



THE REGIONAL MUNICIPALITY OF NIAGARA
AUDIT COMMITTEE
FINAL AGENDA

AC 04-2019

Monday, June 24, 2019

1:00 p.m.

Council Chamber

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

	Pages
1. <u>CALL TO ORDER</u>	
2. <u>DISCLOSURES OF PECUNIARY INTEREST</u>	
3. <u>PRESENTATIONS</u> None.	
4. <u>DELEGATIONS</u> None.	
5. <u>ITEMS FOR CONSIDERATION</u>	
5.1 <u>AC-C 22-2019</u> Consideration of Reimbursement for Expense	3 - 5
6. <u>CONSENT ITEMS FOR INFORMATION</u>	
6.1 <u>AC-C 21-2019</u> Internal Audit Plan Progress Update Dashboard	6 - 7
6.2 <u>AC-C 19-2019</u> NPCA 2018 Financial Statements	8 - 26

- 6.3 JBM-C 6-2019 27 - 36
Approval of Court Services 2018 Audited Schedule of Revenue,
Expenses and Funds Available for Distribution

This item was forwarded to the Audit Committee for information by resolution of the Joint Board of Management - Niagara Courts meeting held on May 30, 2019.

- 6.4 PHD 10-2019 37 - 72
Approval of 2018-2019 Public Health Program Audits

This item was forwarded to the Audit Committee for information by resolution of the Public Health and Social Services Committee meeting held on June 11, 2019.

- 6.5 COM 22-2019 73 - 92
Approval of 2018-2019 Community Services Program Audits

This item was forwarded to the Audit Committee for information by resolution of the Public Health and Social Services Committee meeting held on June 11, 2019.

7. OTHER BUSINESS

8. NEXT MEETING

The next meeting will be held on Monday, September 9, 2019 at 1 p.m. in the Council Chamber.

9. ADJOURNMENT

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisory Coordinator at 905-980-6000 (office), 289-929-8376 (cellphone) or accessibility@niagararegion.ca (email).

MEMORANDUM

AC-C 22-2019

Subject: Consideration of Reimbursement for Expense

Date: June 24, 2019

To: Audit Committee

From: Ann-Marie Norio, Regional Clerk

At its meeting held on June 20, 2019, Regional Council passed the following motion:

*That Consideration of Reimbursement for Expense **BE REFERRED** to the Audit Committee; and*

*That staff **BE DIRECTED** to provide a chronology respecting this request for reimbursement.*

Chronology

May 2017	John Mascarin appointed as Interim Integrity Commissioner for Niagara Region (was Integrity Commissioner from December 2016)
July 2017	Edward T. McDermott of ADR Chambers Inc. appointed as Integrity Commissioner for Niagara Region (replacing John Mascarin)
November 2017	Regional Council Expense Policy approved. Prior to this time there was no expense policy for Regional Councillors. Expenses were paid upon submission
Jan 2018	Invoice from John Mascarin dated January 31, 2018 for legal expenses for work performed in December 2017
September 2018	Submission of legal expenses to the Audit Committee for consideration of reimbursement in accordance with section 4.9(d) of the Regional Council Expense Policy which notes that expenses outside of the policy or Legal Indemnification Policy shall be submitted to the Audit Committee. As no legal proceedings were commenced against the former-Councillor, there is no entitlement to reimbursement under the Legal Indemnification Policy. Audit Committee passes the following motion:

*That Correspondence Item AC-C 39-2018, being a memorandum from A.-M. Norio, Regional Clerk, dated September 10, 2018, respecting Consideration of Reimbursement for Expense, **BE RECEIVED** and the following recommendation **BE APPROVED**:*

*1. That the expenditure for legal fees in the amount of \$6,732.00, **BE APPROVED** by Regional Council, subject to the receipt of additional confidential information, requested by Audit Committee, at the Regional Council meeting being held on Thursday September 13, 2018.*

September 2018	Regional Council was not in receipt of the additional information requested in the above motion, therefore the expense was not approved by Council
November 2018	Previous term of Council ends
May 2019	Request submitted to Audit Committee for consideration. Audit Committee approved reimbursement of expense
May 2019	Regional Council approved minutes of the Audit Committee at its meeting on May 16, 2019
June 2019	Regional Council reconsiders its decision of May 2019 to approve the reimbursement of the expense, requests that it be referred back to the Audit Committee for consideration with a chronology of events surrounding the matter

Extract from Regional Council Expense Policy related to the reimbursement of legal expenses is below for Committee's reference:

4.9. Legal Expenses

- a) Legal costs arising from or in any way related to complaints under the Code of Conduct are Eligible Expenses.
- b) Legal costs related to personal conflict of interest opinions are Ineligible Expenses.
- c) Costs involving certain legal proceedings against Members shall be reimbursed in accordance with the current legal indemnification policy and are subject to review by the Audit Committee for recommendation to Council.
- d) Requests for reimbursement of legal costs outside this policy or the legal indemnification policy shall be submitted to the Audit Committee for recommendation to Council.

Respectfully submitted and signed by

Ann-Marie Norio
Regional Clerk

MEMORANDUM

AC-C 21-2019

Subject: Internal Audit Plan Progress Update Dashboard

Date: June 24, 2019

To: Audit Committee

From: Maciej Jurczyk, Director, Internal Control & Organizational Performance

On a quarterly basis, Internal Control & Organizational Performance submits a performance dashboard to the Audit Committee. The objective is to demonstrate progress against the Annual Internal Audit Plan and provide other key performance indicators in a one-page summary. The dashboard is attached as Appendix 1 to AC-C 21-2019.

The 2019 Internal Audit Plan (see AC-C 5-2019) was approved on February 4, 2019 by Audit Committee and ratified by Council on February 28, 2019.

Respectfully submitted and signed by,

Maciej Jurczyk, CPA, CMA, CIA, CRMA
Director
Internal Control & Organizational Performance



INTERNAL CONTROL & ORGANIZATIONAL PERFORMANCE AUDIT PLAN PROGRESS UPDATE

Current as of June 6, 2019

Assurance Projects

2017 Interim Audit Work Plan (AC-C 14-2017)	Percentage Complete	Audit Phase	Project Status	Due Date	Dept & Division under review	\$ under review
Purchasing Card	100%	-	Complete	31-Oct-17	ERMS, Procurement	\$9,629,000
Fleet Parts Inventory & Fuel	100%	-	Complete	9-Nov-17	Public Works, Transportation & W	\$1,883,000
Cash Handling	100%	-	Complete	15-Jan-18	Corporate-wide	\$16,180,000
Mobile Telecommunications	100%	-	Complete	15-Jan-18	Corporate Services, IT	\$548,000
Cleaning Contract	100%	-	Complete	15-Jan-18	Corporate Services, Facilities	\$665,000
2018 Audit Plan (AC-C 6-2017)						
Grants & Incentives: Phase 1	100%	-	Complete	7-May-18	Planning/Development & Ec/Dev	\$8,746,000
Grants & Incentives: Phase 2	100%	-	Complete	18-Jun-18	Planning/Development & Ec/Dev	\$8,746,000
Waste and Recycling Drop-Off Depot Agreement	100%	-	Complete	30-Mar-18	Public Works, Waste Management	\$104,000
Procurement: Bidding / Tendering process	90%	Reporting	In Progress	31-Dec-18	ERMS, Procurement	\$470,796,000
Payroll Phase 1: Time keeping	100%	-	Complete	10-Sep-18	Corporate-wide	\$251,284,000
Payroll Phase 2: Payroll processing	100%	-	Complete	24-Oct-18	Corporate Services, HR	\$251,284,000
Controlled Medication Inventory	100%	-	Complete	31-Dec-18	Public Health & Community Service	\$9,000
Accounts Payable	100%	-	Complete	28-Feb-19	ERMS, FMP	\$385,000,000
IT General Controls	100%	-	Complete	30-Apr-18	Corporate Services, IT	Not Applicable
Chippawa CSO Internal Review	100%	-	Complete	10-Sep-18	Public Works, W/WW	\$4,692,000
Children's Services Risk Assessment	100%	-	Complete	28-Feb-19	Community Services, Children's	\$29,468,000
2019 Audit Plan (AC-C 5-2019)						
Homelessness Service Providers Contract Compliance	75%	Fieldwork	In Progress	9-Sep-19	Community Services, Homelessnes	\$11,233,000
Waste Management Contract Compliance	30%	-	Deferred	24-Jun-19	Public Works, Waste Management	\$21,044,000
Employee Benefits Claims	25%	Planning	In Progress	9-Sep-19	Corporate Services, HR	\$19,940,000
HR On-boarding & Off-boarding Audit	0%	-	Not started	2-Dec-19	Corporate Services, HR	\$74,000
Procurement: Sole / Single sourced	5%	Planning	In Progress	9-Sep-19	ERMS, Procurement	\$44,426,000
MTO Driver Certification Program Audit	0%	-	Not started	2-Dec-19	Public Works, Transportation	TBD
Long Term Care Homes Risk Assessment	0%	-	Not started	2-Dec-19	Community Services, Seniors	TBD
Water Treatment Operations Risk Assessment	0%	-	Not started	2-Dec-19	Public Works, W/WW	\$572,000

Annual Audit Plan Status

Changes to 2019 Audit Plan:

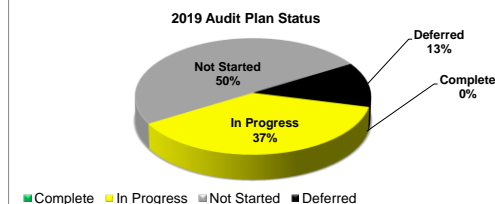
1. Waste Management Contract Compliance Audit (Phase 2 - vendor performance and contract management) deferred to 2020.

Progress Commentary:

- The objective of the 2019 Internal Audit Plan is to provide independent, objective assurance and advisory services designed to add value through meaningful recommendations and to improve Niagara Region's operations and system of internal controls.

- Internal Control & Organization Performance has completed five projects identified in the 2017 Interim Audit Workplan (AC-C 14-2017); and eleven audit projects from the 2018 Audit Plan (AC-C 6-2017); all audit projects have previously been reported to Audit Committee (except Procurement Audit).

- The 2019 Audit Plan (AC-C 5-2019); was approved by Audit Committee on February 4, 2019 and ratified by Council on February 28, 2019. The theme of this audit plan is contract compliance with Niagara Region's major vendors; whereas the theme of the last audit plan was Procurement (Procure-to-Pay cycle). The Homelessness Review is nearing the completion of the fieldwork stage while the Employee Benefit Claims Audit and Single/Sole-Source Procurement Audits are in planning. Audit Staff separated the Waste Management Contract Compliance Audit project into two phases: Phase 1 objectives included reviewing the prospective May 2019 RFP and providing feedback to the Waste Management Service division; while Phase 2 involved a review of Waste Management contract management practices. Public Works and ERMS Staff requested that this portion be deferred to 2020, which was accommodated and reported to Audit Committee on May 6, 2019 as AC-C 15-2019.



Other on-going projects & activities:

- Recruiting vacant Process & Compliance Auditor
- Training & Professional Development

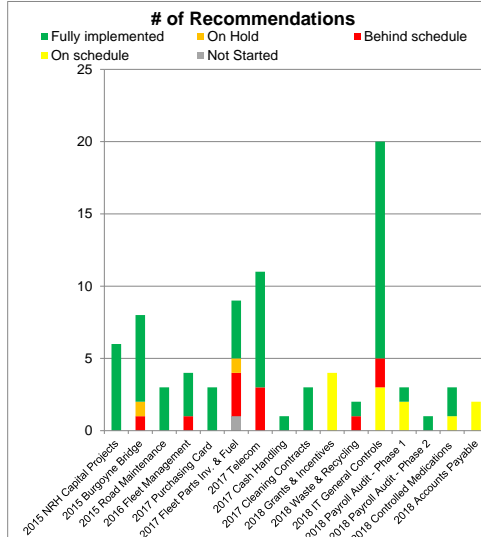
Recommendations Status - current as of May 6, 2019

Audit Project Title	Total Recommendations	Not Started	On schedule	Behind schedule	On Hold	Fully implemented
2015 NRH Capital Projects	6	-	-	-	-	6
2015 Burgoyne Bridge	8	-	-	1	1	6
2015 Road Maintenance	3	-	-	-	-	3
2016 Fleet Management	4	-	-	1	-	3
2017 Purchasing Card	3	-	-	-	-	3
2017 Fleet Parts Inv. & Fuel	9	1	-	3	1	4
2017 Telecom	8	-	-	3	-	8
2017 Cash Handling	1	-	-	-	-	1
2017 Cleaning Contracts	3	-	-	-	-	3
2018 Grants & Incentives	4	-	4	-	-	-
2018 Waste & Recycling	2	-	-	1	-	1
2018 IT General Controls	20	-	3	2	-	15
2018 Payroll Audit - Phase 1	3	-	2	-	-	1
2018 Payroll Audit - Phase 2	1	-	-	-	-	1
2018 Controlled Medications	3	-	1	-	-	2
2018 Accounts Payable	2	-	2	-	-	-
TOTAL # of Issues	80	1	12	11	2	57

Audit Project Title	Total Recommendations	Not Started	On schedule	Behind schedule	On Hold	Fully implemented
Corporate Administration	5	-	-	-	1	4
Corporate Services	30	-	5	3	-	22
Community Services	2	-	-	-	-	2
ERMS	14	-	2	-	-	12
Planning & Development	4	-	4	-	-	-
Public Health	4	-	1	2	-	1
Public Works	15	1	-	3	1	10
Other: NRH	6	-	-	-	-	6
TOTAL # of Issues	80	1	12	8	2	57

Outstanding Recommendations - current as of May 6, 2019:

There are 23 outstanding audit recommendations across all business units (23 when previously reported to the Audit Committee in AC-C 12-2019). Progress is being made against all outstanding Recommendations, and ICOP staff are confident all will be completed within a reasonable period of time. Greater detail is identified in AC-C 14-2019.

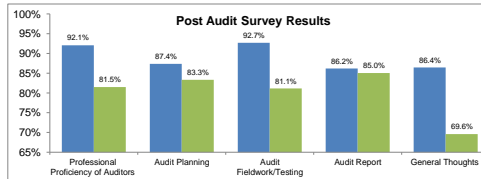


Post Audit Survey Results

Survey Areas of Interest	2017	2018	2019	Details
Professional Proficiency of Auditors	92.1%	81.5%	NA	Objectivity, professionalism, and knowledge of program areas.
Audit Planning	87.4%	83.3%	NA	Communication effectiveness of scope, objectives, timing and approach.
Audit Fieldwork/Testing	92.7%	81.1%	NA	Effective use of client's time.
Audit Report	86.2%	85.0%	NA	Clear, concise report with timely and meaningful recommendations.
General Thoughts	86.4%	69.6%	NA	Overall benefit of audit and conduct of ICOP team.
AVERAGE SCORE	89.5%	80.6%	NA	

ICOP Action Plans

ICOP has developed an Audit Manual to standardize our internal practices. This Audit Manual is used for the training and on-boarding of new Audit Staff. The Audit Manual will be reviewed and updated annually. No surveys yet in



Admin / Human Resources

Personnel:	Title:	Credentials:	Start Date:
Maciej Jurczyk	Director	CPA, CMA, CIA, CRMA	26-Jun-17
Frank Marcella	Internal Auditor	MPA, BEd, CGAP	25-Aug-14
Joan Ugwu	Process & Compliance Auditor	CFE	18-Feb-19
Vacant	Process & Compliance Auditor		-
Xiang Henrik Gao	Internal Audit Analyst	MBA	10-Sep-18
Katie Marnede	Internal Audit Co-op Student		6-May-19

Financial Statements of

**NIAGARA PENINSULA
CONSERVATION AUTHORITY**

Year ended December 31, 2018



KPMG LLP
 80 King Street, Suite 620
 St. Catharines ON L2R 7G1
 Canada
 Tel 905-685-4811
 Fax 905-682-2008

INDEPENDENT AUDITORS' REPORT

To the Board of Niagara Peninsula Conservation Authority

Opinion

We have audited the financial statements of Niagara Peninsula Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada
April 17, 2019

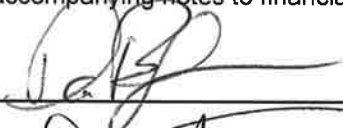
NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Financial Position

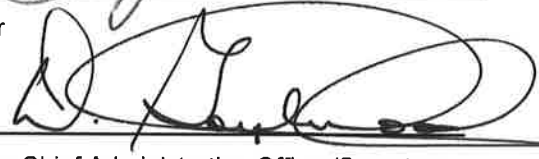
December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 6,138,740	\$ 4,985,889
Investments	4,256,273	4,076,320
Accounts receivable	278,986	576,404
	<u>10,673,999</u>	<u>9,638,613</u>
Financial liabilities:		
Accounts payable and accrued liabilities	759,075	1,415,417
Employee future benefits (note 3)	73,200	109,500
Deferred revenue (note 5)	1,776,979	2,117,978
Long-term debt (note 4)	700,030	1,460,459
	<u>3,309,284</u>	<u>5,103,354</u>
Net financial assets	7,364,715	4,535,259
Non-financial assets:		
Prepaid expenses	33,109	25,636
Tangible capital assets (note 6)	20,145,167	19,904,908
	<u>20,178,276</u>	<u>19,930,544</u>
Accumulated surplus (note 7)	\$ 27,542,991	\$ 24,465,803

See accompanying notes to financial statement.



Chair



Interim Chief Administrative Officer/Secretary

Treasurer

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 10)	2018 Actual	2017 Actual
Revenues:			
Government transfers			
Province of Ontario – Ministry of Natural Resources and Forestry ("MNR")	\$ 174,496	\$ 174,496	\$ 174,496
Province of Ontario - Other	299,499	267,038	204,956
Government of Canada	155,000	132,705	231,425
Municipal levies			
General	6,246,119	6,246,119	6,070,715
Special	2,252,166	2,252,166	2,820,257
Authority generated			
User fees, sales and admissions	1,625,350	1,936,971	1,724,747
Niagara Peninsula Conservation Foundation	-	-	68,750
Administration fees	367,500	417,690	533,178
Interest	85,000	155,013	111,391
Other	546,000	701,053	587,132
	11,751,130	12,283,251	12,527,047
Expenses:			
CAO and Administration	1,938,305	2,019,334	1,502,007
Watershed	2,658,203	1,943,791	2,983,489
Corporate Resources	5,097,145	5,242,938	5,881,695
	9,693,653	9,206,063	10,367,191
Annual surplus	2,057,477	3,077,188	2,159,856
Accumulated surplus, beginning of year	24,465,803	24,465,803	22,305,947
Accumulated surplus, end of year	\$ 26,523,280	\$ 27,542,991	\$ 24,465,803

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Change in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 3,077,188	\$ 2,159,856
Acquisition of tangible capital assets	(1,063,320)	(1,135,509)
Amortization of tangible capital assets	823,061	793,886
Proceeds on disposal of tangible capital assets	-	133,704
Gain on disposal of tangible capital assets	-	(133,703)
(Increase) decrease in prepaid expenses	(7,473)	17,994
	2,829,456	1,836,228
Net financial assets, beginning of year	4,535,259	2,699,031
Net financial assets, end of year	\$ 7,364,715	\$ 4,535,259

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Changes in Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 3,077,188	\$ 2,159,856
Item not involving cash:		
Amortization of tangible capital assets	823,061	793,886
Contributions of tangible capital assets	(145,000)	-
Gain on disposal of tangible capital assets	-	(133,703)
Employee future benefits	(36,300)	(36,500)
Change in non-cash operating working capital:		
Accounts receivable	297,418	(86,472)
Accrued interest on investments	(2,203)	(507)
Prepaid expenses	(7,473)	17,994
Accounts payable and accrued liabilities	(656,342)	140,133
Deferred revenue	(340,999)	(221,244)
Net change in cash and cash equivalents from operations	3,009,350	2,633,443
Capital activities:		
Purchases of tangible capital assets	(918,320)	(1,135,509)
Proceeds from disposal of tangible capital assets	-	133,704
Net change in cash and cash equivalents from capital activities	(918,320)	(1,001,805)
Investing activities:		
Proceeds from sale of investments	4,072,250	4,000,000
Purchases of investments	(4,250,000)	(4,072,250)
Net change in cash and cash equivalents from investing activities	(177,750)	(72,250)
Financing activities:		
Payments on long-term debt	(760,429)	(982,671)
Net change in cash and cash equivalents	1,152,851	576,717
Cash and cash equivalents, beginning of year	4,985,889	4,409,172
Cash and cash equivalents, end of year	\$ 6,138,740	\$ 4,985,889

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2018

The Niagara Peninsula Conservation Authority ("the Authority") is established under The Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources. It is exempt from income taxes under section 149(1)(c) of the Income Tax Act.

1. Significant accounting policies:

The financial statements of Niagara Peninsula Conservation Authority ("the Authority") are prepared by management in accordance with Public Sector Accounting Standards ("PSAS"). Significant accounting policies adopted by the Authority are as follows:

(a) Basis of accounting:

Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

(c) Investments:

Investments consist of term deposits and are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Investment income earned on investments are reported as revenue in the period earned.

(d) Deferred revenue:

Deferred revenues represent government transfers and user fees which have been collected but for which related expenses or related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):**(e) Non-financial assets (continued):****(i) Tangible capital assets:**

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset. The Authority does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

Cost, less residual value of tangible capital assets are amortized on a straight line basis over their estimated useful life. Land is considered to have an infinite life without amortization. Full year amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Asset	Useful Life - Years
Land Improvements	20 years
Buildings	30 years
Dams	15 to 100 years
Gauge stations	15 to 30 years
Equipment	10 years
Vehicles	5 years
Office equipment	5 years

Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition and recognized as revenue in the year of contribution.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Revenue recognition:

i) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

ii) Municipal levies

Municipal levies are recognized as revenue in the year in which they meet the definition of an asset, the levy is authorized and the levy event has occurred.

iii) Authority generated

User fees, sales and admissions and other income is reported as revenue in the period earned.

(g) Employee future benefits:

The Authority provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees to age 65. The employee future benefits represent management's best estimates of the cost of premiums on benefits up to the date of retirement.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in future. Significant estimates include assumptions used in the estimation of employee future benefits.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Adoption of new accounting standards:

On January 1, 2018, the Authority adopted the following Canadian public sector accounting standards:

- PS 2200 Related party disclosures
- PS 3420 Inter-entity transactions
- PS 3210 Assets
- PS 3320 Contingent assets
- PS 3380 Contractual rights

The adoption of these standards did not result in any adjustments to the financial statements. Requirements for note disclosure where applicable have been included in the notes to the financial statements.

3. Employee future benefit:

The Authority provides extended life, health and dental benefits for early retirees to age 65 which will require funding in future periods. The Authority recognizes these retirement benefit costs in the period in which the service is rendered. The accrued benefit liability at December 31, 2018 was estimated by management to be \$73,200 (2017 - \$109,500).

Information about the Authority's benefit plan is as follows:

	2018	2017
Accrued benefit obligation:		
Balance, beginning of year	\$ 109,500	\$ 146,000
Current benefit cost	(9,152)	(9,086)
Benefits paid	(27,148)	(27,414)
Accrued benefit obligation, end of year	\$ 73,200	\$ 109,500

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Long-term debt:

	2018	2017
The Authority has assumed responsibility for the payment of principal and interest charges on long-term debt issued by the Region of Niagara	\$ 700,030	\$ 1,460,459
	\$ 700,030	\$ 1,460,459

Long-term debt bears interest at rates ranging from 4.5% - 4.8%. Total principal payments to be made on the outstanding long-term debt is as follows:

2019	483,705
2020	216,325
	700,030

The Authority paid \$63,691 (2017 - \$109,591) in interest on long-term debt during the year.

5. Deferred revenue:

Deferred revenues consist of the following:

	Balance at December 31, 2017	Externally restricted inflows	Revenue earned	Balance at December 31, 2018
User fees and other	\$ 236,184	\$ 132,609	\$ (151,116)	\$ 217,677
Government grants	334,209	27,286	(64,535)	296,960
Welland river restoration - Ontario Power Generation	1,547,585	-	(285,243)	1,262,342
Total	\$ 2,117,978	\$ 159,895	\$ (500,894)	\$ 1,776,979

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Transfers/ Disposals	Balance at December 31, 2018
Land	\$ 8,504,864	\$ 150,643	\$ -	\$ 8,655,507
Land improvements	5,616,276	421,377	-	6,037,653
Buildings	5,697,728	51,629	-	5,749,357
Dams	4,986,642	-	-	4,986,642
Gauge stations	403,351	-	-	403,351
Equipment	1,881,280	286,401	-	2,167,681
Vehicles	314,254	-	-	314,254
Office equipment	809,088	49,428	-	858,516
Work-in-progress	133,074	236,917	133,075	236,916
Total	\$ 28,346,557	\$ 1,196,395	\$ 133,075	\$ 29,409,877

Accumulated Amortization	Balance at December 31, 2017	Amortization	Disposals	Balance at December 31, 2018
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,738,173	248,249	-	2,986,422
Buildings	2,122,995	182,460	-	2,305,455
Dams	1,653,957	59,084	-	1,713,041
Gauge stations	183,703	20,626	-	204,329
Equipment	983,767	172,514	-	1,156,281
Vehicles	230,992	20,816	-	251,808
Office equipment	528,062	119,312	-	647,374
Work-in-progress	-	-	-	-
Total	\$ 8,441,649	\$ 823,061	\$ -	\$ 9,264,710

	Net book value December 31, 2017	Net book value December 31, 2018
Land	\$ 8,504,864	\$ 8,655,507
Land improvements	2,878,103	3,051,231
Buildings	3,574,733	3,443,902
Dams	3,332,685	3,273,601
Gauge stations	219,648	199,022
Equipment	897,513	1,011,400
Vehicles	83,262	62,446
Office equipment	281,026	211,142
Work-in-progress	133,074	236,916
Total	\$ 19,904,908	\$ 20,145,167

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Tangible capital assets (continued):

Work-in-process, having a value of \$236,916 (\$133,074) has not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$145,000 (2017 - \$nil) and was comprised of land.

Tangible capital assets recognized at nominal value include land used in the operations and conservation management.

The Authority has not recorded a write-down of tangible capital assets during the year or 2017.

7. Accumulated surplus:

Accumulated surplus consists of the following:

	2018	2017
Invested in tangible capital assets	\$ 19,445,137	\$ 18,444,449
Reserves set aside by the Board of the Authority for specific purpose	8,171,054	6,130,854
Unfunded employee future benefits liability	(73,200)	(109,500)
	<u>\$ 27,542,991</u>	<u>\$ 24,465,803</u>

Reserves set aside by the Board of the Authority for specific purpose consists of the following:

	2018	2017
General capital	\$ 1,373,806	\$ 1,058,385
Operating reserve	1,360,743	713,420
Equipment	107,257	279,319
Flood protection	318,406	359,266
Levy differential	1,646,591	1,206,213
Land acquisitions	3,031,880	2,431,880
Restoration	250,000	-
Tree by-law	82,371	82,371
	<u>\$ 8,171,054</u>	<u>\$ 6,130,854</u>

8. Credit facility:

The Authority's credit facility includes an overdraft lending account of \$800,000 bearing interest at prime. No amount was outstanding as at the year end. The facility is secured by a general security agreement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Pension plan:

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the 54 (2017 – 58) members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Authority does not recognize any share of the pension plan deficit of \$4.2 billion (2017 - \$5.4 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2018 calendar year at rates ranging from 9.0% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2018 current and past service was \$378,347 (2017 - \$414,821) and were matched by employee contributions.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

10. Budget data:

The budget data presented in these financial statements is based upon the 2018 operating budget approved by the Board of the Authority on September 20, 2017 and capital budget approved October 25, 2017. Amortization was not incorporated in the development of the budget and, as such, were not provided on the statement of changes in net financial assets. The chart below reconciles the approved budget to the budget figures reported in these financial statements:

	Budget Amount
Revenues	
Operating	
Approved budget	\$ 9,631,021
Capital	1,258,731
Special levy - reserves	1,040,378
Less:	
Transfers from reserves	(179,000)
Total revenues	11,751,130
Expenses:	
Operating	
Approved budget	10,671,399
Capital	
Approved budget	1,258,731
Add:	
Amortization	823,061
Less:	
Tangible capital assets included in operating expense	(1,258,731)
Transfers to reserves	(1,040,378)
Debt principal payments	(760,429)
Total expenses	9,693,653
Annual surplus	\$ 2,057,477

11. Contingencies:

The Authority is involved from time to time in litigation, which arises in the normal course of business. The exact outcome of these actions is not determinable as at the date of reporting. In respect of certain outstanding claims, the Authority believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

12. Commitments:

The Authority has approved disbursement of the levy differential reserve to the contributing municipalities in the watershed of the Authority. This disbursement is dependent upon the outcome of any litigation with respect to the municipal levies.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018

13. Related party transactions:

During the year, the Authority incurred \$75,568 (2017 - \$91,531) in expenditures for per diems, honorariums, and mileage which was paid to and on behalf of members of the Board of Directors for the Authority.

14. Contractual rights:

The Authority has contractual rights under contract with various Ministry agencies to receive funds in exchange for services to be provided under those contracts. The Authority is expecting up to \$189,898 in future revenues based on anticipated services to be performed.

15. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year. There is no impact to accumulated surplus as a result of the reclassification.

16. Segmented information:

The Authority provides a wide range of services which are categorized by department. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

CAO and Administration (2017 – Corporate Services)

CAO and administration services is comprised of the administration services of the Authority.

Watershed

The watershed department is the umbrella for three divisions dedicated to monitoring, regulating, protecting and improving the health and safety of our watersheds.

Corporate Resources (2017 – Operations)

The corporate resources department is the umbrella for three divisions dedicated to conservation land management, conservation land programming and development and managing the Authority's vehicles and equipment. Conservation land management is the administration department for the conservation areas. Conservation land programming and development is responsible for maintenance and improvements to the conservation areas. The vehicles and equipment department accounts for the cost of maintaining the vehicles and equipment.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal levies have been allocated to the segments based upon budgeted levies for the segment. Interest earned on investments has been allocated to the corporate resources segment.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2018, with comparative figures for 2017

16. Segmented information (continued)

2018				
	CAO and Administration	Watershed	Corporate Resources	Total
Revenues:				
MNRF transfers	\$ 29,496	\$ 145,000	\$ -	\$ 174,496
Government transfers	32,765	334,213	32,765	399,743
Municipal levies	2,143,418	1,542,992	4,811,875	8,498,285
User fees, sales and administration	-	-	1,936,971	1,936,971
Administration fees	-	417,690	-	417,690
Interest	-	-	155,013	155,013
Other	4,945	210,082	486,026	701,053
Total revenues	2,210,624	2,649,977	7,422,650	12,283,251
Expenses:				
Salaries and benefits	1,153,483	1,459,290	2,655,482	5,268,255
Materials and supplies	451,406	179,425	1,277,141	1,907,972
Contracted services	63,416	40,640	212,337	316,393
Professional fees	172,140	184,725	155,360	512,225
Rent and financial expenses	15,619	-	298,847	314,466
Debt service	-	-	63,691	63,691
Amortization	163,270	79,711	580,080	823,061
Total expenses	2,019,334	1,943,791	5,242,938	9,206,063
Annual surplus	\$ 191,290	\$ 706,186	\$ 2,179,712	\$ 3,077,188
2017				
	CAO and Administration	Watershed	Corporate Resources	Total
Revenues:				
MNRF transfers	\$ 75,796	\$ 98,700	\$ -	\$ 174,496
Government transfers	50,639	286,451	99,291	436,381
Municipal levies	3,072,522	2,190,679	3,627,771	8,890,972
User fees, sales and administration	-	-	1,724,747	1,724,747
Niagara Peninsula Conservation Foundation	-	-	68,750	68,750
Administration fees	-	533,178	-	533,178
Interest	-	-	111,391	111,391
Other	8,283	152,027	426,822	587,132
Total revenues	3,207,240	3,261,035	6,058,772	12,527,047
Expenses:				
Salaries and benefits	420,213	2,267,986	3,186,967	5,875,166
Materials and supplies	465,682	220,367	1,342,720	2,028,769
Contracted services	6,351	195,742	196,328	398,421
Professional fees	448,238	219,481	208,081	875,800
Rent and financial expenses	13,169	-	272,389	285,558
Debt service	-	-	109,591	109,591
Amortization	148,354	79,913	565,619	793,886
Total expenses	1,502,007	2,983,489	5,881,695	10,367,191
Annual surplus	\$ 1,705,233	\$ 277,546	\$ 177,077	\$ 2,159,856

Subject: Approval of Court Services 2018 Audited Schedule of Revenue, Expenses and Funds Available for Distribution

Report to: The Joint Board of Management, Niagara Region Courts

Report date: Thursday, May 30, 2019

Recommendations

1. That the draft audited schedule of revenues, expenses and funds available for distribution for the year ended December 31, 2018 for The Regional Municipality of Niagara Court Services ("Court Services") (Appendix 1) **BE APPROVED**
2. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statements as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee and to The Ministry of the Attorney General as per the Memorandum of Understanding, for information.

Key Facts

- The purpose of the report is to obtain approval of the audited schedule of revenue, expenses and funds available for distribution in accordance with the Niagara Region Courts Inter-municipal Agreement dated April 26, 2000.
- Court Services received an unmodified audit opinion.
- In accordance with AC-C 32-2018 dated June 18, 2018, respecting the Audit Committee Terms of Reference, re "agencies, boards and commission (ABC) financial statements", financial schedules are approved by the governing bodies of the reporting ABC and then referred to Audit Committee for information.

Financial Considerations

The draft audited schedule of revenues, expenses and funds available for distribution has been prepared in compliance with legislation and in accordance with the financial reporting provisions in the Niagara Region Courts Inter-municipal Agreement dated April 26, 2000.

A copy of the draft audited schedule of revenues, expenses and funds available for distribution for the year ended December 31, 2018 is attached (Appendix 1).

Analysis

The audit of the financial information in the schedule of revenue, expense and funds available for distribution was completed by the Region's auditors, Deloitte. The auditors have indicated that, in their opinion, the financial information in the schedule for the year ended December 31, 2018 is prepared, in all material respects, in accordance with the financial reporting provisions in the Niagara Region Courts Inter-municipal Agreement dated April 26, 2000.

The approval of the audited schedules of the Region's agencies, boards, and commissions (the ABC's) rests with the governing body of the reporting ABC. Upon approval by the Joint Board of Management, Niagara Region Courts, staff will be authorized to sign the auditor's representation letter to obtain the auditors' signed report.

Alternatives Reviewed

The consolidated financial statements are prepared in accordance with the Niagara Region Courts Inter-municipal Agreement dated April 26, 2000 and therefore no alternative is available.

Relationship to Council Strategic Priorities

Council's strategic priority of advancing organizational excellence was achieved through receiving an unmodified audit opinion on the financial statements and no management letter points.

Other Pertinent Reports

None

Prepared by:

Beth Brens, CPA, CA
Acting Associate Director, Reporting & Analysis
Enterprise Resource Management Services

Recommended by:

Todd Harrison
Commissioner
Enterprise Resource Management Services

Submitted by:

Ron Tripp, P.Eng.
Acting, Chief Administrative Officer

This report was prepared in consultation with Sara Mota, Program Financial Specialist, Enterprise Resource Management Services.

Appendices

Appendix 1

Draft 2018 Schedule of Revenue, Expenses
and Funds Available for Distribution

Page 4

Schedule of revenues, expenses and funds available for distribution

The Regional Municipality of Niagara Court Services

December 31, 2018

DRAFT

The Regional Municipality of Niagara Court Services

December 31, 2018

Table of contents

Independent Auditor's Report	1-2
Schedule of revenues, expenses and funds available for distribution	3
Notes to the schedule	4-5

DRAFT

Independent Auditor's Report

To the Board Members of The Regional Municipality of Niagara Court Services

Opinion

We have audited the accompanying schedule of revenues, expenses and funds available for distribution of The Regional Municipality of Niagara Court Services (the "Court Services") for the year ended December 31, 2018 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule of the Court Services for the year ended December 31, 2018, is prepared, in all material respects, in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Court Services in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Court Services in complying with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

The Board of Directors are responsible for overseeing the Court Services' financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court Services' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Licensed Public Accountants
May 16, 2019

D R A F T

The Regional Municipality of Niagara

Court Services

Schedule of revenues, expenses and funds available for distribution
year ended December 31, 2018

	2018		2017
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Offence receipts	6,741,000	7,347,729	6,815,694
Controllable expenses			
Salaries and benefits	2,003,317	1,756,743	1,868,881
Program support costs (Note 4)	1,307,383	1,306,159	983,220
Collection charges	110,000	167,256	143,660
Legal	51,500	80,348	80,167
Payment processing costs	66,500	74,299	73,254
Ticket data capture	5,000	-	10,637
Telephone	7,600	8,628	33,826
Business forms	5,400	3,573	11,888
Building and equipment rental	500	253	7,381
Office and administration	47,836	57,623	76,616
	3,605,036	3,454,882	3,289,530
Uncontrollable expenses			
Payments to other municipalities/provinces	300,000	265,523	319,370
Victim fine surcharge	1,000,000	1,048,736	1,050,557
Adjudication	528,000	421,308	551,802
Dedicated fines	25,000	17,001	43,008
Other provincial expenses	194,000	213,923	201,279
	2,047,000	1,966,491	2,166,016
Total expenses	5,652,036	5,421,373	5,455,546
Excess of revenues over expenses	1,088,964	1,926,356	1,360,148
Change in employee benefits and other liabilities	-	(657)	(16,953)
Transfer to Niagara Region (Note 2)	-	(43,847)	(363,428)
Funds available for distribution (Note 3)	1,088,964	1,881,852	979,767

The accompanying notes to the schedule are an integral part of this financial statement.

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2018

1. Significant accounting policies

The schedule of revenues, expenses and funds available for distribution of The Regional Municipality of Niagara Court Services has been prepared by management in accordance with the financial reporting provisions in the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000 (the "agreement").

Significant accounting policies are as follows:

Revenues

Revenues are recorded on a cash basis.

Expenses

Court Services follows the accrual method of accounting for controllable expenses. Controllable expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

Uncontrollable expenses are recorded on a cash basis.

Capital assets

Capital assets and amortization of capital assets are not reported as expenses on the statement of receipts and expenses and funds available for distribution.

Transfers to reserves

Transfers to reserves are based on approval by the Board, as provided for in section 8.6 of the agreement.

Employee future benefits

Court Services provides certain employee benefits which will require funding in future periods. These benefits include sick leave, life insurance, extended health and dental benefits for early retirees.

The costs of sick leave, life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long term inflation rates and discount rates. The cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

2. Transfer to Niagara Region

Court Services transferred \$43,847 (2017 - \$363,428) to the Niagara Region Capital Program.

The Niagara Region currently holds \$1,650,000 (2017- \$1,650,000) in a Court Services Facility Renewal reserve to be used by Court Services on future capital projects.

The Regional Municipality of Niagara Court Services

Notes to the schedule

December 31, 2018

3. Distribution to area municipalities

Court Services revenue distribution by municipality is as follows:

	Budget	2018	2017
	\$	\$	\$
Region of Niagara	544,482	940,926	489,883
Niagara Falls	105,633	182,546	94,263
Port Colborne	17,870	30,882	16,428
St. Catharines	140,236	242,344	127,995
Thorold	21,213	36,658	19,185
Welland	44,365	76,667	40,471
Fort Erie	35,490	61,331	32,564
Grimsby	41,094	71,015	36,302
Lincoln	35,068	60,602	31,260
Niagara-on-the-Lake	48,618	84,018	42,840
Pelham	25,157	43,474	22,527
Wainfleet	9,977	17,242	8,940
West Lincoln	19,760	34,147	17,109
	1,088,964	1,881,852	979,767

Included in the current year funds available for distribution of \$1,881,852 is an amount of \$792,888, which is in excess of the budgeted funds available for distribution of \$1,088,964. The current year funds available for distribution has been split between the local area municipalities and the Region in accordance with the Niagara Region Courts Intermunicipal Agreement dated April 26, 2000.

4. Program support costs

Court Services records direct operating expenses to their respective activity. In addition, in 2013, the Niagara Region established its first consolidated cost allocation policy with a guiding principle of more closely aligning indirect costs with the support programs and services as defined by the Province in the Financial Information Return (FIR). The new methodology allocates these indirect costs to end programs/services based on usage drivers.

Under this methodology, all departments providing program/service support functions will allocate their costs using drivers specific to each type of expense.

Program support costs which have been allocated are:

	Budget	2018	2017
	\$	\$	\$
Finance services	97,040	100,008	69,977
Human resources services	55,361	47,995	48,149
Organizational performance	58,775	28,325	-
Information technology services	113,605	216,177	113,070
Legal services	18,008	23,233	7,352
Insurance costs	943	976	950
Printing costs	1,593	1,238	800
Mail costs	11,265	17,414	9,708
Communications costs	84	1,307	317
Facilities costs	950,709	869,486	732,897
	1,307,383	1,306,159	983,220

Subject: Approval of 2018-2019 Public Health Program Audits

Report to: Public Health and Social Services Committee

Report date: Tuesday, June 11, 2019

Recommendations

1. That the draft audited Schedule of Revenues and Expenses for Infant & Child Development Services for the calendar year ended December 31, 2018 (Appendix 1), **BE APPROVED**;
2. That the draft audited Schedules of Revenue and Expenses and Annual Reconciliation Return for the following programs for the fiscal year ended March 31, 2019 (Appendix 2 to 4), **BE APPROVED**;
 - a. Ambulance Communications Services— Schedule of Revenue and Expenses (Appendix 2)
 - b. Community Mental Health Program— Schedule of Revenue and Expenses (Appendix 3) & Annual Reconciliation Return (Appendix 4)
3. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statements as presented; and
4. That this report **BE FORWARDED** to the Region's Audit Committee for information.

Key Facts

- The purpose of the report is to obtain approval of the audited schedules of revenues and expenses in accordance with the provincial requirement.
- The Ministry submission deadline for Infant & Child Development Services is anticipated to be July 31, 2019 (based on prior year reporting schedules, 2018-2019 reporting schedule not yet received).
- The Ministry submission deadlines for the Ambulance Communication Services and Community Mental Health are both June 30, 2019.
- In accordance with report AC-C 28-2018 dated June 18, 2018, respecting the Audit Committee Terms of Reference, which refers to "other audited financial statements", to include special purpose and compliance-based schedules, are approved by the standing committees with oversight of the program and then referred to the Audit Committee for information.

Financial Considerations

The schedules of revenues and expenses ("financial schedules") have been prepared in compliance with legislation and in accordance with the requirements and policies stipulated by the corresponding Ministry.

Draft copies of the schedules of revenues and expenses for the year ended December 31, 2018 and March 31, 2019 are attached as Appendix 1 – 4.

The financial schedules are prepared specifically for the purposes of meeting the requirements outlined in the service agreements with the funding Ministries.

The financial schedules of revenues and expenses have been prepared in compliance with legislation and in accordance with the requirements and policies stipulated by the corresponding Ministry.

The financial schedules for Public Health Programs are a provincial requirement as noted in the audit reports for each respective program as follows:

Infant & Child Development Services:

“The schedule is prepared to assist the Program to comply with the financial reporting provisions of the agreement between the Ontario Ministries of Children and Youth Services and Community and Social Services and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose.”

Ambulance Communication

“The schedule is prepared to assist the Region in complying with the financial reporting provisions of the agreement dated May 28, 2010 between the Ontario Ministry of Health and Long-Term Care and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose.”

Community Mental Health Program:

“The schedule is prepared to assist the Region in complying with the financial reporting provisions of the agreement dated April 1, 2018 between the Hamilton Niagara Haldimand Brant Local Health Integration Network and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose.”

Analysis

The audits of these Public Health Programs were completed by the Region’s external auditors, Deloitte. The auditors have indicated that, based on their review, nothing has come to their attention that causes them to believe that this information is not, in all material respects, in accordance with the Ministry requirements identified.

The approval of audited schedules performed for Ministry funding purposes rests with the Committee to which the department responsible for the funding reports. In the case of Infant & Child Development Services, approval by Committee and Council satisfies

the Ministry requirement of having approval from Niagara Region's Board of Health. Upon approval by the Committee, these schedules are referred to Audit Committee for information. Then the department's Commissioner and Treasurer will be authorized to sign the auditor's representation letter to obtain the auditors signed report.

Below is a summary of the results of the audited schedules:

- Infant & Child Development Services – This program is not in a grant payable or receivable position as all funding from the Ministry was spent during 2018.
- Ambulance Communication Services – This program has no funds returnable for the current reporting period as the Region has expended \$500,152 in excess of the provincial grant for the period.
- Community Mental Health Program – This program is in a grant repayable position of \$118,789 as at March 31, 2019. This represents a decrease in the grant repayable of \$254,295 compared to the prior period repayable amount of \$373,084.

These financial schedules are subject to minor wording changes once schedules are finalized.

Alternatives Reviewed

The audited schedules are a Ministry requirement and therefore no alternatives are available.

Relationship to Council Strategic Priorities

Advancing organizational excellence through the preparation and audit of the financial schedules. These audits are Ministry requirements to ensure compliance with the funding agreements in order to continue to provide Ministry funded programs in the Niagara Region.

Other Pertinent Reports

None

Prepared by:

Beth Brens, CPA, CA
Acting, Associate Director, Reporting &
Analysis
Enterprise Resource Management
Services

Recommended by:

M. Mustafa Hirji, MD MPH FRCPC
Medical Officer of Health &
Commissioner (Acting)
Public Health & Emergency Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Noah Bruce, CPA, CA, Program Financial Specialist, and Michael Leckey, Program Financial Specialist.

Appendices

- Appendix 1 Infant & Child Development Program – Audited Schedule of Revenues and Expenses
- Appendix 2 Ambulance Communications – Audited Schedule of Revenues and Expenses
- Appendix 3 Community Mental Health Program – Schedule of Revenue and Expenses
- Appendix 4 Community Mental Health Program – Annual Reconciliation Return

Schedule of revenue and expenses

**The Regional Municipality of
Niagara Public Health Department**
Infant and Child Development Services

December 31, 2018

DRAFT

The Regional Municipality of Niagara Public Health Department

Infant and Child Development Services
December 31, 2018

Table of contents

Independent Auditor's Report	1-2
Schedule of revenue and expenses	3
Notes to the schedule of revenue and expenses	4-5

DRAFT

Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara and the Ministries of Children and Youth Services and Community and Social Services

Opinion

We have audited the accompanying schedule of revenue and expenses of the Regional Municipality of Niagara Public Health Department – Infant and Child Development Services (the “Program”) for the year ended December 31, 2018 and notes to the schedule (collectively referred to as the “schedule”).

In our opinion, the accompanying schedule of the Program for the year-ended December 31, 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of the agreement between the Ontario Ministries of Children and Youth Services and Community and Social Services and the Regional Municipality of Niagara.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Program in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Program to comply with the financial reporting provisions of the agreement between the Ontario Ministries of Children and Youth Services and Community and Social Services and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the Guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

In preparing the schedule, management is responsible for assessing the Program’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Program or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Program’s financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Program's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the schedule or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Program to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
May 16, 2019

The Regional Municipality of Niagara

Public Health Department

Infant and Child Development Services

Schedule of revenue and expenses
year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Province of Ontario - Service Contract	568,423	568,428	568,360
One-time Grant	-	3,749	-
	568,423	572,177	568,360
Expenses			
Salaries	422,355	416,223	431,855
Benefits	106,239	102,186	109,840
	528,594	518,409	541,695
Other service costs			
Administration costs (Note 3)	45,740	49,331	32,793
Supplies	6,300	22,059	2,100
Staff travel	22,000	16,237	15,212
Staff training	3,000	8,168	1,817
Audit services	2,646	2,690	2,544
IT licenses and support	2,300	2,035	2,286
Utilities and taxes	2,000	1,792	2,040
Purchased services	1,284	472	660
Fees and dues	300	315	68
	85,570	103,099	59,520
Total expenses	614,164	621,508	601,215
Deficiency of revenue over expenses	(45,741)	(49,331)	(32,855)

The accompanying notes to the financial statements are an integral part of this financial statement.

The Regional Municipality of Niagara

Public Health Department

Infant and Child Development Services

Notes to the schedule of revenues and expenses

December 31, 2018

1. Significant accounting policies

This schedule has been prepared for the Ontario Ministries of Children and Youth Services and Community and Social Services ("the Ministry"). It is prepared in accordance with Canadian public sector accounting standards, except that it does not provide for employee future benefits and tangible capital assets are expensed as incurred. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

Significant accounting policies are as follows

Revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting, with the exception of employee future benefits below.

The accrual basis of accounting recognizes revenues as they become available and measurable, expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Capital assets

The historical cost and accumulated depreciation of capital assets are not recorded. Capital assets acquired are reported as an expenditure and amortization is not recorded on the statement of revenue and expenditure and surplus.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.

2. Grant repayable

	2018	2017
	\$	\$
Grant repayable, beginning of year	-	68
Amounts recovered during the year	-	(68)
Deficiency of revenue over expenses	(49,331)	(32,855)
Expenses not recoverable	49,331	32,855
Grant repayable, end of year	-	-

The Regional Municipality of Niagara

Public Health Department

Infant and Child Development Services

Notes to the schedule of revenues and expenses

December 31, 2018

3. Administration costs

Administration costs are allocated under the indirect allocation methodology included in the cost allocation policy.

Under this methodology, all departments providing program/service support functions, as identified during the budget process, will allocate their costs using a basis that best match actual costs with the most appropriate beneficial recipient of the cost.

Administration costs are comprised of the following charges:

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Accounting services	1,647	1,443	1,065
Payroll services	10,365	12,280	7,897
Human resources services	6,453	13,704	5,398
IT program support services	19,123	14,830	15,827
Insurance costs	312	298	303
Printing costs	1,403	535	352
Capital financing	6,437	6,241	1,951
	45,740	49,331	32,793

4. Budget data

The budget data presented in the schedule is based on the budget data submitted to the Ontario Ministries of Children and Youth Services and Community and Social Services.

Schedule of revenues and
expenditures

The Regional Municipality of Niagara
Public Health Department
Ambulance Communications Service

March 31, 2019

Independent Auditor's Report	1-2
Schedule of revenues and expenditures	3
Notes to the schedule of revenues and expenditures	4-5

Independent Auditor's Report

To the Regional Municipality of Niagara and the Ontario Ministry of Health and Long-Term Care

Opinion

We have audited the accompanying schedule of revenues and expenditures of the Regional Municipality of Niagara Public Health Department – Ambulance Communications Service (the “Program”), for the year ended March 31, 2019 and notes to the schedule (collectively referred to as the “schedule”).

In our opinion, the accompanying schedule of the Program for the year ended March 31, 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the agreement dated May 28, 2010 between the Ontario Ministry of Health and Long-Term Care and the Regional Municipality of Niagara (the “guidelines”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Region in complying with the financial reporting provisions of the agreement dated May 28, 2010 between the Ontario Ministry of Health and Long-Term Care and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
[date of audit report]

D R A F T

The Regional Municipality of Niagara Public Health Department
Ambulance Communications Service
Schedule of revenues and expenditures
For the year ended March 31, 2019

	Notes	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenues				
Provincial grant		5,686,704	5,686,704	5,582,192
Other income		—	10,248	11,220
		<u>5,686,704</u>	<u>5,696,952</u>	<u>5,593,412</u>
Expenditures				
Salaries and benefits				
Salaries and wages		3,994,108	4,054,990	4,120,458
Employee benefits		998,831	1,415,858	1,114,763
Transportation and communications		154,012	178,494	197,556
Services and rentals		233,133	227,744	247,737
Supplies and equipment		56,572	18,956	30,155
Administrative costs	2	250,048	316,844	420,800
Total expenditures		<u>5,686,704</u>	<u>6,212,886</u>	<u>6,131,469</u>
Ineligible administration costs	2	—	(15,781)	(81,121)
Total eligible expenditures		<u>5,686,704</u>	<u>6,197,105</u>	<u>6,050,348</u>
Excess of expenditures over revenues		<u>—</u>	<u>(500,153)</u>	<u>(456,936)</u>

The accompanying notes to the Schedule are an integral part of this Schedule.

1. Significant accounting policies

Basis for presentation

The schedule of revenues and expenditures is prepared in accordance with the agreement dated May 28, 2010 between the Ontario Ministry of Health and Long-Term Care and the Regional Municipality of Niagara.

The agreement requires the Schedule to be prepared in a manner consistent with generally accepted accounting principles ("GAAP"). Management of the Regional Municipality of Niagara Public Health Department has interpreted GAAP to be the recognition and measurement principles of the Canadian public sector accounting standards related specifically to revenues and expenditures, and not the presentation principles or the presentation of all the financial statements and note disclosures required by GAAP for a complete set of financial statements.

Revenues and expenditures

Revenues are reported on the accrual basis of accounting.

Expenditures are recorded if they are eligible for the program and incurred in the year.

Capital assets

Tangible capital assets acquired are reported as an expenditure, amortization is not recorded.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.

Use of estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of a periodic schedule involves the use of estimates and approximations. These have been made using careful judgements.

2. Administration costs

The program records direct operating expenditures to their respective activity. In addition, in 2013, the Region established its first consolidated allocation policy with a guiding principle of more closely aligning indirect costs with the support programs and services as defined by the Province in the Financial Information Return (FIR). The new methodology allocates these indirect costs to end programs/services based on usage drivers.

Under this methodology, all departments providing program/service support functions will allocate their costs using drivers specific to each type of expense.

The Regional Municipality of Niagara Public Health Department
Ambulance Communications Service
Notes to the schedule of revenues and expenditures
March 31, 2019

2. Administration costs (continued)

Administration costs, which have been allocated, are:

	2019	2018
	\$	\$
Accounting services	7,757	7,178
Capital levy	7,997	65,167
Debt costs	7,784	15,954
Financial management	4,815	2,658
Human resources services	33,157	49,927
IT program support services and project costs	108,730	150,609
Land ambulance shared services	67,270	66,533
Legal services	1,706	1,733
Payroll services	72,575	58,210
Printing costs	310	445
Procurement services	4,719	2,290
Property management	24	96
	316,844	420,800

As per this program's funding agreement the following administration costs are considered ineligible and have been shown as a reduction of expense on the schedule of revenues and expenditures:

	2019	2018
	\$	\$
Capital levy	7,997	65,167
Debt costs	7,784	15,954
	15,781	81,121

3. Budget data

The budget data presented in the Schedule is based on the budget data submitted to the Ontario Ministry of Health and Long-Term Care.

Schedule of revenue and expenses
The Regional Municipality of Niagara
Public Health Department
Community Mental Health Program

March 31, 2019

Independent Auditor's Report	1-2
Schedule of revenue and expenses	3
Notes to the schedule of revenue and expenses	4-5

Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara and the Hamilton Niagara Haldimand Brant Local Health Integration Network

Opinion

We have audited the accompanying schedule of revenue and expenses of the Regional Municipality of Niagara Public Health Department – Community Mental Health Program (the “Program” or “Region”), for the year ended March 31, 2019 and notes to the schedule (collectively referred to as the “schedule”).

In our opinion, the accompanying schedule of the Program for the year-ended March 31, 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the agreement dated April 1, 2018 between the Hamilton Niagara Haldimand Brant Local Health Integration Network and the Regional Municipality of Niagara (the “guidelines”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Region in complying with the financial reporting provisions of the agreement dated April 1, 2018 between the Hamilton Niagara Haldimand Brant Local Health Integration Network and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the Guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
[date of report]

The Regional Municipality of Niagara Public Health Department
Community Mental Health Program
Schedule of revenue and expenses
Year ended March 31, 2019

	Notes	2019 Budget \$	2019 Actual \$	2018 Actual \$
Revenue				
Province of Ontario Grants		6,138,731	6,138,731	6,113,238
Interest		—	—	2,474
Miscellaneous		1,000	9,536	9,256
		<u>6,139,731</u>	<u>6,148,267</u>	<u>6,124,968</u>
Expenses				
Compensation				
Salaries		4,581,243	4,487,033	4,305,045
Employee benefits		912,745	865,970	858,133
		<u>5,493,988</u>	<u>5,353,003</u>	<u>5,163,178</u>
Service costs				
Administration costs	3	39,500	452,073	499,893
Audit and other professional fees		3,307	6,613	17,888
Computer maintenance and supplies		6,725	3,943	4,477
Other expenses		40,107	96,853	41,031
Printing, postage, stationery and office supplies		13,481	14,882	10,210
Rent and property taxes		291,893	267,039	248,467
Staff education		17,771	45,207	33,212
Telephone		22,350	14,918	14,834
Travel		210,609	187,520	179,087
		<u>645,743</u>	<u>1,089,048</u>	<u>1,049,099</u>
Total expenses		<u>6,139,731</u>	<u>6,442,051</u>	<u>6,212,277</u>
Ineligible administration costs	3	—	412,573	460,393
Total eligible expenses		<u>6,139,731</u>	<u>6,029,478</u>	<u>5,751,884</u>
Excess of revenue over eligible expenses		<u>—</u>	<u>118,789</u>	<u>373,084</u>

The accompanying notes to the Schedule are an integral part of this Schedule.

The Regional Municipality of Niagara Public Health Department
Community Mental Health Program
Notes to the schedule of revenue and expenses
 March 31, 2019

1. Significant accounting policies

The schedule of revenue and expenses has been prepared for the Hamilton Niagara Haldimand Brant Local Health Integration Network. The agreement requires the Schedule to be prepared in a manner consistent with generally accepted accounting principles ("GAAP"). Management of the Regional Municipality of Niagara has interpreted GAAP to be recognition and measurement principles in accordance with Canadian Public Sector Accounting Standards, except that it does not provide for employee future benefits and does not capitalize and amortize tangible capital assets. Management has further interpreted that GAAP does not include the presentation principles or the presentation of all financial statements and note disclosures required by GAAP for a complete set of financial statements.

Significant accounting policies are as follows.

Revenue and expense recognition

Revenue and expenses are reported on the accrual basis of accounting, with the exception of employee future benefits below.

The accrual basis of accounting recognizes revenues as they become available and measureable, expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Capital assets

Tangible capital assets acquired are reported as an expense, and amortization is not recorded.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.

Use of estimates

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of a periodic schedule involves the use of estimates and approximations. These have been made using careful judgements.

2. Grant funding repayable

The grant repayable to the Province of Ontario is subject to audit verification by the Hamilton Niagara Haldimand Brant Local Health Integration Network. The grant repayable is non-interest bearing and is normally repaid in the subsequent year. The grant repayable balance at the end of the year is comprised of the current year excess of revenue over eligible expenses excluding net book value associated with capital one-time funding and the unpaid grant repayable balance from prior years.

	2019	2018
	\$	\$
Grant repayable, beginning of year	394,724	208,730
Amounts repaid during the year	(21,641)	(187,090)
Excess of revenue over eligible expenses	118,789	373,084
Grant repayable, end of year	491,872	394,724

**The Regional Municipality of Niagara Public Health Department
Community Mental Health Program**

Notes to the schedule of revenue and expenses

March 31, 2019

3. Administration costs

The program records direct operating expenses to their respective activity. In addition, in 2013, the Region established its first consolidated cost allocation policy with a guiding principle of more closely aligning indirect costs with the support programs and services as defined by the Province in the Financial Information Return (FIR). The new methodology allocates these indirect costs to end programs/services based on usage drivers.

Under this methodology, all departments providing program/service support functions will allocate their costs using drivers specific to each type of expense.

Administration costs are comprised of the following charges:

	2019	2018
	\$	\$
Financial services	66,879	59,202
Human resource services	111,110	93,454
IT Services	222,874	264,328
Debt charges	51,210	82,909
Total administration costs	452,073	499,893

As per direction from the funding body, administration costs are limited to \$39,500 (2018 - \$39,500) and therefore administration costs in excess of the limit are considered ineligible and have been shown as a reduction of expense on the schedule of revenue and expenses.

	2019	2018
	\$	\$
Total administration costs	452,073	499,893
Less: administration cost limit	39,500	39,500
Total ineligible administration costs	412,573	460,393

Annual Reconciliation Report
The Regional Municipality of Niagara
Public Health Department
Community Mental Health Program

March 31, 2019

Independent Auditor's Report	1-2
Annual Reconciliation Report	3-8
Note to the Annual Reconciliation Report	9

Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara, Hamilton Niagara Haldimand Brant Local Health Integration Network and the Ontario Ministry of Health and Long-Term Care

Opinion

We have audited the accompanying schedules (ARRFin1 and ARRFin2) and the Proxy Pay Equity Reconciliation Report (excluding statistics and FTEs) of the Annual Reconciliation Report of the Regional Municipality of Niagara Public Health Department Community Mental Health Program (the "Program" or "Region") for the year ended March 31, 2019 and note to the schedules (collectively referred to as the "schedules").

In our opinion, the accompanying schedules of the Program for the year-ended March 31, 2019 have been prepared, in all material respects, in accordance with the financial reporting provisions in the guidelines in Chapters 3 and 4 of the Ontario Healthcare Reporting Standards and the Community Financial Policy (2016) issued by the Ontario Ministry of Health and Long-Term Care (the "guidelines").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedules* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedules are prepared to assist the Program in complying with the financial reporting provisions in the guidelines in Chapters 3 and 4 of the Ontario Healthcare Reporting Standards and the Community Financial Policy (2016) issued by the Ontario Ministry of Health and Long-Term Care. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedules

Management is responsible for the preparation of the schedules in accordance with the guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedules that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the schedules.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
[date of audit report]

IDENTIFICATION

IFIS / Recipient #	100238
SRI Organization Code	473
Report Name	2018-19 Account Reconciliation Report
LHIN Name	Hamilton Niagara Haldimand Brant (Hnhb)
Service Provider Name	Community Mental Health Program
Service Provider Legal Name	Community Mental Health Program

Service Provider Address

Address 1	1815 Sir Isaac Brock Way
Address 2	0
City	Thorold
Postal Code	L2V 4T7

HSP Contact Name	Michael Leckey
HSP Contact Position	Program Financial Specialist
HSP Contact Phone Number	905-685-4225 x 7439
HSP Contact E-mail Address	michael.leckey@niagararegion.ca

Draft

TOTAL AGENCY

Form ARRfin 1- Total LHIN & Ministry Managed- Financial
Community Mental Health Program

		TOTAL HSP
TABLE G: Total Agency Reporting	Line #	
Summary by Fund Type (Total Agency Financials)		
Total Revenue Fund Type 1	115	-
Total Expenses Fund Type 1	116	-
Net Surplus/Deficit Fund Type 1 (Hospital)	117	-
Total Revenue Fund Type 2 (Above)	118	6,148,267
Total Expenses Fund Type 2 (Above)	119	6,029,478
Net Surplus/Deficit Fund Type 2 (Community Programs)	120	118,789
Total Revenue Fund Type 3	121	-
Total Expenses Fund Type 3	122	-
Net Surplus/Deficit Fund Type 3 (Other)	123	-
Total Revenue for the Provider	124	6,148,267
Total Expenses for the Provider	125	6,029,478
Net Surplus/Deficit	126	118,789

Form ARRFin2 - LHIN Managed Programs
Community Mental Health Program

Table B		LHIN - CMHP1	
	Line #	2018-19 Final	Comments (Max 255 Characters)
Funding Initiative		Select Funding Initiative (where applicable)	
LHIN Cash Flow:			
	1		
Funding - Local Health Integrated Networks		6,138,731	
Funding - Provincial MOHLTC (Allocation)	2	-	
Funding - LHINs One Time	3	-	
Funding - MOHLTC One Time	4	-	
Sessional fee funding - LHIN	5	-	
Sessional fee funding - MOHLTC	6	-	
Total LHIN/MOHLTC funding as per cash flow	7	6,138,731	
Service Recipient Revenue	8	-	
Recoveries from External/Internal Sources	9	-	
Donations	10	-	
Other Funding Sources and Other Revenue	11	9,536	Misc.
Other revenue adjustments (detailed comments required)	12	-	
Total revenue adjustments	13	9,536	
Total FUND TYPE 2 funding for settlement purposes	14	6,148,267	
Deferred LHIN/MMP funding used to purchase capitalized items in the current year (Enter as Negative Amount)	15	-	
Amortization of donation revenue and LHIN funding in the current fiscal year	16	-	
Other Adjustments including LHIN/MOHLTC recovery (detailed comments required)	18	-	
Total Revenue FUND TYPE 2	19	6,148,267	
EXPENSES- Fund Type 2			
Compensation			
Salaries and Wages (Worked + Benefit + Purchased)	20	3,954,790	
Benefit Contributions	21	860,237	
Employee Future Benefit Compensation	22	-	
Nurse Practitioner Remuneration	23	32,665	
Medical Staff Remuneration	24	538,527	
Sessional Fees	25	-	
Service Costs			
Med/Surgical Supplies and Drugs	26	-	
Supplies and Sundry Expenses (excl. Med/Surg Supplies & Drugs)	27	330,777	
Community One Time Expense	28	-	
Equipment Expenses	29	45,337	
Amortization on Major Equip and Software License and Fees	30	-	
Contracted Out Expense	31	31,769	
Buildings and Grounds Expenses	32	235,376	
Building Amortization	33	-	
TOTAL EXPENSES Fund Type 2	34	6,029,478	
Depreciation/Amortization of Capital Assets for the Program and Admin & Support	35	-	
Total Capitalized Purchases and Services in current year	36	-	
(CHC & Home Care purposes only) Inadmissible salary expenses	37	-	
(CHC & Home Care purposes only) Less: Other adjustments	38	-	
Total Expenses for Settlement Purposes	39	6,029,478	
Less sessional fee expenses (Enter as Negative Amount)	40	-	
Less one time expenses as per listing below (Negative sum of line 63 & 79)	42	-	
Total operating expenses for settlement purposes	43	6,029,478	
Operating Recovery	44	118,789	
Sessional Fee Recovery	45	-	
One Time Recovery	46	-	
Total Settlement Recovery	47	118,789	
TABLE C: One-Time Expenses			
Capitalized purchases from One Time funding Section C-1			
	48	-	
	49	-	
	50	-	
	51	-	
	52	-	
	53	-	
	54	-	
	55	-	
	56	-	
	57	-	
	58	-	
	59	-	
	60	-	
	61	-	
	62	-	
Total One-time capitalized purchases from One-time funding	63	-	

Form ARRFin2 - LHIN Managed Programs
Community Mental Health Program

Operating expenses from One Time Funding		LHIN - CMHP1	
Section C-2			
	64	-	
	65	-	
	66	-	
	67	-	
	68	-	
	69	-	
	70	-	
	71	-	
	72	-	
	73	-	
	74	-	
	75	-	
	76	-	
	77	-	
	78	-	
Total One-time operating expenses from One-time funding	79	-	
TABLE D: Operating Expenses		Line #	2018-19 Final
Capitalized expenses Sourced from Operating Funding (Section D-1)		Comments (Max 255 Characters)	
(All capitalized items regardless of amount)			
	80	-	
	81	-	
	82	-	
	83	-	
	84	-	
	85	-	
	86	-	
	87	-	
	88	-	
	89	-	
	90	-	
	91	-	
	92	-	
	93	-	
	94	-	
Total Capitalized expenses from Operating Funding	95	-	
Non- capitalized one-time expenses > \$5,000 Sourced from Operating Funding (Section D-2)			
	96	-	
	97	-	
	98	-	
	99	-	
	100	-	
	101	-	
	102	-	
	103	-	
	104	-	
	105	-	
	106	-	
	107	-	
	108	-	
	109	-	
	110	-	
Total Non-Capitalized One-time expenses >\$5,000 from Operating Funding	111	-	
Total One Time Expenses	112	-	
TABLE F: Sessional Fees Summary			
(Enter the # of Sessions Delivered)			
# of Sessions Delivered (From Sessional Fees)	113	0	
Calculated Cost Per Session	114	0.00	

PROXY PAY EQUITY ANNUAL REPORT

This form is to be completed by transfer payment organizations who receive proxy pay equity funding from the Ministry of Health and Long-Term Care, pursuant to the April 23, 2003 Memorandum of Settlement. It must be completed on an annual basis until an organization no longer has a pay equity obligation.

SECTION 1: BASIC PROGRAM INFORMATION			
Name of Agency:	Community Mental Health Program		
Vendor #:		Reporting Period: from	
		to	
Contact Person:		Phone:	

SECTION 2: EXPENDITURE REPORT			
<u>Sources of Proxy Pay Equity Funds</u>			
Ministry of Health and Long-Term Care	\$		A
Other (Specify)			
TOTAL		0.00	
<u>Expenditures</u>			
Actual Proxy Pay Equity Expenses			B
Surplus(Deficit)		0.00	A-B
Current Outstanding Liabilities			
Total Number of Individuals Receiving Proxy Pay Equity			

SECTION 3: CERTIFICATION	
I, hereby certify that to the best of my knowledge the financial data is correct and it is reflected in the year-end settlement.	
<div style="border-bottom: 1px solid black; width: 300px; margin-bottom: 5px;"></div> (Signature of Health Service Provider Authority)	Title:

Certification by Provider Fiscal 2018-19

Having the authority to bind the Health Service Provider, we certify that the information provided in ARRFIn1, ARRFIn2 and ARRFIn3 are complete and accurate

Community Mental Health Program	
Dr. Mustafa Hirji	
Name of Signing Officer	Date
_____ Signing Officer***	
Medical Officer of Health (Acting)	
Title	
Ron Tripp	
Name of Signing Officer	Date
_____ Signing Officer***	
Chief Administrative Officer (Acting)	
Title	

***I have the authority to bind the Health Service Provider

The Regional Municipality of Niagara Public Health Department
Community Mental Health Program
Note to the Annual Reconciliation Report
March 31, 2019

1. Significant accounting policies

Basis of accounting

These Schedules have been prepared for the Ontario Ministry of Health and Long-Term Care and the Hamilton Niagara Haldimand Brant Local Health Integration Network. They are prepared in accordance with Canadian public sector accounting standards, except that it does not provide for employee future benefits and does not capitalize and amortize tangible capital assets. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial information necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting, with the exception of employee future benefits below.

The accrual basis of accounting recognizes revenues as they become available and measureable, expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Capital assets

Tangible capital assets acquired are reported as an expenditure, and amortization is not recorded.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.

Subject: Approval of 2018-2019 Community Service Program Audits

Report to: Public Health and Social Services Committee

Report date: Tuesday, June 11, 2019

Recommendations

1. That the draft audited schedule of revenues and expenses for the Homelessness Partnering Strategy Program for the fiscal period ended March 31, 2019 (Appendix 1), **BE APPROVED**;
2. That the draft audited schedule of revenues and expenses for the Community Support Service Program, for the calendar year ended December 31, 2018 (Appendix 2), **BE APPROVED**;
3. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statements as presented; and
4. That this report **BE FORWARDED** to the Region's Audit Committee for information.

Key Facts

- The purpose of the report is to obtain approval of the audited schedules in accordance with the federal and provincial funding requirements.
- The Ministry of Employment and Social Development Canada and the Hamilton Niagara Haldimand Brant Local Health Integration Network (HNHB LHIN) submission deadlines for the Homelessness Partnering Strategy Program and the Community Support Service Program are July 31, 2019 and June 30, 2019 respectively.
- In accordance with report AC-C 32-2018 dated June 18, 2018, respecting the Audit Committee Terms of Reference, which refers to "other audited financial statements", to include special purpose and compliance-based schedules, are approved by the standing committee with oversight of the program and then referred to Audit Committee for information.

Financial Considerations

The schedule of revenue and expenses for the Homelessness Partnering Strategy Program has been prepared in compliance with legislation and in accordance with the financial reporting provisions of the agreement between the Ministry of Employment and Social Development Canada and the Regional Municipality of Niagara. The Annual Reconciliation Return of the Community Support Service Program has been prepared in compliance with the guidelines of the Ontario Health Reporting Standards and the Community Financial Policy issued by the HNHB LHIN through the Multi-Sector Accountability Agreement (MSAA).

Draft copies of the audited schedule of revenues and expenses for the years ended March 31, 2019 and December 31, 2018 are attached as Appendix 1 and 2 respectively.

The financial schedules are prepared specifically for the purposes of meeting the requirements outlined in the service agreements with the funding Ministries. These financial schedules are a federal and provincial requirement as noted in the audit reports for each respective program as follows:

Homeless Partnering Strategy Program

“The schedule is prepared to assist the Program in complying with the financial reporting provisions of the agreement between the Ministry of Employment and Social Development Canada and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose.”

Community Services Support Program

“The schedules are prepared to assist the Program in complying with the financial reporting provisions in the guidelines in Chapters 3 and 4 of the Ontario Healthcare Reporting Standards and the Community Financial Policy (2016) issued by the Ontario Ministry of Health and Long-Term Care. As a result, the schedule may not be suitable for another purpose.

Analysis

The audits of these Community Service Programs were completed by the Region’s external auditors, Deloitte. The auditors have indicated that, based on their review, nothing has come to their attention that causes them to believe that this information is not, in all material respects, in accordance with the requirements identified.

Upon approval by the Council, these schedules are submitted to the respective Ministries in accordance with funding agreement requirements and timelines and are also referred to the Audit Committee for information.

Below is a summary of the results of the audited schedules:

- Homelessness Partnership Strategy Program – This program commenced April 1, 2014 and ends March 31, 2019. The maximum amount of Ministry contribution over the five year period was received totalling \$3,141,055.
- Community Support Service Program – This program has an overall deficit of \$43,551 at the end of December 31, 2018. The deficit is related to lower than anticipated service revenue generated from adult day programs, as a result of

inclement weather and seasonal outbreaks in 2018. \$694 is returnable to the HNHB LHIN as a result of a surplus in the Assisted Living program which has its own restricted funding envelope.

These financial schedules are subject to minor wording changes once schedules are finalized.

Alternatives Reviewed

The audited schedules are a funding agreement requirement and therefore no alternatives are available.

Relationship to Council Strategic Priorities

Not applicable (pending the development of Council Strategic Priorities).

Other Pertinent Reports

None

Prepared by:

Beth Brens, CPA, CA
Acting Associate Director, Reporting &
Analysis
Enterprise Resource Management
Services

Recommended by:

Adrienne Jugley, MSW, RSW, CHE
Commissioner
Community Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Kayla De Pauw, CPA, CA, Program Financial Specialist and Jordan Gamble, CPA, CA, Program Financial Specialist.

Appendices

- Appendix 1 2018-2019 Homelessness Partnering Strategy Program – Audited Schedule of Revenues and Expenses
- Appendix 2 2018 Community Support Service Program Annual Reconciliation Return

Schedule of revenue and expenses
The Regional Municipality of Niagara
Homelessness Partnering Strategy
Program

March 31, 2019

Independent Auditor's Report	1-2
Schedule of revenue and expenses	3
Notes to the schedule of revenue and expenses	4

Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara and the Ministry of Employment and Social Development Canada

Opinion

We have audited the accompanying schedule of revenue and expenses of the Regional Municipality of Niagara Homelessness Partnering Strategy Program (the "Program" or "Region") for the year ended March 31, 2019 and notes to the schedule (collectively referred to as the "schedule").

In our opinion, the accompanying schedule of the Program for the year ended March 31, 2019 have been prepared, in all material respects, in accordance with the financial reporting provisions of the agreement between the Ministry of Employment and Social Development Canada and the Regional Municipality of Niagara (the "guidelines").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedule* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule is prepared to assist the Program in complying with the financial reporting provisions of the agreement between the Ministry of Employment and Social Development Canada and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedule

Management is responsible for the preparation of the schedule in accordance with the guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this schedule.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
[date of report]

**The Regional Municipality of Niagara Homelessness
Partnering Strategy Program
Schedule of revenue and expenses**
Year ended March 31, 2019

	Note	2019 \$	2018 \$
Revenue			
Ministry funding	2	714,705	714,705
Expenses			
Service providers		643,365	637,897
Chargeback – miscellaneous salaries and benefits		68,549	74,141
Legal and survey expenses		2,791	2,667
Total expenses		714,705	714,705
Excess of eligible expenses over revenue		—	—

The accompanying notes to the Schedule are an integral part of this Schedule.

**The Regional Municipality of Niagara Homelessness
Partnering Strategy Program**

Notes to the schedule of revenue and expenses

March 31, 2019

1. Significant accounting policies

Basis of accounting

The Schedule has been prepared for the Ministry of Employment and Social Development Canada. The agreement between the Ministry of Employment and Social Development Canada and the Regional Municipality of Niagara requires the Schedule to be prepared in a manner consistent with generally accepted accounting principles ("GAAP"). Management of the Regional Municipality of Niagara has interpreted GAAP to be recognition and measurement principles in accordance with Canadian Public Sector Accounting Standards, except that it does not provide for employee future benefits and does not capitalize and amortize tangible capital assets. Management has further interpreted that GAAP does not include the presentation principles or the presentation of all financial statements and note disclosures required by GAAP for a complete set of financial statements.

Revenue and expenses

Revenues are reported on the accrual basis of accounting.

Expenses are recorded if they are eligible for the program and incurred in the period, except for employee future benefits.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.

2. Ministry funding

This project commenced April 1, 2014 and will end March 31, 2019. Total maximum amount of the Ministry's contribution is \$3,141,055.

The maximum amount payable by the Ministry in each fiscal year of the project is:

	\$
2015	476,470
2016	520,470
2017	714,705
2018	714,705
2019	714,705
	<u>3,141,055</u>

The total maximum amount of Canada's contribution was increased from \$2,426,350 to \$3,141,055 to support the Housing First Initiative and current transitional housing programs in 2017, 2018 and 2019.

Annual Reconciliation Report
The Regional Municipality of Niagara
Community Services Department
Community Support Service Program

December 31, 2018

Independent Auditor's Report	1-2
Annual Reconciliation Report	3-8
Note to the Annual Reconciliation Report	9

Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara, the Ontario Ministry of Health and Long-Term Care and the Hamilton Niagara Haldimand Brant Local Health Integration Network

Opinion

We have audited the accompanying schedules (ARRFin1 and ARRFin2) and the Proxy Pay Equity Reconciliation Report (excluding statistics and FTEs) of the Annual Reconciliation Report of the Regional Municipality of Niagara Community Services Department - Community Support Service Program (the "Program" or "Region") for the year ended December 31, 2018 and note to the schedules (collectively referred to as the "schedules").

In our opinion, the accompanying schedules of the Program for the year-ended March 31, 2019 have been prepared, in all material respects, in accordance with the financial reporting provisions in the guidelines in Chapters 3 and 4 of the Ontario Healthcare Reporting Standards and the Community Financial Policy (2016) issued by the Ontario Ministry of Health and Long-Term Care (the "guidelines").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Schedules* section of our report. We are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the schedule in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedules are prepared to assist the Program in complying with the financial reporting provisions in the guidelines in Chapters 3 and 4 of the Ontario Healthcare Reporting Standards and the Community Financial Policy (2016) issued by the Ontario Ministry of Health and Long-Term Care. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Schedules

Management is responsible for the preparation of the schedules in accordance with the guidelines, and for such internal control as management determines is necessary to enable the preparation of the schedules that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Region's financial reporting process.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the schedules.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
[date of audit report]

IDENTIFICATION

IFIS / Recipient #	13115
SRI Organization Code	4165
Report Name	2018-19 Account Reconciliation Report
LHIN Name	Hamilton Niagara Haldimand Brant (Hnhb)
Service Provider Name	Regional Municipality Of Niagara
Service Provider Legal Name	Regional Municipality Of Niagara

Service Provider Address

Address 1	1815 Sir Isaac Brock Way
Address 2	P.O. Box 1042
City	THOROLD
Postal Code	L2V3Z3

HSP Contact Name	Jordan Gamble
HSP Contact Position	Program Financial Specialist
HSP Contact Phone Number	905-685-4225, ext. 3815
HSP Contact E-mail Address	jordan.gamble@niagararegion.ca

Draft

TOTAL AGENCY

Form ARRfin 1- Total LHIN & Ministry Managed- Financial
Regional Municipality Of Niagara

		TOTAL HSP
TABLE G: Total Agency Reporting	Line #	
Summary by Fund Type (Total Agency Financials)		
Total Revenue Fund Type 1	115	-
Total Expenses Fund Type 1	116	-
Net Surplus/Deficit Fund Type 1 (Hospital)	117	-
Total Revenue Fund Type 2 (Above)	118	7,114,638
Total Expenses Fund Type 2 (Above)	119	7,158,189
Net Surplus/Deficit Fund Type 2 (Community Programs)	120	- 43,551
Total Revenue Fund Type 3	121	-
Total Expenses Fund Type 3	122	-
Net Surplus/Deficit Fund Type 3 (Other)	123	-
Total Revenue for the Provider	124	7,114,638
Total Expenses for the Provider	125	7,158,189
Net Surplus/Deficit	126	- 43,551

Form ARRRfin2 - LHIN Managed Programs Regional Municipality Of Niagara		LHIN - CSS		LHIN - SH	
Table B	Line #	2018-19 Final	Comments (Max 255 Characters)	2018-19 Final	Comments (Max 255 Characters)
Funding Initiative		Select Funding Initiative (where applicable)		Select Funding Initiative (where applicable)	
LHIN Cash Flow:					
Funding - Local Health Integrated Networks	1	5,338,819	reported for 2018 calendar year. Initial allocation of \$5,215,666 plus new base allocation for community paramedicine (\$123,151)	800,028	reported for 2018 calendar year
Funding - Provincial MOHLTC (Allocation)	2	-		-	
	3		Community Paramedicine Program Annual Funding (\$195,137) plus a ministry approved deferral at 2017/18 Q3 (\$24,933), Day and stay program funding (\$10,500) and ADP programs serving people with dementia (\$16,071) and Bill 148 funding (\$14,214)	1,849	Bill 148
Funding - LHINs One Time	4	-		-	
Funding - MOHLTC One Time	5	-		-	
Sessional fee funding - LHIN	6	-		-	
Sessional fee funding - MOHLTC	7	5,599,674		801,877	
Total LHIN/MOHLTC funding as per cash flow	8	701,891		-	
Service Recipient Revenue	9	11,178		18	
Recoveries from External/Internal Sources	10	-		-	
Donations	11	-		-	
Other Funding Sources and Other Revenue	12	-		-	
Other revenue adjustments (detailed comments required)	13	713,069		18	
Total revenue adjustments	14	6,312,743		801,895	
Total FUND TYPE 2 funding for settlement purposes	15	-		-	
Deferred LHIN/MMP funding used to purchase capitalized items in the current year (Enter as Negative Amount)	16	-		-	
Amortization of donation revenue and LHIN funding in the current fiscal year	17	-		-	
Other Adjustments including LHIN/MOHLTC recovery (detailed comments required)	18	-		-	
Total Revenue FUND TYPE 2	19	6,312,743		801,895	
EXPENSES- Fund Type 2					
Compensation					
Salaries and Wages (Worked + Benefit + Purchased)	20	3,368,985		565,222	
Benefit Contributions	21	848,365		140,324	
Employee Future Benefit Compensation	22	-		-	
Nurse Practitioner Remuneration	23	132,074		-	
Medical Staff Remuneration	24	-		-	
Sessional Fees	25	-		-	
Service Costs					
Med/Surgical Supplies and Drugs	26	4,578		4,168	
Supplies and Sundry Expenses (excl. Med/Surg Supplies & Drugs)	27	608,029		67,668	
Community One Time Expense	28	-		-	
Equipment Expenses	29	239,809		6,151	
Amortization on Major Equip and Software License and Fees	30	-		-	
Contracted Out Expense	31	946,049		5,767	
Buildings and Grounds Expenses	32	209,098		11,901	
Building Amortization	33	-		-	
TOTAL EXPENSES Fund Type 2	34	6,356,987		801,201	
Depreciation/Amortization of Capital Assets for the Program and Admin & Support	35	-		-	
Total Capitalized Purchases and Services in current year	36	-		-	
(CHC & Home Care purposes only) Inadmissible salary expenses	37	-		-	
(CHC & Home Care purposes only) Less: Other adjustments	38	-		-	
Total Expenses for Settlement Purposes	39	6,356,987		801,201	
Less sessional fee expenses (Enter as Negative Amount)	40	-		-	
Less one time expenses as per listing below (Negative sum of line 63 & 79)	42	260,855		1,849	
Total operating expenses for settlement purposes	43	6,096,132		799,352	
Operating Recovery	44	-		694	
Sessional Fee Recovery	45	-		-	
One Time Recovery	46	-		-	
Total Settlement Recovery	47	-		694	
TABLE C: One-Time Expenses	Line #	2018-19 Final	Comments (Max 255 Characters)	2018-19 Final	Comments (Max 255 Characters)
Capitalized purchases from One Time funding Section C-1					
	48	-		-	
	49	-		-	
	50	-		-	
	51	-		-	
	52	-		-	
	53	-		-	
	54	-		-	
	55	-		-	
	56	-		-	
	57	-		-	
	58	-		-	
	59	-		-	
	60	-		-	
	61	-		-	
	62	-		-	
Total One-time capitalized purchases from One-time funding	63	-		-	
Operating expenses from One Time Funding Section C-2					
	64	260,855		1,849	
	65	-		-	
	66	-		-	
	67	-		-	
	68	-		-	
	69	-		-	
	70	-		-	
	71	-		-	
	72	-		-	
	73	-		-	
	74	-		-	
	75	-		-	
	76	-		-	
	77	-		-	
	78	-		-	
Total One-time operating expenses from One-time funding	79	260,855		1,849	

Form ARRfin2 - LHIN Managed Programs Regional Municipality Of Niagara		LHIN - CSS		LHIN - SH	
TABLE D: Operating Expenses		Line #	Comments (Max 255 Characters)	2018-19 Final	Comments (Max 255 Characters)
Capitalized expenses Sourced from Operating Funding (Section D-1) (All capitalized items regardless of amount)					
	80	-		-	
	81	-		-	
	82	-		-	
	83	-		-	
	84	-		-	
	85	-		-	
	86	-		-	
	87	-		-	
	88	-		-	
	89	-		-	
	90	-		-	
	91	-		-	
	92	-		-	
	93	-		-	
	94	-		-	
Total Capitalized expenses from Operating Funding		95	-	-	
Non- capitalized one-time expenses > \$5,000 Sourced from Operating Funding (Section D-2)					
	96	-		-	
	97	-		-	
	98	-		-	
	99	-		-	
	100	-		-	
	101	-		-	
	102	-		-	
	103	-		-	
	104	-		-	
	105	-		-	
	106	-		-	
	107	-		-	
	108	-		-	
	109	-		-	
	110	-		-	
Total Non-Capitalized One-time expenses >\$5,000 from Operating Funding		111	-	-	
Total One Time Expenses		112	260,855	1,849	
TABLE F: Sessional Fees Summary (Enter the # of Sessions Delivered)					
# of Sessions Delivered (From Sessional Fees)	113	0		0	
Calculated Cost Per Session	114	0.00		0.00	

Certification by Provider Fiscal 2018-19

Having the authority to bind the Health Service Provider, we certify that the information provided in ARRFIn1, ARRFIn2 and ARRFIn3 are complete and accurate

Regional Municipality Of Niagara	
<div></div> Name of Signing Officer	<div></div> Date
<div></div> Signing Officer***	
<div></div> Title	
<div></div> Name of Signing Officer	<div></div> Date
<div></div> Signing Officer***	
<div></div> Title	

***I have the authority to bind the Health Service Provider

The Regional Municipality of Niagara Community Services Department
Community Support Service Program
Note to the Annual Reconciliation Report
 December 31, 2018

1. Significant accounting policies

Basis of accounting

These schedules have been prepared for the Ontario Ministry of Health and Long-Term Care and the Hamilton Niagara Haldimand Brant Local Health Integration Network. They are prepared in accordance with Canadian public sector accounting standards, except that they do not provide for employee future benefits and tangible capital assets are expensed as incurred. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial information necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Revenue and expenses

Revenue is recognized as amounts become available and are measurable.

Expenses are recognized as they are incurred and measurable.

Capital assets

The historical cost and accumulated depreciation of capital assets are not recorded. Capital assets acquired are reported as expenditures and amortization is not reported on ARRFIn1 and ARRFIn2.

Employee future benefits

Employee future benefits are provided which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees. These benefits are recorded on a cash basis.