



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2016 March 3

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## 2015 FOURTH QUARTER BUDGET VARIANCE REPORT & FACTUAL CERTIFICATE

### **Recommendation**

#### *It is recommended that*

- 1) *Report No 07-16FFC “2015 Fourth Quarter Budget Variance Report & Factual Certificate” be received for information.*
- 2) *The 2015 Dental Treatment program deficit be funded by general Cost-Shared program surplus.*

### **Key Points**

- The unaudited operating surplus for Health Unit programs of approximately \$150,000 is anticipated. The Health Unit auditors, KPMG will be performing its annual audit beginning April 4, 2016.
- The Dental Treatment Clinic is anticipating a shortfall in the range of \$60,000 relating to fewer claims revenue. The shortfall has been incorporated in the variance projections.
- The integration of dental programs to Healthy Smiles Ontario 2.0 was to take place August 1<sup>st</sup>, 2015, the Ministry of Health & Long-Term Care remains committed to funding Children In Need Of Treatment (CINOT) claims effective August 1<sup>st</sup> and as a result an expected \$147,375 in grant revenue is included in the variance projections.
- Included in the financial update is a signed factual certificate which provides assurance that key financial and risk management functions are being performed.

### **Fourth Quarter Review (2015)**

The purpose of this report is to provide the Board of Health with a summary review of the Health Unit’s operating results and to provide projections of expenditures to the end of the year.

The attached Budget Variance Summary ([Appendix A](#)) shows actual and budgeted expenditures net of offset revenues for the twelve months ending December 31<sup>st</sup>, 2015. For programs with a March 31<sup>st</sup> year-end, this report shows the actual and budgeted expenditures and offset revenues for the nine month period April 1<sup>st</sup> to December 31<sup>st</sup>, 2015. The Budget Variance Summary provides management’s forecasted year-end balances and a brief explanation or comment.

### **Dental Treatment Deficit**

In 2015, the Dental Treatment Clinic will complete the year with an estimated deficit of \$60,000 resulting from lower fees from CINOT and Ontario Works claims. The year-end variance includes this shortfall. Historically this shortfall has been funded through a contribution from the Dental Treatment Reserve. If the Board continues this practice then the overall surplus would increase to approximately \$210,000. The current balance of the Dental Treatment Reserve is \$128,360.

## Children In Need of Treatment (CINOT)

Also included in the year-end forecast is the receipt of \$147,375 in additional 100% Ministry of Health & Long-Term Care funding for the upload of the administration of the CINOT claims from local dentists. The transfer was to take place August 1<sup>st</sup>, 2015 however, the implementation was delayed for a number of reasons. A request was made to the MOHLTC for this 100% funding in 2015 as part of the Q3 reporting to the ministry. As of the writing of the report the Health Unit has not received official confirmation if the funding has been approved.

## 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 and again annually as part of the approval of the audit financial statements.

## Conclusion

The unaudited operating surplus for the Health Unit's cost-shared programs is expected to be in the range of \$150,000. This includes receiving an extra \$147,375 in 100% funding for the CINOT program and contributing \$60,000 to the operations of the Dental Treatment program. New starting this quarter, a signed factual certificate is included along with the financial update. This is to provide an increase level of assurance to the Committee members that key financial and risk management functions are being performed.

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



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