

## **Finance + Audit Committee Report BH.04.MAR0123.R02**

**March 1, 2023**

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<b>Report to:</b>	Finance + Audit Committee, Chair and Members of the Board of Health
<b>Prepared by:</b>	Rob Cunningham, CPA, CA Chief Financial Officer
<b>Reviewed by:</b>	David Kingma, MBA, MA, CHRE Director of Administrative Services & CAO
<b>Approved by:</b>	David Kingma, MBA, MA, CHRE Director of Administrative Services & CAO
<b>Submitted by:</b>	Dr. Nicola Mercer, MD, MBA, MPH, FRCPC, C.Dir. Medical Officer of Health & CEO
<b>Subject</b>	<b>2022 Fourth Quarter Financials</b>

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## **Recommendations**

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1. That the Finance + Audit Committee makes a recommendation to the Board of Health to receive the 2022 Fourth Quarter Financials, as presented, for information.

## **Background**

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Wellington-Dufferin-Guelph Public Health's (WDGPH) annual budget consists of several sub-budgets that are based on the way funding is provided to the Agency. These sub-budgets have been numbered in the report that follows and the numbering sequence is used consistently throughout.

The Agency's main budget consists of the sub-budgets numbered (1) through (5) below. In addition to the main budget, WDGPH receives several community grants for projects which are aligned with and build upon the work of WDGPH in the community. These community grants are numbered (6) through (8).

The Agency's Cost-Shared Budget comprises approximately 85% of the overall budget. This funding is provided on a 60-40 split basis between the Ministry of Health (the "Ministry") and the three Municipalities that WDGPH exists to serve. Appendix 1

provides details of the financial activities that relate to these budgets for Board of Health (BOH) review.

No.	Program/Budget Name	Funder(s)	Year-end
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### Cost-Shared Mandatory Programs

1.	Cost-Shared Mandatory Programs	Ministry; City of Guelph; County of Wellington; County of Dufferin	December 31
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### 100% Provincially Funded Sub-budgets

2.	MOH/AMOH Compensation Initiative	Ministry of Health	December 31
3.	Ontario Seniors Dental Care Program (OSDCP)	Ministry of Health	December 31
4.	School Focused Nurses (COVID-19 related)	Ministry of Health	June 30
5.	Healthy Babies Healthy Children	Ministry of Children, Community and Social Services (MCCSS)	March 31

### External Projects

6.	Climate Change	Public Health Agency of Canada	March 31
7.	Infection Protection and Control (IPAC)	St. Mary's Hospital (Ontario Health)	March 31
8.	Smart Cities	City of Guelph / Infrastructure Canada	September 30

### One-Time Grants

9.	One-Time Grants	Ministry of Health	March 31
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The 2022 Cost-Shared Mandatory Budget was approved by the Board of Health on November 3, 2021. This budget, along with the One-Time Grant requests (9) were submitted to the Ministry via the Annual Service Plan and Budget Submission that was sent to the Ministry on March 2, 2022.

The provincial funding approval letter from the Ministry was received on May 2, 2022.

## Public Health and/or Financial Implications

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### Appendix 1: Cost-Shared Mandatory Programs (1)

*Cost-Shared Mandatory Programs are the public health programs and services that are funded by the Ministry and the three obligated municipalities under Regulation 553 of the Health Protection and Promotion Act (HPPA): the County of Wellington, the County of Dufferin, and the City of Guelph. Boards of Health are responsible for allocating this funding to meet the requirements of the HPPA, the Ontario Public Health Standards (OPHS) and Protocols, and the Accountability Framework, according to local needs and priorities.*

### Appendix 1 (Cost-Shared Mandatory Programs)

This table summarizes the statement of revenue and expenditures for the twelve months ended December 31, 2022 for the Cost-Shared Mandatory (CSM) Programs, excluding any COVID-19 pandemic costs which are reimbursable from the Ministry of Health.

As reported in the attached Statement of Revenue and Expenditures (Appendix 1), there is a balanced budget, after the \$370K positive variance is transferred back to the Ministry of Health (a mandatory pay-back process was instituted by the Ministry to coincide with COVID-19 reimbursement funding).

In addition, the remaining balance of COVID-19 funding advanced by the Ministry during the 2022 fiscal year will be returned to the Ministry during 2023. These funds were advanced based on the Agency's estimated COVID-19 expenditures reported to the Ministry earlier in 2022, using assumptions and projections of known factors at that time.

### Appendix 2 (COVID-19 Pandemic)

This table summarizes the COVID-19 Combined General and Vaccination Program expenses for 2022, with total pandemic response costs of approximately \$4.8M for the full 12 months. As noted previously, these costs, which are over and above the Agency's Cost-Shared Mandatory (CSM) Budget, are reimbursed by the Ministry during the year.

As part of the Annual Service Plan and Budget report submitted to the Ministry in March 2022, WDGP projected that the Agency's COVID-19 costs would total approximately

\$8.1M (\$5.8M for COVID-19 Vaccination and \$2.3M for COVID-19 General). Based on this request, the Ministry “advanced” \$5.8M (80% of COVID Vaccination funding and 50% of COVID General funding originally requested) to the Agency in June 2022 to help support Agency cash flow and maintain current pandemic response levels without impacts to operations. COVID-19 expenditures were reported to the Ministry on a quarterly basis throughout 2022. The underspending of COVID pandemic funds in the amount of approximately \$1.0M for fiscal 2022 will be returned to the Ministry in 2023.

### **Appendix 3: All Other Programs (2 – 8)**

*Appendix 3 presents the funding received and expenditures made for the period for all other ongoing programs/initiatives at WDGPH. For these programs funding is recorded as it is received (on a cash basis) throughout the year. Accruals and deferrals are made as required only at year-end. The timing of receipt of funding may not correspond to the planned expenditures for that funding.*

Funds received for all programs/initiatives are expected to be fully spent in 2022, unless otherwise stated. A description of each of the programs follows on Appendix 3.

#### **Ministry of Health’s 100% Funded Programs**

**MOH/AMOH Compensation Initiative** – Funding is provided by the Province to subsidize the salary/benefits/stipends for the Medical Officer of Health (MOH) and Associate Medical Officer of Health (AMOH) to ensure compensation falls within the salary ranges outlined in the 2012 Physician Services Agreement and subsequent addendums to that agreement.<sup>1</sup>

**Ontario Seniors Dental Care Program (OSDCP)** – This new program was announced by the government in the April 2019 Ontario Budget to provide low-income Seniors (over 65 years of age) with a no-cost (or very low cost) alternative for dental care in Ontario.

**COVID-19 School-focused Nurses Initiative** – Funding was allocated by the Ministry to assist local health units in ensuring all publicly-funded schools were operating within COVID-19 guidelines and tracing any positive cases within schools.

#### **MCCSS Funded Programs**

**Healthy Babies Healthy Children** – The MCCSS provides funding for this program with the goal of helping children get a healthy start in life. The program does this by helping infants and children up to age six and their families through screening and assessments, supports for new parents and help in finding community programs and resources.<sup>2</sup> This funding has a fiscal year of April 1 to March 31.

**External Projects** – Various other projects are funded by other government or community partners, including: Public Health Agency of Canada, St. Mary's Hospital, City of Guelph, etc. The work undertaken with this funding aligns with the mandate of WDGPH under the OPHS.

## Appendix 4 – One-Time Grants (9)

Appendix 4 presents the One-Time Grants approved as part of the 2022 Provincial Funding Approval by the Ministry. The 2022 One-Time Grants were approved for use between April 1, 2022 and March 31, 2023.

## Appendices

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**Appendix 1** – Statement of Revenue & Expenditures for the twelve months ended December 31, 2022 – Cost-Shared Mandatory Programs (Excluding COVID-19 Expenditures)

**Appendix 2** – Statement of Revenue & Expenditures for the twelve months ended December 31, 2022 – COVID-19 Pandemic (General and Vaccination)

**Appendix 3** – Q4 Financial Report 2022: All Other Programs

**Appendix 4** – Q4 Financial Report 2022: Ministry of Health – 100% Funded One-Time Grants

## References

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1. Ontario. Ministry of Health and Long-Term Care. Financial Planning, Accountability and User Guide for Program-Based Grants for Mandatory and Related Public Health Programs and Services; 2015.
2. Ministry of Children, Community and Social Services [homepage on the Internet]. Available from:  
<http://www.children.gov.on.ca/htdocs/English/topics/earlychildhood/health/index.aspx>.

## Appendix 1

### Wellington-Dufferin-Guelph Public Health

### Statement of Revenue and Expenditures

### Total Cost-Shared Mandatory Programs (Excluding COVID-19 Expenditures)

### For the Year-to-Date ended December 31, 2022

	Annual Budget	Year-to-Date Budget	Year-To-Date Actual	Year-To-Date Variance	Year-To-Date Under (Over)	Variance Explained (> \$100k)
<b>Municipal and Provincial funding</b>						
Ministry of Health - Base Funding	\$ 14,781,500	\$ 14,781,500	\$ 14,892,434	\$ 110,934	0.8%	1
City of Guelph	4,204,733	4,204,733	4,204,733	0	0.0%	
County of Wellington	2,902,462	2,902,462	2,902,462	(0)	(0.0)%	
County of Dufferin	1,964,191	1,964,191	1,964,191	(0)	(0.0)%	
	<b>\$ 23,852,886</b>	<b>\$ 23,852,886</b>	<b>\$ 23,963,820</b>	<b>\$ 110,934</b>	<b>0.5%</b>	
<b>Other revenue</b>						
Interest	22,187	22,187	62,809	40,622	183.1%	
<b>Total revenue</b>	<b>\$ 23,875,073</b>	<b>\$ 23,875,073</b>	<b>\$ 24,026,629</b>	<b>\$ 151,556</b>	<b>0.6%</b>	
<b>Expenses</b>						
Employee salaries, wages and benefits	\$ 18,316,128	\$ 18,316,128	\$ 17,106,723	\$ 1,209,405	6.6%	2
Staff training	171,578	171,578	145,857	25,721	15.0%	
Board of Health	33,650	33,650	4,066	29,584	87.9%	
Travel	239,483	239,483	151,696	87,787	36.7%	
Building occupancy	2,167,687	2,167,687	2,356,114	(188,427)	(8.7)%	3
Office expenses, printing, postage	153,793	153,793	147,618	6,174	4.0%	
Professional and purchased services	770,065	770,065	694,539	75,526	9.8%	
Program materials and supplies	571,726	571,726	423,796	147,930	25.9%	4
Office equipment	7,868	7,868	4,838	3,030	38.5%	
Information and IT expenses	794,474	794,474	1,268,078	(473,604)	(59.6)%	5
Communication costs	157,882	157,882	195,926	(38,044)	(24.1)%	
Interest Expense	95,213	95,213	95,214	(1)	(0.0)%	
ERP - HR Implementation	150,000	150,000	156,666	(6,666)	0.0%	
Transfers to Reserve Funds	488,574	488,574	1,138,574	(650,000)	(133.0)%	6
<b>Total net operating costs</b>	<b>\$ 24,118,121</b>	<b>\$ 24,118,121</b>	<b>\$ 23,889,706</b>	<b>\$ 228,415</b>	<b>0.9%</b>	
Expenditure recoveries and Other Revenues	(243,048)	(243,048)	(233,338)	(9,710)	4.0%	
<b>Total net expenditures after expenditure recoveries</b>	<b>\$ 23,875,073</b>	<b>\$ 23,875,073</b>	<b>\$ 23,656,368</b>	<b>\$ 218,705</b>	<b>0.9%</b>	
<b>Excess of revenue over expenditures before recovery by Ministry</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 370,261</b>	<b>\$ 370,261</b>		
<b>Less: Ministry of Health "recovery"</b>			<b>(370,261)</b>	<b>(370,261)</b>		1
<b>Excess of revenue over expenditures</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (0)</b>		

## Appendix 1 – Continued

### Notes:

#### **1. Ministry of Health - Cost-Shared Base Funding:**

- Increase of 1% to the Provincial base funding for 2022-2023 (Provincial Government fiscal year) and an increase of \$110K represents 8 months (April to December 2022)
- The Ministry of Health requires all Public Health Units to return unspent cost-shared program funding, regardless of whether it represents a Provincial (70%) or Municipal (30%) share
- The surplus from cost-shared programming of \$370,261 combined with the surplus of \$1,038,718 from COVID-19 one-time funding total \$1,408,979. This amount will be returned to the Ministry of Health

#### **2. Employee Salaries and Benefits:**

- Staff gapping (i.e. staff movement and hiring processes create "gaps" of time in positions to be filled permanently) has increased substantially since the beginning of the pandemic \$ 999,428
- Benefits related to "gapping" 255,422
- Total Employee salaries, wages, benefits variance** \$ 1,144,623

#### **3. Building Occupancy**

- Preliminary work on Electric Vehicle (EV) Chargers \$ (61,056)
- Parking lot improvements/maintenance (25,361)
- Plumbing services (69,909)
- Maintenance contract - Security (20,828)
- Total** \$ (177,154)

#### **4. Program Materials and Supplies:**

- Underspending due to programs not yet fully operational early in 2022 due to continuing COVID pandemic response

#### **5. Information and IT Expenses:**

- Purchase of replacement Storage Area Network \$ (155,000)
- Replace four servers and switches (135,000)
- Purchased 50 laptops at year-end after budgeting for 16 (45,000)
- Excelicare termination fee (100,000)
- Total Information and IT expenses** \$ (435,000)

#### **6. Transfers to Reserve Funds:**

- Board-approved transfer of \$500K to the Information Technology Reserve as a cyber risk management mitigation strategy
- Board-approved transfer of \$150K to the Reserve for Contingencies

\* Variances greater than \$100,000 are explained in greater detail within body of the accompanying report

## Appendix 2

### Wellington-Dufferin-Guelph Public Health

### Statement of Revenue and Expenditures

### Total COVID-19 – General and Vaccination Costs Combined

### For the Year-to-Date ended December 31, 2022

	Annual Budget	Year-To-Date Budget	Year-To-Date Actual	Year-to-Date Under (Over) Spending	Variance Explained
	\$	\$	\$	\$	
<b>Municipal and Provincial funding</b>					
Ministry of Health - One Time Extraordinary	8,099,936	8,099,936	5,781,800	(2,318,136)	
City of Guelph				0	
County of Wellington				0	
County of Dufferin				0	
	<b>8,099,936</b>	<b>8,099,936</b>	<b>5,781,800</b>	<b>(2,318,136)</b>	
<b>Other revenue</b>					
Interest				0	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total revenue</b>	<b>8,099,936</b>	<b>8,099,936</b>	<b>5,781,800</b>	<b>(2,318,136)</b>	
<b>Expenses</b>					
Employee salaries, wages and benefits	6,325,386	6,325,386	3,355,503	2,969,883	
Staff training	0	0	8,212	(8,212)	
Board of Health	0	0	0	0	
Travel	202,500	202,500	196,124	6,376	
Building occupancy	503,100	503,100	330,128	172,972	
Office expenses, printing, postage	44,400	44,400	52,685	(8,285)	
Professional and purchased services	356,750	356,750	395,346	(38,596)	
Program materials and supplies	452,400	452,400	239,966	212,434	
Office equipment	24,000	24,000	3,707	20,293	
Information and IT expenses	60,000	60,000	8,850	51,150	
Communication costs	131,400	131,400	152,562	(21,162)	
Interest Expense	0	0	0	0	
ERP - Human Resources Implementation	0	0	0	0	
Transfers to Reserve Funds				0	
<b>Total net operating costs</b>	<b>8,099,936</b>	<b>8,099,936</b>	<b>4,743,082</b>	<b>3,356,854</b>	
Expenditure recoveries and Other Revenues	0	0	0	0	
<b>Total net expenditures after expenditure recoveries</b>	<b>8,099,936</b>	<b>8,099,936</b>	<b>4,743,082</b>	<b>3,356,854</b>	
<b>Excess/(deficit) of revenue over expenditures to be returned to Ministry</b>	<b>0</b>	<b>0</b>	<b>1,038,718</b>	<b>1,038,718</b>	<b>1</b>
				- 1,038,718	

#### Notes:

1. The surplus from the cost-shared programming of \$370,261 combined with the surplus of \$1,038,718 from the COVID-19 one-time funding totals to \$1,408,979. This amount will be returned to the Ministry of Health.



## Appendix 3

### Wellington-Dufferin-Guelph Public Health

### Q4 Financial Report 2022

### All Other Programs (Fund Category 2 through 8)

Program/Initiative Name	Provincial/Municipal Split	Fiscal Year-end	Provincial Funding Approved	Municipal Funding Approved	"Other" Funding Approved	Total Program/ Initiative Budget	Funding Received to Date	Expenditures Incurred to Date	Excess (Deficiency) of Funding over Expenditures	Expected Surplus (Deficit) at Year-End	Notes
AMOH/MOH Compensation (2)	100% Provincial	December 31	165,400			165,400	150,818	155,235	(4,417)	0	1
Ontario Seniors' Dental Care Program (3)	100% Provincial	December 31	1,054,725			1,054,725	1,054,734	923,286	131,448	131,448	2
School Focused Nurses - COVID-19 (4)	100% Provincial	December 31	1,045,400			1,045,400	1,045,400	1,045,400	0	0	3
Healthy Families - formerly Healthy Babies Healthy Children (5)	100% Provincial	March 31	1,567,992			1,567,992	1,175,994	1,171,042	4,952	0	4
<b>External Projects</b>											
Climate Change (6)	Public Health Agency of Canada	March 31				0	44,680	44,680	0	0	5
IPAC Hub (7)	St. Mary's General Hospital	March 31			325,000	325,000	287,835	290,760	(2,925)	0	6
Smart Cities (8)	City of Guelph / Infrastructure Canada	September 30				0	0	153,820	(153,820)	0	7

#### **Notes:**

1. Associate Medical Officer of Health (AMOH)/Medical Officer of Health (MOH) Compensation – 2022 application has been submitted and approval is pending.
2. Ontario Seniors' Dental Care Program – New positions added from funding increase effective April 1, 2022 were not filled until mid-year.
3. School Focused Nurses - COVID-19 – \$1,045,400 approved for April 1, 2022 to December 31, 2022. Funding is expected to be continued until June 30, 2023.
4. Healthy Families – Program has returned to normal operations.
5. Climate Change – Expenses are reimbursed following submission of in year reports to PHAC. Program ended March 31, 2022.
6. Infection Prevention and Control (IPAC) Hub – Approved funding to March 31, 2022 is \$325,000. Funding received as reimbursement for expenditures.
7. Smart Cities – This project runs over multi years from September 30, 2020 to September 30, 2023. Milestone reimbursement schedule total funding of \$1,312,052 over the entire project. The receivable of \$153,820 represents Q3 (October to December 2022) expenses.

## Appendix 4

### Wellington-Dufferin-Guelph Public Health

### Q4 Financial Report 2022

### Ministry of Health – 100% Funded One-Time Grants

Name of Grant	Budget Year of Request	Fiscal Period for Eligible Expenditures	Approved 2022 Provincial One-Time Funding	Total Expenditures To Date	Balance Remaining / (Overspent)	Notes
Needle Exchange Program	2022	April 1, 2022 to March 31, 2023	19,000	19,000	-	
Public Health Inspector Practicum Program	2022	April 1, 2022 to March 31, 2023	67,500	67,500	-	
COVID-19 General Costs	2022	January 1, 2022 to December 31, 2022	1,163,900	1,163,900	-	<b>1</b>
COVID-19 Vaccine Program	2022	January 1, 2022 to December 31, 2022	4,617,900	3,208,921	1,408,979	<b>1</b>
OSDCP Capital: Clinic Construction	2022	April 1, 2022 to March 31, 2023	35,000	7,043	27,957	<b>4</b>
OSDCP Capital: Reprocessing Space - Guelph Dental Clinic	2022	April 1, 2022 to March 31, 2023	212,600	110,251	102,349	<b>4</b>
Temporary Retention Incentive for Nurses	2021	April 1, 2021 to March 31, 2022	265,300	205,282	60,018	<b>2</b>
Temporary Retention Incentive for Nurses	2022	April 1, 2022 to March 31, 2023	265,300	200,676	64,624	<b>3</b>
<b>Total</b>			<b>6,646,500</b>	<b>4,982,573</b>	<b>1,663,927</b>	

#### Notes:

- Interim funding approved by the Ministry of Health in May 2022 based upon a percentage of funding requested on Annual Service Plan. COVID-19 General approved 50% of request and COVID-19 Vaccine approved 80% of request. Revenue in excess of expenditures \$1,408,879 for COVID-19 Vaccine to be returned to the Ministry of Health.
- Covers the period from February 13, 2022 to March 19, 2022 paid after March 31, 2022.
- Covers the period from March 20, 2022 to April 22, 2022 paid after September 1, 2022.
- The remaining balances for the OSDCP Capital Projects will be used before March 31, 2023 and are expected to be fully spent.