

Report To: Finance Committee, Board of Health
Submitted by: Dr. Nicola Mercer, Medical Officer of Health and CEO
Subject: FINANCIAL CYCLE FOR THE BOARD OF HEALTH

RECOMMENDATION(S):

- (a) **That the Finance Committee makes recommendation to the Board of Health to receive this report for information.**

BACKGROUND:

The Health Unit's fiscal year is January 1 to December 31. The Board of Health and Standing Committee meetings are established to follow the Provincial financial cycle. (See **Appendix One 2016 Provincial Financial Planning and Reporting Cycle**). To meet Ministry of Health and Long Term Care (MOHLTC) deadlines for Program-Based Grants (PBG) submission, the following year's budget is usually scheduled to be approved at Board of Health meeting no later than the December board meeting. The 2016 budget was approved by the Board of Health on October 7, 2015.

To meet provincial requirements, the PBG and One-Time Grants forms must be submitted annually to MOHLTC by the end of February. WDGPH's PBG and One-Time Grants request forms will be submitted on time, electronically on February 29, 2016. The 2015 financial statement audit is expected to be completed by mid-April 2016, with final approved statements to be forwarded to the three municipal funders in May following anticipated approval at the May 4, 2016 Board of Health meeting.

Accountability Agreement

The Accountability Agreement is a signed, formal legal agreement between WDGPH and the MOHLTC which outlines the obligations of the Board of Health and the Ministry; the current version came into effect on January 1, 2014, and is effective until it is terminated (no end date).¹

Updates to the Accountability Agreement are made as needed with the written consent of both WDGPH and the MOHLTC, by way of an amending agreement. Updates may be required (for example) to update the annual funding allocations provided by MOHLTC, or to change reporting requirements.¹

Funding Framework

The MOHLTC provides ongoing funding to boards of health/public health units through PBG's for the following programs:

Programs	2016 Cost-Sharing Arrangement (Provincial : Municipal)
Mandatory Programs (14)	75:25
Related Programs	
AIDS Hotline *	100:00
Chief Nursing Officer Initiative	100:00
Enhanced Food Safety – Haines Initiative	100:00
Enhanced Safe Water Initiative	100:00
Integrated Healthy Smiles Ontario Program	100:00
Infectious Diseases Control Initiative	100:00
Infection Prevention and Control Nurses Initiative	100:00
Medical Officer of Health (MOH)/AMOH Compensation Initiative	100:00
Needle Exchange Program Initiative	100:00
Social Determinants of Health Nurses Initiatives	100:00
Small Drinking Water Systems Program	75:25
Unorganized Territories *	100:00
Vaccine Programs	Per Dose Basis
Vector-Borne Diseases Program	75:25
Smoke-Free Ontario Strategy	100:00
Electronic Cigarettes Act	100:00
Other Program Grants*	Varies

**WDGPH does not receive funding for these programs*

Program-Based Grants Request Template

The due date to submit completed 2016 PBG Request Templates and One-Time Grant requests is Tuesday, March 1, 2016. Boards of health are required to submit a scanned copy of the board-approved template, signed by the Board of Health Chair.

Provincial Audits

The ministry conducts periodic audits of boards of health to ensure compliance with requirements set out in the Accountability Agreement.¹

A number of factors are considered in the selection of boards of health to be audited in a particular year, including whether a board of health has been audited or assessed over the past number of years and compliance (or non-compliance) with Accountability Agreement reporting requirements.¹

The objective of audits undertaken by the ministry to date has been to assess compliance with the Accountability Agreement and the Ontario Public Health Organizational Standards (Organizational Standards). The ministry may also carry out an assessment of boards of health under section 82 of the *Health Protection and Promotion Act* (HPPA) to determine whether mandatory and related programs are being provided in accordance with the HPPA.¹

Proof of Insurance

Prior to 2015, Boards of health were required to provide proof of insurance with the PBG request in the form of a valid certificate of insurance. Beginning in 2015 and continuing for 2016, proof of insurance was not required to be submitted, but must be produced upon request by MOHLTC.

Annual Reconciliation Report

A reconciliation of actual expenditures incurred by boards of health using ministry funding is prepared by WDGPH, audited (by WDGPH's external auditor in comparison with the audited financial statements), and submitted to the MOHLTC annually. This annual reconciliation return provides the information the ministry requires to determine if there were any unspent funds to be recovered, or if there were any unpaid funds that are owed by the ministry to WDGPH. The deadline for submission of the 2015 annual reconciliation return is April 30, 2016.¹

Revenues

Revenues collected by boards of health for programs or services provided under the Accountability Agreement must be reported in the financial statements, quarterly reports to the ministry, and the annual reconciliation return in accordance with the relevant provisions of the Accountability Agreement.¹

Potential sources of revenue for the Board of Health include: user fees, OHIP billing, revenues for specific programs (e.g. vaccine programs), interest income, and donations.¹

User Fees

Under the *Municipal Act*, boards of health may charge user fees for mandatory and related programs as long as it is not specifically prohibited. (currently, there are no provincial regulations specifically prohibiting the charging of fees for public health services). If a board of health is considering whether or not to charge user fees for mandatory and related programs, the board is asked to take the following factors into consideration: impact on the public; impact on low-income or other priority populations; only charging for the recovery of direct costs; directing any user fee revenue back to public health programs and services; ensuring revenue received exceeds the cost of its collection; and, ensuring the user fee is not deemed to be an indirect tax.¹

Any surpluses generated by the board of health as a result of user fees charged must be returned to the ministry via the annual reconciliation return and settlement process.¹

Non-Admissible Expenditures

The ministry considers the following types of expenses to be non-admissible: administrative services on behalf of third parties (e.g. payroll), alcoholic beverages, capital fund reserves, depreciation on capital assets/amortization, donations to individuals or organizations, electronic medical records, gym membership fees, HST (refundable portion), staff time for fundraising, sick time and vacation accruals.¹

2016 Reporting

The proposed schedule for 2016 reporting to the Finance Committee is as below:

Topic	Finance Committee Meeting*	Board of Health Meeting
1) 2015 4 th Quarter Financials; 2) 2016 Financial Cycle for the Board of Health/PBG Submission; 3) 2016 Insurance Renewal; 4) One-time Grants for 2016; 5) Facilities Reserve Funds; 6) Procurement; and 7) 2015 Year-end Transfers to Reserve Funds.	March 2016	April 2016
1) 2016 1 st Quarter Financials; and 2) Compliance with Section 6.7 of the OPH Organizational Standards: Financial Policies and Procedures.	June 2016	September 2016
1) 2016 Funding Approval, and Forecast to End of Year.	August 2016 (tentative, based on timing of funding approval)	September 2016
1) 2017 Budget 1 st Draft; and 2) 2016 2 nd Quarter Financials.	September 2016	October 2016
1) 2017 Budget 2 nd Draft.	October 2016	November 2016
1) 2017 Budget 3 rd (Final) Draft, if not approved at October 2016 meeting; and 2) 2016 3 rd Quarter Financials.	November 2016	December 2016

* Pending approval of the Finance Committee Chair

APPENDICES:

Appendix "I" – 2016 Provincial Financial Planning and Reporting Cycle

REFERENCES:

1. Ontario. Ministry of Health and Long-Term Care: Population and Public Health Division. 2016 Program-Based Grants User Guide.

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Approved by:
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2016 Provincial Financial Planning and Reporting Cycle¹**JANUARY 1 – MARCH 31**

- **January 1st**
 - Start of board of health fiscal year
- **January**
 - Release of 2016 PBG budget submission package and supporting documentation
- **January 31st**
 - 2015 4th Quarter Financial Report (to December 31st) due to ministry
- **March 1st**
 - 2016 PBG Request and supporting documentation due to ministry
- **March 31st**
 - End of ministry fiscal year (2015-16)

APRIL 1 – JUNE 30

- **Spring**
 - 2016-17 Ontario Budget approved
- **April 1st**
 - Start of ministry fiscal year
- **April 30th**
 - 2015 Annual Reconciliation Report due to ministry
 - 2016 1st Quarter Financial Report (to March 31st) due to ministry

OCTOBER 1 – DECEMBER 31

- **October 31st**
 - 2016 3rd Quarter Financial Report (to September 30th) due to ministry
 - In-year one-time funding requests due to ministry
- **December 31st**
 - End of board of health fiscal year

JULY 1 – SEPTEMBER 30

- **July 31st**
 - 2016 2nd Quarter Financial Report (to June 30th) due to ministry
- **Summer**
 - 2016 PBG approvals