

Report to: Finance + Audit Committee, Board of Health
Submitted by: Dr. Nicola Mercer, MOH and CEO
Subject: 2020 SECOND QUARTER FINANCIALS

RECOMMENDATION(S)

- (a) That the Finance + Audit Committee makes recommendation to the Board of Health to receive the 2020 Second Quarter Financials, as presented, for information.

BACKGROUND

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 (6) 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 (7) through (13).

The Agency’s cost-shared budget comprises approximately 85% of the overall budget. This funding is provided on an approx. 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 BOH review.

No.	Program/Budget Name	Funder(s)	Year-end
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Cost-Shared Sub-budgets

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

2	100% Ministry Funded Programs <ul style="list-style-type: none"> • MOH/AMOH Compensation Initiative • Ontario Seniors Dental Care Program 	Ministry	December 31
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3	Healthy Babies Healthy Children	Ministry of Children, Community and Social Services (MCCSS)	March 31
4	Preschool Speech and Language	MCCSS	March 31
5	Inclusion Support Services	County of Wellington	December 31
6	Canadian Prenatal Nutrition Program (CPNP)	Public Health Agency of Canada (PHAC)	March 31

External Projects

7	Poverty Elimination Task Force (PETF)	City of Guelph, County of Wellington, United Way Wellington-Dufferin-Guelph	December 31
8	Children's Report Card	County of Wellington	December 31
9	Evidence Informed Planning Project	Dufferin Coalition for Kids	March 31
10	Preventing Cannabis Harms Through A Youth Driven Campaign	Gambling Research Exchange Ontario	March 31
11	Mental Health and Addictive Disorders Prevention Program for Grade 7 Students	Gambling Research Exchange Ontario	March 31
12	Elder TALK	Gambling Research Exchange Ontario	December 31
13	Climate Change	Health Canada	March 31

One-Time Grants

14	One-Time Grants	Ministry	March 31
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The 2020 budget which was approved by the Board of Health on November 6, 2019 included sub-budgets (1) and (2) above. These sub-budgets, along with the One-Time Grant requests (14) were submitted to the Ministry via the Annual Service Plan and Budget Submission on February 3, 2020.

The provincial funding approval from the Ministry had not yet been received by the end of the June 2020.

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

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.

Current Net Position:

Appendix 1 represents the statement of revenue and expenditures for the six months ended June 30, 2020 for the Cost-Shared Mandatory programs.

As reported on the attached Statement of Revenue and Expenditures (Appendix 1), there was a positive variance of \$285,861 of budgeted spending for the first six months, after taking into account the “reimbursable” portion of expenditures related to the COVID-19 pandemic response.

Budget to actual variances of greater than \$100,000 are explained below:

Employee salaries and benefits were \$1,167,116 more than budgeted for the period. Most of these expenses are related to the additional personnel costs related to the COVID-19 pandemic response. This includes both extra time for current personnel, plus the hiring of additional personnel to assist in the response for a total of approximately \$1.1 million additional costs.

Professional and purchased services expenses were \$170,250 less than budgeted for the period, mainly due to reduced need for these expenses while programs are delayed during the pandemic response.

Program materials and supplies expenses were \$101,632 less than budgeted for the period, mainly due to reduced need for these expenses while programs are delayed during the pandemic response.

One-time Strategic Investments (Operating) – underspending of \$178,000 represents a timing difference for the implementation of the new ERP (Finance and HR) system in 2020. Milestones and the associated payments started in early Q3 as the project progresses to GO LIVE in late Fall 2020.

COVID-19 expenses total approximately \$1.4 million for the period in this report. These expenses are expected to be reimbursed by the Ministry of Health during the 3rd Quarter of 2020. These costs are split approximately as \$1.1 million in Personnel and \$300K in non-personnel operational expenses.

Appendix 2: All Other Programs (2 – 14)

Appendix 2 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 2020.

A description of each of the programs on Appendix 2 follows.

Ministry 100% Funded Related Programs

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

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

MCCSS Funded Programs

Healthy Babies Healthy Children (HBHC) – 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.² This funding has a fiscal year of April 1 to March 31.

Pre-school Speech and Language (PSL) – As the lead agency for the Wellington-Dufferin-Guelph area Preschool Speech and Language Program, WDGPH coordinates the provision of speech pathology services delivered by Groves Memorial Community Hospital, Wellington Health Care Alliance and St. Joseph's Health Centre. This funding has a fiscal year of April 1 to March 31.

County of Wellington Wee Talk - This funding is provided by the County of Wellington for a program called Wee Talk. Wee Talk funds Speech Language Pathologists (SLPs) in licensed childcares to provide support to staff to integrate children with language challenges fully into their programs.

Canadian Prenatal Nutrition Program (CPNP) - This funding is provided by the PHAC, on an April to March fiscal year, to deliver a comprehensive program to promote and support optimal nutrition and health in pregnant and early postpartum women who live in difficult life situations.³

Other Community Grants - Various other community grants are provided by the municipalities served by WDGPH and other community partners, including: United Way Wellington-Dufferin-Guelph, Dufferin Coalition for Kids, and Gambling Research Exchange Ontario. The work undertaken with this funding aligns with the mandate of WDGPH under the OPHS.

Appendix 3 – One-time Grants

Appendix 3 presents the one-time grants approved as part of the 2019 Provincial Funding Approval which were deferred to the first quarter of 2020 in accordance with the funding approval provided by the Ministry, as well as the approved 2019 one-time grants. The 2019 one-time grants were approved for use between April 1, 2019 and March 31, 2020.

APPENDICES:

Appendix 1 – Statement of Revenue & Expenditures for the six months ended June 30, 2020 – Cost-Shared Mandatory Programs

Appendix 2 – Q2 Financial Report 2020: All Other Programs

Appendix 3 – Q2 Financial Report 2020: 100% MOH Funded One-Time Grants

REFERENCES:

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>.
3. Canada. Public Health Agency of Canada. Canada Prenatal Nutrition Program Contribution Agreement; October 2013.

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Wellington-Dufferin-Guelph Public Health

Appendix 1

Statement of Revenue and Expenditures

Total Cost-Shared Mandatory Programs

For the Year-to-Date ended June 30, 2020 (Q2)

	Annual Budget	YTD Budget	YTD Actual	YTD Variance	YTD Variance %	Variance Explanations (> \$100,000)
	\$	\$	\$	\$	%	
Municipal and provincial funding						
Ministry of Health - Base funding	15,115,368	7,054,075	7,054,075	0	0.0%	
City of Guelph	4,025,278	2,009,837	2,009,837	0	0.0%	
County of Wellington	2,778,587	1,387,359	1,387,359	0	0.0%	
County of Dufferin	1,880,360	938,871	938,871	0	0.0%	
	23,799,593	11,390,142	11,390,142	0	0.0%	
Other revenue						
Interest	27,000	13,500	13,796	296	2.2%	
Transfers from reserve	22,333	0	0	0	100.0%	
	49,333	13,500	13,796	296	2.2%	
Total revenue	23,848,926	11,403,642	11,403,938	296	0.0%	
Expenses						
Employee salaries, wages and benefits	17,767,340	8,942,348	10,109,464	(1,167,117)	-13.1%	1
Staff training	181,306	78,901	12,570	66,331	84.1%	
Board/volunteer training and recognition	34,650	20,840	4,578	16,262	78.0%	
Travel	270,483	139,006	89,585	49,421	35.6%	
Building occupancy	2,228,715	1,134,863	1,147,718	(12,855)	-1.1%	
Office expenses, printing, postage	185,193	145,546	70,841	74,705	51.3%	
Professional and purchased services	1,112,275	516,246	342,996	173,250	33.6%	2
Program materials and supplies	807,214	393,909	292,277	101,632	25.8%	3
Office equipment	7,868	4,159	(838)	4,997	120.1%	
Information and IT equipment	749,474	591,276	608,360	(17,084)	-2.9%	
Communication costs	162,882	82,614	115,238	(32,624)	-39.5%	
One-time strategic investments - Operating	346,000	178,000	0	178,000	0.0%	4
Transfers to Reserve Funds	388,574	388,574	888,574	(500,000)	-128.7%	5
Total net operating costs	24,241,974	12,616,281	13,681,363	(1,065,082)	-8.4%	
Less: COVID-19 (reimbursable costs)	0	0	1,439,706	(1,439,706)	100.0%	6
Total net operating costs after Covid-10	24,241,974	12,616,281	12,241,657	374,624	3.0%	
Expenditure recoveries	(393,048)	(162,024)	(72,965)	(89,059)	55.0%	
Total net expenditures after expenditure recoveries	23,848,926	12,454,257	12,168,692	285,565	2.3%	
Excess/(deficit) of revenue over expenditures	0	(1,050,615)	(764,754)	285,861		

Notes:

- Employee Salaries and Benefits** - overspending includes approximately \$1.1 million in personnel costs for the COVID-19 pandemic response.
- Professional and purchased services** - underspending due to delay in regular program operations during COVID-19 pandemic response.
- Program materials and supplies** - underspending due to delay in regular program operations during COVID-19 pandemic response.
- One-time strategic investments (Operating)** - underspending due to delay in timing of system implementation and "milestones" from Q1 to Q2/Q3 for the new ERP (Finance and HR) system. Ongoing "milestones" started to be met early in Q3.
- Transfer to Reserve Funds** - reflects the Ministry decision to restore base funding to 2019 funding levels. In response to this Ministry decision, an additional transfer into the Agency's contingency reserve was made to support, among others, the emergence of unexpected and additional pandemic-related costs.
- COVID-19** - total costs to be reimbursed by Ministry of Health later in 2020.

Wellington-Dufferin-Guelph Public Health
 Financial Report - June 2020 (Q2)
 All Other Programs (Fund category 2 through 14)

Appendix 2

Program/Initiative Name	Provincial/ Municipal Split	Fiscal Year-end	Provincial Funding Requested	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
AMOH/MOH Compensation (3)	100% Provincial	December 31st	138,118			138,118	74,308	46,645	27,663	0
Ontario Seniors' Dental Care Program (3)	100% Provincial	December 31st	869,100			869,100	869,100	222,034	647,066	0
Healthy Babies Healthy Children (4)	100% Provincial	March 31st	1,959,990			1,959,990	457,331	807,433	(350,102)	0
Preschool Speech and Language (5)	100% Provincial	March 31st	1,013,216		61,283	1,074,499	652,329	313,204	339,125	0
County of Wellington Wee Talk (6)	100% Municipal	December 31st		367,921		367,921	183,961	143,280	40,681	0
Canadian Prenatal Nutrition Program (7)	100% PHAC	March 31st			63,410	63,410	0	34,222	(34,222)	0
External Projects* (8, 9, 10, 11, 12,13,14)	Various funders*	March 31st / December 31st		181,038	271,000	452,038	123,954	149,061	(25,107)	0

Name of Grant	Budget Year of Request	Fiscal Period for Eligible Expenditures	Approved 2018 Provincial One-Time Funding deferred for use up to March 31, 2019	Approved 2019 Provincial One-Time Funding deferred for use up to March 31, 2020	Total Expenditures To Date	Balance Re-payable to MOHTLC
Adverse Childhood Experiences Survey	2018	April 1, 2018 to March 31, 2019	406		-	406
Public Health Inspector Practicum Program	2019	April 1, 2019 to March 31, 2020		10,000	10,000	-
New Purpose-Built Vaccine Refrigerators	2019	April 1, 2019 to March 31, 2020		11,000	10,363	637
Ontario Seniors Dental Care Program: Dental Clinic Upgrades - Guelph	2019	April 1, 2019 to March 31, 2020		335,300	31,179	304,121
Ontario Seniors Dental Care Program: Dental Clinic Upgrades - Orangeville	2019	April 1, 2019 to March 31, 2020		69,200	49,475	19,725
Total			406	425,500	101,017	324,889