
Subject: Approval of 2019/2020 Community Services Program Audits

Report to: Public Health and Social Services Committee

Report date: Tuesday, June 16, 2020

Recommendations

1. That the draft audited annual reconciliation return for the Community Support Service Program (Appendix 1) for the year ended December 31, 2019, **BE APPROVED**;
2. That the draft audited schedule of Revenue and Expenses for the Reaching Home Program (Appendix 2) for the year ended March 31, 2020, **BE APPROVED**;
3. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statements as presented; and
4. That Report COM 11-2020 **BE FORWARDED** to the Region's Audit Committee for information.

Key Facts

- The purpose of this report is to obtain approval for the audited schedule of revenue and expenses ("financial schedule") and the annual reconciliation return ("ARR") for the respective programs in accordance with the federal funding requirements.
- The Hamilton Niagara Haldimand Brant Local Health Integration Network (HNHB LHIN) submission deadline for the Community Support Service Program is June 30, 2020.
- The Ministry of Employment and Social Development Canada submission deadline for the Reaching Home Program is July 31, 2020.
- The Homelessness Partnership Strategy Program ended March 31, 2019 and was replaced by the Reaching Home Program which commenced April 1, 2019. The Reaching Home Program ends March 31, 2024.
- As per Financial Reporting and Forecasting Policy (C-F-020), other financial statements or schedules performed for Ministry funding purposes, will be recommended for approval to Council by the standing Committee with oversight of the program. Upon approval by Council, the department Commissioner, or delegated authority, and the Treasurer will be authorized to sign the auditor's representation letter to obtain the auditor's signed report. The approved statements will then be forwarded to Audit Committee for information.

Financial Considerations

The ARR 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 Ministry of Health and Ministry of Long-Term Care. A draft copy of the ARR is attached as Appendix 1.

The financial schedule for the Reaching Home 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. A draft copy of the financial schedule is attached as Appendix 2.

The ARR and the financial schedule are prepared specifically for the purposes of meeting the requirements outlined in the service agreements with the funding Ministries. These reports are a provincial/federal requirement as noted in the audit report for the programs as follows:

Community Support Services 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 and the Local Health Integration Network. As a result, the schedule may not be suitable for another purpose.”

Reaching Home Program:

“The financial 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.”

Analysis

The ARR and the financial schedule were audited 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 aspects, in accordance with the requirements identified.

Upon approval by Committee and Council, the ARR and financial schedule will be submitted to the respective Ministry in accordance with the funding agreement requirements and will also be referred to Audit Committee for information.

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

- Community Support Service Program – this program has an overall surplus of \$8,561 as of December 31, 2019 which will be returned to the LHIN by way of a reduction in their future payments to the Region. (A change in the service delivery of the Adult Day Program caused an inconsistency in the timing of ministry funding received and services being delivered. The surplus is largely a result of ministry funding received for a discontinued service which was not fully clawed back in-year as well as reprioritization of existing base funding related to this service.)
- Reaching Home Program - commenced April 1, 2019 and ends March 31, 2024 and has no funds returnable for the current reporting period.

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

Alternatives Reviewed

The audited financial schedule is a Ministry requirement and therefore no alternatives are available.

Relationship to Council Strategic Priorities

Providing formal financial reporting to Council and the public supports the Council Strategic Priority of Sustainable and Engaging Government.

Other Pertinent Reports

None.

Prepared by:

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Associate Director, Reporting & Analysis
Corporate 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 Stephanie Muhic, CPA, CA, Program Financial Specialist and Jordan Gamble, CPA, CA, Program Financial Specialist.

Appendices

Appendix 1 Community Support Service Program – 2019 Annual Reconciliation
Return

Appendix 2 Reaching Home Program – 2020 Schedule of Revenue and Expenses

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

December 31, 2019

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Draft

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") for the year ended December 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 December 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 (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. 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
June 25, 2020

IFIS / Recipient #	13115
SRI Organization Code	4165
Report Name	2019-20 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

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TOTAL AGENCY

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

		TOTAL HSP
TABLE G: Total Agency Reporting Summary by Fund Type (Total Agency Financials)		Line #
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	6,668,271
Total Expenses Fund Type 2 (Above)	119	6,659,710
Net Surplus/Deficit Fund Type 2 (Community Programs)	120	8,561
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	6,668,271
Total Expenses for the Provider	125	6,659,710
Net Surplus/Deficit	126	8,561

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REPORT OF LHIN FUNDING DATA TO BE PRINTED This sheet spreads from Columns A to AD and ends at row 139.

Form ARRFIn2 - LHIN Managed Programs
Regional Municipality Of Niagara

Table B	Line #	Click to select the TPBE		LHIN - CSS		LHIN - SH	
		2019-20 Final	Comments (Max 255 Characters)	2019-20 Final	Comments (Max 255 Characters)	2019-20 Final	Comments (Max 255 Characters)
Funding Initiative		Select Funding Initiative (where applicable)		Select Funding Initiative (where applicable)		Select Funding Initiative (where applicable)	
LHIN Cash Flow:							
Funding - Local Health Integration Network (LHIN)	1	-		5,236,180		800,039	
Funding - Provincial MOHLTC	2	-		-		-	
Funding - LHIN One-Time	3	-		-		-	
Funding - Provincial MOHLTC One-Time	4	-		-		-	
Sessional fee funding - LHIN	5	-		-		-	
Sessional fee funding - MOHLTC	6	-		-		-	
Total LHIN/MOHLTC funding as per cash flow	7	-		5,236,180		800,039	
Service Recipient Revenue	8	-		703,210		-	
Recoveries from External/Internal Sources	9	-		2,613		15,478	
Donations	10	-		-		-	
Other Funding Sources and Other Revenue	11	-		-		-	
Other revenue adjustments (detailed comments required)	12	-		-		-	
				95,000	Recovery of Transportation funding surplus, the program is no longer active	5,752	Municipal Levy Contribution
Total revenue adjustments	13	-		610,823		21,230	
Total FUND TYPE 2 funding for settlement purposes	14	-		5,847,003		821,269	
Deferred LHIN/MFP 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	-		5,847,003		821,269	
EXPENSES- Fund Type 2							
Compensation							
Salaries and Wages (Worked + Benefit + Purchased)	20	-		3,447,806		619,696	
Benefit Contributions	21	-		854,759		138,722	
Employee Future Benefit Compensation	22	-		-		-	
Nurse Practitioner Remuneration	23	-		133,574		-	
Medical Staff Remuneration	24	-		-		-	
Sessional Fees	25	-		-		-	
Service Costs							
Med/Surgical Supplies and Drugs	26	-		5,464		1,056	
Supplies and Sundry Expenses (excl. Med/Surg Supplies & Drugs)	27	-		518,936		59,407	
Community One Time Expense	28	-		-		-	
Equipment Expenses	29	-		92,330		202	
Amortization on Major Equip and Software License and Fees	30	-		-		-	
Contracted Out Expense	31	-		585,251		2,185	
Buildings and Grounds Expenses	32	-		200,321		-	
Building Amortization	33	-		-		-	
TOTAL EXPENSES Fund Type 2	34	-		5,838,442		821,268	
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	-		5,838,442		821,268	
Less sessional fee expenses (Enter as Negative Amount)	40	-		-		-	
Less one time expenses as per listing below (Negative sum of lin	42	-		-		-	
Total operating expenses for settlement purposes	43	-		5,838,442		821,268	
Operating Recovery	44	-		8,561		0	
Sessional Fee Recovery	45	-		-		-	
One Time Recovery	46	-		-		-	
Total Settlement Recovery	47	-		8,561		0	
TABLE C: One-Time Expenses							
Capitalized purchases from One Time funding		Line #		2019-20 Final		Comments (Max 255 Characters)	
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	-		-		-	
	65	-		-		-	
	66	-		-		-	
	67	-		-		-	
	68	-		-		-	
	69	-		-		-	
	70	-		-		-	
	71	-		-		-	
	72	-		-		-	
	73	-		-		-	
	74	-		-		-	
	75	-		-		-	
	76	-		-		-	
	77	-		-		-	
Total One-time operating expenses from One-time funding	79	-		-		-	
TABLE D: Operating Expenses							
Capitalized expenses Sourced from Operating Funding (Section D-1)		Line #		2019-20 Final		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	-		-		-	

Form ARRfin2 - LHIN Managed Programs
Regional Municipality Of Niagara

		Click to select the TPBE		LHIN - CSS		LHIN - SH	
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		0		0	
Calculated Cost Per Session	114	0.00		0.00		0.00	
END OF WORKSHEET							

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Certification by Provider Fiscal 2019-20

Having the authority to bind the Health Service Provider, we certify that the information provided in ARRFin1, ARRFin2 a ARRFin3 are complete and accurate

Regional Municipality Of Niagara	
[Redacted]	
Name of Signing Officer	Date
Signing Officer***	
[Redacted]	
Title	
[Redacted]	
Name of Signing Officer	Date
Signing Officer***	
[Redacted]	
Title	

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

1. Significant accounting policies

Basis of accounting

These schedules have been prepared for the Ontario Ministry of Health 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.

Schedule of revenue and expenses
The Regional Municipality of Niagara
Reaching Home – Canada’s
Homelessness Strategy Program

March 31, 2020

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Draft

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 Reaching Home – Canada's Homelessness Strategy Program (the "Program") for the year ended March 31, 2020 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, 2020 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
June 25, 2020

Draft

The Regional Municipality of Niagara
Reaching Home - Canada's Homelessness Strategy
Schedule of revenue and expenses
Year ended March 31, 2020

	Note	\$
Revenue		
Ministry funding	2	958,596
Expenses		
Sub-project costs		868,690
Program management & administrative		89,906
Total expenses		958,596
Excess of eligible expenses over revenue		—

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

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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, 2019 and will end March 31, 2024. Total maximum amount of Canada’s contribution is \$5,225,896.

The funding allocation under Reaching Home will be used to support priorities and recommendations of the Community Advisory Board (\$4,703,056). There is incremental funding to support initial investments towards the design and implementation of Coordinated Access (\$522,840).

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

	Designated Community	Coordinated Access	Total Funding
	\$	\$	\$
2020	837,176	121,420	958,596
2021	837,176	103,920	941,096
2022	1,009,568	103,920	1,113,488
2023	1,009,568	96,790	1,106,358
2024	1,009,568	96,790	1,106,358
	<u>4,703,056</u>	<u>522,840</u>	<u>5,225,896</u>