
Subject: Submission of the 2019 Child Care Services Schedule of Revenues and Expenses

Report to: Public Health and Social Services Committee

Report date: Tuesday, December 7, 2021

Recommendations

1. That the Child Care Services revised draft Schedule of Revenues and Expenses for the year ended December 31, 2019 (Appendix 1 to Report COM 27-2021) **BE RECEIVED** for information;
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 for information.

Key Facts

- The purpose of this report is to provide an update on the previously approved version of the Child Care Services draft Schedule of Revenues and Expenses ("financial schedule") for the year ended December 31, 2019, as part of COM 16-2020.
- Report COM 16-2020 noted that some changes to the draft schedule for Child Care Services may occur to ensure our schedule agrees to the Ministry of Education's final electronic submission. Only the categorization of expenses between age groups would be adjusted in the final report, if required. Total expenditures reported will not change. Due to a delay in the opening of the Ministry of Education's electronic financial submission site, this resulted in changes to the categorization of expenses between age groups and a minor change to the total expenditures. These changes were reviewed by Niagara Region's external auditors, Deloitte, and the revised financial schedule is included in Appendix 1 to Report COM 27-2021.
- 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 financial schedule has been prepared in compliance with legislation and in accordance with the requirements and policies stipulated by the corresponding Ministry, and is prepared specifically for the purposes of meeting the requirements outlined in the service agreements with the Ministry.

The financial schedule is a Ministry requirement as noted in the report as follows: “The Schedules are prepared to assist The Regional Municipality of Niagara to comply with the financial reporting provisions of the above noted agreements. As a result, the Schedules may not be suitable for another purpose.”

Analysis

The review of the financial schedule was 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 aspects, in accordance with the Ministry requirements identified.

The recommendation for approval by Council of the schedule performed for Ministry funding purposes rests with the Committee to which the department responsible for the funding reports. Then the Treasurer and the department Commissioner will be authorized to sign the auditor’s representation letter to obtain the signed report. Upon approval by the Committee, this financial schedule is referred to Audit Committee for information.

As of December 31, 2019, the program has a revised returnable of \$883,252 (or 1.5% of the Children’s Services budget). The original estimated returnable, as disclosed in COM 16-2020 was \$110,978 and related to the Wage Enhancement Grant (WEG). The original returnable was based on estimates whereas the revised returnable is based on final submissions.

The change from the previously disclosed returnable of \$110,978 to the revised returnable of \$883,252 is \$772,274 and is a result of the following changes:

- The difference of actual Wage Enhancement Grant (WEG) applications received compared to the Ministry’s estimate of applications when the funding was advanced to the Region resulting in an increased to the repayable amount of \$112,999 (total revised WEG returnable of \$223,977). The estimated returnable amount is still

subject to Ministry review. Any difference between the estimate and the allowable subsidy calculated by the Ministry will be adjusted in the year that the Ministry determines the final settlement.

- The change in total expenditures is largely attributed to the Indigenous-Led Child and Family Program schedule. Specifically, the adjusted community based capital expenditures line changed from \$660,000 to \$0. This is a result of the Niagara Region Native Centre not initiating the community capital build for licenced child care spaces. These changes are consistent with the submission to the ministry. The \$660,000 returnable is due to the Indigenous-Led Child and Family Program community based capital project not being initiated by the service provider.
- The returnable was offset by the \$725 over spend in small water works which is reimbursed by the Ministry.

Alternatives Reviewed

The financial schedule is a requirement of the respective Ministry and therefore no alternatives 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

COM 16-2020 – Approval of the 2019 Community Services Program Audits

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Appendices

Appendix 1 2019 Child Care Services – Schedule of Revenues and Expenses