And Potential Impact
<p>4. Controls are place in the fund disbursement process to prevent and detect errors, omissions or fraud.</p>	<p>Please select (☒) any following controls that are relevant to your board of health:</p> <ul style="list-style-type: none"> ☒ Policy in place to define dollar limit for paying cash versus cheque. ☒ Cheques are sequentially numbered and access is restricted to those with authorization to issue payments. ☒ All cancelled or void cheques are accounted for along with explanation for cancellation. ☒ Process is in place for accruing liabilities. ☒ Stale-dated cheques are followed up on and cleared on a timely basis. ☒ Bank statements and cancelled cheques are reviewed on a regular and timely basis by a person other than the person processing the cheques / payments. ☒ Bank reconciliations occur monthly for all accounts and are independently reviewed by someone other than the person authorized to sign cheques. <input type="checkbox"/> Other – (Please specify) 	<p><i>List control deficiencies and their potential impact.</i></p> <p><i>What is the action plan to correct the identified control deficiencies? Who is responsible to action the items? When will they be actioned?</i></p>

Prepared by : _____
Manager of Finance

Date: _____

Approved by : _____
*Medical Officer of Health/
Chief Executive Officer*

Date: _____

Received by the Board of Health at the board meeting held on: _____
Date: *March 21, 2019*

**Middlesex-London Health Unit
Financial Controls - 2018**

Control Objective	Controls	Controls – MLHU Description
<p>1. Controls are in place to ensure that financial information is accurately and completely collected, recorded and reported.</p>	<ul style="list-style-type: none"> • Documented policies and procedures to provide a sense of the organization’s direction and address its objectives. 	<p>Generally, the Health Unit has Board of Health policies (Governance) and Administrative Policies. Specifically, the Health Unit’s strategic plan and balanced scorecard provide the organization’s direction and demonstrates its achievement of objectives.</p>
	<ul style="list-style-type: none"> • Define approval limits to authorize appropriate individuals to perform appropriate activities. 	<p>Signature and authorization level are clearly articulated and practiced (Policy #G-200). A related policy is G-220 Contractual Services which governs what position has authorization to enter into various contracts.</p>
	<ul style="list-style-type: none"> • Segregation of duties. 	<p>A clear segregation of duties exists between the following functions: sales, ordering, receiving (where possible), invoicing, accounts payable, and account reconciliations.</p>
	<ul style="list-style-type: none"> • An authorized Chart of Accounts. 	<p>An authorized chart of accounts is used and only the Manager, Finance and the Accounting & Budget Analyst has authorization to make changes.</p>
	<ul style="list-style-type: none"> • All accounts reconciled on a regular basis. 	<p>Balance sheet accounts are reconciled on a regular basis. Key or crucial accounts such as bank, payroll, and other control accounts are reconciled monthly. Others that are used less frequently are reconciled on a quarterly basis. Income statement accounts are updated frequently through the week and reports available each Monday for review by program managers. Budget to actual variance analysis is performed formally each quarter.</p>
	<ul style="list-style-type: none"> • Access to accounts is appropriately restricted. 	<p>Access to MS Dynamics is only available to staff in finance and human resources. Different job roles have been set up and access assigned by the job role.</p>
	<ul style="list-style-type: none"> • Regular comparison of budget versus actual dollar spending and variance analysis. 	<p>This is done on a quarterly basis and reported to the FFC and BOH. Reports are available to program managers on a weekly basis.</p>

Appendix C to Report No. 016-19FFC

Control Objective	Controls	Controls – MLHU Description
	<ul style="list-style-type: none"> • Exception reports and the timelines to clear transactions. 	Exception reports exists for various processes including the processes which import information into the general ledger such as Corporate purchase card purchase information, and mileage.
	<ul style="list-style-type: none"> • Electronic system controls, such as access authorization, valid date range tests, dollar value limits and batch totals are in place to ensure data integrity. 	Electronic system controls are used; user accounts are password protected, valid date ranges are controlled with “open/closed” periods. All batch reports have totals and are verified when posting to the general ledger. In the payroll sub-ledger, any user over-rides are identified on the batch report.
	<ul style="list-style-type: none"> • Use of a capital ledger. 	Capital items are maintained in an excel spreadsheet with the balances being recorded in the general ledger.
	<ul style="list-style-type: none"> • Delegate appropriate staff with authority to approve journal entries and credits. 	Appropriate use of accounts is verified by finance staff. Transactions (including journal entries) are entered by separate staff that has authorization to approve and post into the general ledger.
	<ul style="list-style-type: none"> • Trial Balances including all asset accounts are prepared and reviewed by supervisors monthly. 	Trial Balances include all balance sheet and income accounts per company (we have two) and are reviewed regularly. Program Managers have access to the income statement accounts weekly.
2. Controls are in place to ensure that revenue receipts are collected and recorded on a timely basis.	<ul style="list-style-type: none"> • Independent review of an aging accounts receivable report to ensure timely clearance of accounts receivable balances. 	Accounting & Budget Analyst reviews A/R aging report monthly as part of the reconciliation process and follows-up on unpaid balances quarterly.
	<ul style="list-style-type: none"> • Separate accounts receivable function from cash receipts function. 	These functions are done by separate staff. One Accounting and Administrative position prepares invoices and the second position records receipts. Manager, Finance / Accounting & Budget Analyst authorize and post both invoices and receipts.
	<ul style="list-style-type: none"> • Accounts receivable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. 	A/R trial balance is reconciled to the general ledger monthly.
	<ul style="list-style-type: none"> • Original source documents are maintained and secured to support all receipts and expenditures. 	Finance staff request / seek original source documents. If they are unavailable staff sign a lost receipt and provide details on why they haven’t included original copies. Documents are secure and retained for a period of seven years as required by the Health Unit records retention policy.

Appendix C to Report No. 016-19FFC

Control Objective	Controls	Controls – MLHU Description
<p>3. Controls are in place to ensure that goods and services procurement, payroll and employee expenses are processed correctly and in accordance with applicable policies and directives.</p>	<ul style="list-style-type: none"> • Policies are implemented to govern procurement of goods and services and expense reimbursements for employee and board members. 	<p>Applicable policies include: G-230 Procurement 4-080 Expense Claims Forms 4-090 Use of Personal Vehicle G-420 Travel Reimbursement 4-130 Corporate Credit Card</p>
	<ul style="list-style-type: none"> • Use appropriate procurement method to acquire goods and services in accordance with applicable policies and directives. 	<p>See G-230 Procurement policy outlines the framework staff are to follow. Oversight for this rests with the Operations & Procurement Manager or in the absence of that person the Manager, Finance.</p>
	<ul style="list-style-type: none"> • Segregation of duties is used to apply the three way matching process (i.e.: matching purchase orders, packing slips, to invoices.) 	<p>Segregation of duties exists. Purchase orders/contracts are performed by Manager of Procurement & Operations, receiving accepts goods and provides packaging slip to payables and A/P staff matches all three prior to processing payment.</p>
	<ul style="list-style-type: none"> • Separate roles for setting up vendors, approving payments, and receiving goods. 	<p>Accounting & Administrative Assistants set up vendors, Manager, Finance & Accounting & Budget Analyst approve payments and Operations receives goods.</p>
	<ul style="list-style-type: none"> • Separate roles for approving purchases and approving payment for purchases. 	<p>Program Managers/Directors approve purchases and review and approve invoices prior to payment which is processed in Finance.</p>
	<ul style="list-style-type: none"> • Processes in place to take advantage of offered discounts. 	<p>Discounts are taken if they are offered.</p>
	<ul style="list-style-type: none"> • Monitoring of breaking down large dollar purchases into smaller invoices in an attempt to bypass approval limits. 	<p>This is monitored for both credit card purchases on and other type of procurement. VISA statements are reviewed by Finance staff. In addition, a report to the Finance & Facilities Committee is provided annual for accumulated vendor payments > \$100,000.</p>
	<ul style="list-style-type: none"> • Accounts payable sub-ledger is reconciled to the general ledger control account on a regular and timely basis. 	<p>A/P sub-ledger is reconciled to the general ledger control account monthly.</p>
	<ul style="list-style-type: none"> • Employee and Board member expenses are approved by appropriate individuals for 	<p>Employee expenses are approved by their supervisor and in accordance to the Signing Authority Policy (Policy #G-200).</p>

Appendix C to Report No. 016-19FFC

Control Objective	Controls	Controls – MLHU Description
	reimbursement and are supported by itemized receipts.	Board member expenses are reviewed and approved by the MOH/CEO and reviewed in Finance by the Manager, Finance.
	<ul style="list-style-type: none"> • Original source documents are maintained and secured to support all receipts and expenditures. 	Finance staff request / seek original source documents. If they are unavailable staff sign a lost receipt and provide details on why they haven't included original copies. Documents are secure and retained for a period of seven years as required by the Health Unit records retention policy.
	<ul style="list-style-type: none"> • Regular monitoring to ensure compliance with applicable directives. 	Finance staff review all requests for reimbursement and payments for compliance to policies.
	<ul style="list-style-type: none"> • Establish controls to prevent and detect duplicate payments. 	System controls are in place to prevent duplicate entry of invoice numbers. Finance staff cross reference invoices payment requests with VISA bill information. Program Managers review program budgets at a minimum quarterly
	<ul style="list-style-type: none"> • Policies are in place to govern the issue and use of credit cards, such as corporate purchasing and travel cards to employees and Board members. 	Policy # 4-130 Corporate Credit Card governs the issuance and use of corporate issued credit cards.
	<ul style="list-style-type: none"> • All credit card expenses are supported by original receipts, reviewed and approved by appropriate individuals in a timely manner. 	Finance staff request / seek original source documents. If they are unavailable staff sign a lost receipt and provide details on why they haven't included original copies. Documents are secure and retained for a period of seven years as required by the Health Unit records retention policy. Corporate Cards are submitted and reviewed monthly. Authorization is subject to Policy #G-200 .
	<ul style="list-style-type: none"> • Separate payroll preparation, disbursement and distribution functions. 	Payroll is prepared by the Payroll & Benefits Administrator (to be outsourced to an external service provider in 2019). Staff provide time entry to their appropriate Manager for approval. Distribution of records is done through MyTime and payments are made directly through EFT. Manual (cheque) payments are kept to a minimum.
4. Controls are in place in the fund disbursement process	<ul style="list-style-type: none"> • Policy in place to define dollar limits for paying cash vs cheque. 	Policy #4-040 governs petty cash disbursement.

Appendix C to Report No. 016-19FFC

Control Objective	Controls	Controls – MLHU Description
to prevent and detect errors, omissions, or fraud.		
	<ul style="list-style-type: none"> • Cheques are sequentially numbered, and access is restricted to those with authorization to issue payments. 	Cheques are pre-printed and are sequentially numbered. Accounting & Administrative Assistants have restricted access to the cheque stock.
	<ul style="list-style-type: none"> • All cancelled or void cheques are accounted for along with explanation for cancellation. 	As part of the monthly bank reconciliation cancelled / voided cheques are accounted for and filed with the reconciliation.
	<ul style="list-style-type: none"> • Process is in place for accruing liabilities. 	As part of the annual year end processes, all liabilities are accrued.
	<ul style="list-style-type: none"> • Stale-dated cheques are followed up on and cleared on a timely basis. 	Stale-dated cheques are followed up on and are cleared on a timely basis. Outstanding cheques are reviewed monthly as part of the bank reconciliation process and stale-dated every six months. This involves placing a stop payment on the cheque and contacting the customer to make arrangements to re-issue if appropriate.
	<ul style="list-style-type: none"> • Bank statements and cancelled cheques are reviewed on a regular and timely basis by a person other than the person processing the cheques / payments. 	Bank statements and reconciliation documentation are reviewed by the Accounting & Budget Analyst and / or the Manager, Finance.
	<ul style="list-style-type: none"> • Bank reconciliations occur monthly for all accounts and are independently reviewed by someone other than the person authorized to sign cheques. 	The Accounting & Administrative Assistant who doesn't prepare or take cash/receipts performs the bank reconciliation and it is reviewed and posted by the Accounting & Budget Analyst and / or Manager, Finance.



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 017-19FFC

TO: Chair and Members of the Finance & Facilities Committee
FROM: Christopher Mackie, Medical Officer of Health / CEO
DATE: 2019 May 2

Q2 PHYSICAL ASSETS AND FACILITIES UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee (FFC) review and recommend that the Board of Health:

- 1) *Receive Report No. 017-19FFC re: Q2 Physical Assets and Facilities Update for information; and*
- 2) *Direct staff to begin negotiations with Canba Investments Limited regarding the Strathroy Office at 51 Front Street.*

Key Points

- In preparation for the upcoming move to Citi Plaza, the Health Unit has exercised its right to terminate the leases with the County of Middlesex for the 50 King Street location and with Richmond Block London Corporation for the 201 Queens Avenue location.
- The lease with Canba Investments for the 51 Front Street, Strathroy location expires June 30, 2019.

Background

Middlesex-London Health Unit (“Health Unit”) has entered into a long-term lease to secure new space at CitiPlaza, 355 Wellington Street, London. Preparation is well under-way for the relocation of all staff currently situated at 50 King Street and 201 Queens Avenue to the new location in early 2020.

Richmond Block London Corporation was advised on March 1, 2019 that the Health Unit was exercising its right to terminate the lease of office space at 201 Queens Avenue. The lease shall therefore terminate as of March 1, 2020, on which date the Tenant will provide possession of the Leased Premises to the Landlord.

The County of Middlesex was advised on March 31, 2019 that the Health Unit was exercising its election to terminate the lease of property at 50 King Street. The Lease shall therefore terminate as of April 1, 2020, on which date the Tenant will provide possession of the Leased Premises to the Landlord.

MLHU also has operations at 51 Front Street in Strathroy. The lease with Canba Investments Limited will expire June 30, 2019, and staff is recommending the renewal of this lease. With Board approval, negotiations will begin shortly. Lease costs for the Strathroy office are currently approximately \$105,000 per annum. The outcome of the next round of negotiations is currently unknown as no discussions have begun.

Next Steps

Staff will engage in negotiations for a multi-year lease for Strathroy. This lease will be presented to FFC for approval prior to signing.

This report was prepared by the Healthy Organization Division.

A handwritten signature in black ink, appearing to read 'C. Mackie'.

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