



TO: Chair and Members of the Finance and Facilities Committee

FROM: Dr. Alex Summers, Acting Medical Officer of Health  
Ms. Emily Williams, Interim CEO

DATE: 2021 December 7

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## 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. 25-21FFC re: “Q3 Financial Update and Factual Certificate” for information.*

### **Key Points**

- The 2021 approved budget consists of a zero percent increase in Mandatory Program funding from the Ministry of Health (MoH).
- Funding to be received from the MoH for COVID-19-related activities amounts to \$24.9 million; after adjusting COVID-19-related spending for seconded staff costs from Mandatory Programs, approximately \$19.8 million has been spent year-to-date to September 30.
- The Health Unit is forecasting that increases in COVID-19 spending in the 4<sup>th</sup> quarter in excess of the funding committed to date can be financed from operating surplus from Mandatory Programs.
- The Health Unit is also advising municipal funders that additional funds requested in 2021 totaling \$762,182 will not be required for the current operating period.
- The Health Unit is currently forecasting a funding surplus of \$23,690 across the organization due to delays in restarting regular programs that were paused or modified due to the pandemic.
- 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 2021 operating budget on February 18, 2021 ([Report No. 04-21FFC](#)). The approved budget consists of no increase in Mandatory Program funding from the Ministry of Health (MoH) but does reflect a change of funding mix between the province and municipalities for previously 100% provincially funded programs.

### **Financial Highlights**

The Budget Variance Summary, which provides budgeted and actual expenditures for the nine months ended September 30 for the programs and services governed by the Board of Health, is attached as [Appendix A](#). This analysis is based on the original budget for 2021 as approved by the Board of Health, but does reflect the latest amendments to extraordinary funding for COVID-19, as advised by the MoH.

Themes within the Q3 variance analysis contributing to positive variances within some program areas are related to staffing gaps and reduced travel, staff development, professional services and program supply costs.

Due to the Health Unit's continued focus on administration of COVID-19-related programs, including case and contact management (CCM) and operation of the vaccine program, there have been further delays to restarting Mandatory Programs in the community. These delays are expected to continue into the 4<sup>th</sup> quarter. Accordingly, anticipated 4<sup>th</sup> quarter cost increases for COVID-19 programs in excess of funding committed by the MoH can be met from unspent Mandatory Program funding. This additional funding to be supplied from operating surplus to offset extraordinary funding requirements amounts to \$1,526,692. In addition, the Health Unit is forecasting that incremental funding requested from City of London (\$640,233) and County of Middlesex (\$121,949) will not be required in the current year and can be returned. After adjusting the full year forecast for these transfers, the Health Unit is projecting a modest surplus of \$23,690 for the full year.

### **COVID-19 and Extraordinary Funding**

In July 2021 the MoH originally committed to funding COVID-19-related activities including CCM and the vaccine program at approximately 50% of budgeted levels submitted, amounting to \$13,860,000 for the year. After the Health Unit submitted reports outlining spending for the six months to June 30, the MOH revised committed funding to \$24,884,000 for the year. Based on spending to date for the nine months ended September 30, 2021, the Health Unit is forecasting a full year spend of \$26,410,692 or \$1,526,692 greater than the amount of funding committed by the MoH. The Health Unit is currently projecting that this additional cost can be met through redeployment of operating surplus from Mandatory Programs that have been delayed or modified due to the pandemic.

### **Factual Certificate**

A 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 Finance Team, Healthy Organization Division.



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Acting Medical Officer of Health



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