



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2016 September 1

Q2 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. 027-16FFC re: “Q2 Financial Update & Factual Certificate” and appendices for information.

Key Points

- The 2016 approved budget assumes a 2% increase in Mandatory Programs funding from the Ministry of Health and Long-Term Care.
- The annual grant request was submitted to the Ministry of Health & Long-Term Care on February 29, 2016 and included one-time funding requests totaling \$154,731.
- One of the one-time requests has been declined, and MLHU is seeking funding through another process. Ministry grant approvals are expected in late summer (Q2) or early fall (Q3).
- Included in this financial update is a signed factual certificate which provides assurance that the financial and risk management functions are being performed.

Background

The 2016 operating budget was approved by the Board of Health on February 19, 2016 ([Report No. 008-16](#)). The approved budget includes a \$250,000 contribution to the Technology and Infrastructure Reserve Fund and assumes a 2% increase in Mandatory Programs funding from the Ministry of Health & Long-Term Care (MOHLTC). In addition, as part of the grant submission, one-time funding of \$154,731 was requested for the implementation of the Electronic Cigarettes Act, Nicotine Replacement Therapy, and Organizational Structure and Location (OSL) initiatives. Subsequently, the \$70,000 request for the OSL initiatives has been declined through this process and a new submission to the new Community Health Capital Program has been made.

Financial Highlights

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

Table 1 below provides a comparison by division of the updated year end variance forecasts. In addition to the information provided in the Q1 Financial Update ([Report No. 018-16FFC](#)), 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	Change
Environmental Health & Infectious Disease	\$ 60,743	\$ 114,045	\$ 53,302
Healthy Living	117,295	102,498	(14,797)
Healthy Start	73,748	127,411	53,663
Office of the Medical Officer of Health	-	-	-
Corporate Services	25,984	68,644	42,660
Foundational Standards	35,300	35,300	-
General Expenses & Revenues	(49,800)	(89,800)	(40,000)
Total anticipated variances before agency gapping budget	\$ 263,270	\$ 358,098	\$ 94,828

The \$94,828 increase matches expectations, and is due to the following:

- \$ 167,772 1) Additional position vacancies across all programs.
- 20,500 2) Revised TB & Hep A outbreak management costs from Q1
- (6,000) 3) Reduced demand for Zostavax (Shingles) vaccine as clients waiting for details of publicly funding the vaccine.
- (14,714) 4) NRT purchases expected (demand related) in Q4
- (32,730) 5) Dental Treatment deficit
- (30,000) 6) Additional legal costs (total variance of \$60,000)
- (10,000) 7) Additional cell phone hardware upgrade costs (total variance of \$25,000)
- \$ 94,828 8) Total net increase from Q1 reported variance**

Overall, the net favourable variance has increased to \$386,082 from \$263,270 as identified in the Q1 financial update and will contribute to the overall expected annual gapping budget of \$789,938. The Health Unit is projecting a breakeven position by the end of 2016 assuming the Province provides the expected 2% funding increase for Mandatory Programs and the one-time funding requests. These projections would be substantially affected by the following factors:

- 1) If the MOHLTC provides a grant increase significantly different than the 2%. For example, in 2015 the MOHLTC provided MLHU with a 3.6% in Mandatory Program funding. A 3.6% increase in 2016 would translate to an approximate surplus of \$260,000.
- 2) If MLHU is unsuccessful in obtaining a planning grant through the Community Health Capital Program, this would create a deficit of \$70,000.
- 3) If in the second half of the operating year, additional expected gapping is not realized.

Ministry grant approvals are not expected until late summer (Q2) or early fall (Q3).

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 of Finance.



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Medical Officer of Health