

Subject: Approval of 2023 Child Care Services Program Audit

Report to: Public Health and Social Services Committee

Report date: Tuesday, October 8, 2024

Recommendations

1. That the Child Care Services draft Schedule of Revenues and Expenses for the year ended December 31, 2023 (Appendix 1 to Report COM 30-2024) **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 for information.

Key Facts

- The purpose of this report is to obtain approval of the draft reviewed schedules of revenues and expenses ("financial schedules") in accordance with the requirements set out by the Ontario Ministry of Education.
- 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 annual report has been prepared in compliance with the financial reporting guidelines and policies stipulated by the Ontario Ministry of Education. The annual report is prepared specifically for the purposes of assisting the Region in complying with the Guidelines. As a result, the report may not be suitable for another purpose.

The Child Care Services financial schedule is prepared in accordance with the financial requirements in the Child Care Transfer Payment Agreement (TPA) dated January 1, 2023, between Ontario Ministry of Education (“the Ministry”) and the Regional Municipality of Niagara.

Analysis

Niagara Region’s external auditor’s, Deloitte, completed the review of Child Care Services’ Schedules of Revenue and Expenditure. 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 annual report performed for Ministry funding purposes rests with the Committee to which the department responsible for the funding reports. Then the Treasurer and the department’s Commissioner will be authorized to sign the auditor’s representation letter to obtain the signed audit report. Upon approval by Council, these schedules are referred to audit Committee for information.

As of December 31, 2023, the program has a returnable of only \$1,090 as a result of maximizing the available Ministry funding during the reporting period. The estimated returnable amount is 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.

Alternatives Reviewed

The review of the financial schedules is the requirement of the Ministry and therefore no alternatives are available.

Relationship to Council Strategic Priorities

Providing financial information is aligned to Effective Region, delivery of fiscally responsible and sustainable core services.

Other Pertinent Reports

None.

Prepared by:

Melanie Steele, MBA, CPA, CA
Associate Director, Reporting and
Analysis
Corporate Services

Recommended by:

Adrienne Jugley
Commissioner
Community Services

Submitted by:

Ron Tripp, P.Eng.
Chief Administrative Officer

This report was prepared in consultation with Mackenzie Glenney, CPA, CA, Program
Financial Specialist.

Appendices

Appendix 1 2023 Child Care Services – Draft Schedule of Revenue and Expenses

Schedules of revenue and expenses
The Regional Municipality of Niagara Child
Care Services

December 31, 2023

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Draft

Independent Practitioner's Review Engagement Report

To the Members of Council of the Regional Municipality of Niagara and the Ministry of Education

We have reviewed the accompanying schedules of revenue and expenses – Child Care Services of the Regional Municipality of Niagara for the year ended December 31, 2023 (the “Schedules”), which have been prepared in accordance with the financial reporting requirements in the Child Care Transfer Payment Agreement dated January 1, 2023, between the Ontario Ministry of Education (“the Ministry”) and the Regional Municipality of Niagara (the “agreements”).

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the agreements, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Schedules based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the Schedules in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within

the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Schedules.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Schedules do not present fairly, in all material respects, the results of the operations of Child Care Services of the Regional Municipality of Niagara for the year ended December 31, 2023, in accordance with the agreements.

Basis of Accounting

Without modifying our conclusion, we draw attention to Note 1 to the Schedules, which describes the basis of accounting. 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. Our conclusion is not modified in respect of this matter.

Chartered Professional Accountants
Licensed Public Accountants
June 27, 2024

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services
For the year ended December 31, 2023
(Unaudited)

	REVENUES
	Ministry of Education
Core Services Delivery Operating Allocation	
Core Services Delivery	23,578,874
Total Core Services Delivery	23,578,874
Special Purpose Operating Allocation	
Language	732,964
Indigenous	195,890
Cost of Living	966,929
Rural and Remote	13,976
Capacity Building	190,397
Repairs and Maintenance	66,224
Utilization Adjustment	3,204,787
Capping Adjustment	(162,442)
Licensed Home Child Care (LHCC)	476,100
Administration Cost Share Adjustment - General/Expansion Plan Allocation	(1,154,350)
Administration Threshold Adjustment - General/Expansion Plan Allocation	(946,222)
Total Special Purpose Operating Allocation	3,584,253
Other Allocations	
TWOMO Reimbursement	-
Small Water Works	1,089
Wage Enhancement	4,648,461
Wage Enhancement Administration	125,170
Indigenous-Led Child and Family Programs - Operating	267,091
One-Time Transitional Grant	2,225,742
Expansion Plan	5,275,756
ELCC Allocation	3,617,248
Total Other Allocations	16,160,557
Workforce Funding Allocations	
Workforce - Jan to Mar	730,623
Total Workforce Funding Allocation	730,623
CWELCC Allocations	
Fee Reduction and Workforce Compensation	40,181,491
CWELCC Administration	680,695
Start-up Grants	2,201,445
Total CWELCC Allocation	43,063,631
TOTAL CHILD CARE ALLOCATION	87,117,938

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services (General/Expansion Plan Funding)
For the year ended December 31, 2023
(Unaudited)

EXPENDITURES BY AGE GROUP																			
	0-4 (Infant, Toddler, and Preschooler)				4-6 (Kindergarten)				6-12 (School Aged)				Unspecified Age Group			Total Expenditures			
	Gross Expenditures	Required Parent Contribution	Other Offsetting Revenues	Adjusted Gross Expenditures Calculated	Gross Expenditures	Required Parent Contribution	Other Offsetting Revenues	Adjusted Gross Expenditures Calculated	Gross Expenditures	Required Parent Contribution	Other Offsetting Revenues	Adjusted Gross Expenditures Calculated	Gross Expenditures	Other Offsetting Revenues	Adjusted Gross Expenditures Calculated	Gross Expenditures Calculated	Required Parent Contribution Calculated	Other Offsetting Revenues Calculated	Adjusted Gross Expenditures Calculated
Full Flexibility (Schedule 2.3)																			
General Operating	17,558,062	-	(5,033)	17,553,029	3,018,720	-	(865)	3,017,855	6,860,727	-	(1,966)	6,858,761				27,437,509	0	(7,864)	27,429,645
Fee Subsidy - Regular	4,141,703	(757,369)	(6,126)	3,378,208	937,744	(171,480)	(1,387)	764,877	2,735,087	(500,149)	(4,046)	2,230,892				7,814,534	(1,428,998)	(11,559)	6,373,977
Camps and Children's Recreation					197,151	0	0	197,151	698,989	0	0	698,989				896,140	0	0	896,140
Ontario Works and LEAP - Formal	352,315	-	0	352,315	24,811	-	0	24,811	119,093	-	0	119,093				496,219	0	0	496,219
Ontario Works and LEAP - Informal	0		0	0	0		0	0	0		0	0				0	0	0	0
Pay Equity Memorandum of Settlement													325,279	0	325,279	325,279	0	0	325,279
Special Needs Resourcing	2,277,664	-	0	2,277,664	391,473	-	0	391,473	889,712	-	0	889,712				3,558,849	0	0	3,558,849
Administration													1,758,898	0	1,758,898	1,758,898	0	0	1,758,898
Repairs and Maintenance	42,383	-	0	42,383	7,285	-	-	7,285	16,556	-	0	16,556				66,224	0	0	66,224
Play-based Material and Equipment	0		0	0	0		0	0	0		0	0				0	0	0	0
Transformation	0		0	0	0		0	0	0		0	0				0	0	0	0
Total (full flexibility)	24,372,127	(757,369)	(11,159)	23,603,599	4,577,184	(171,480)	(2,252)	4,403,452	11,320,164	(500,149)	(6,012)	10,814,003	2,084,177	0	2,084,177	42,353,652	(1,428,998)	(19,423)	40,905,231
Based																			
Capacity Building (Schedule 2.3)	121,854	0	0	121,854	20,944	0	0	20,944	47,599	0	0	47,599				190,397	0	0	190,397
Small Water Works (Schedule 2.3)													881	0	881	881	0	0	881
TWOMO Reimbursement (Schedule 2.7)													0	0	0	0	0	0	0
Total (limited flexibility & Claims-Based)	121,854	0	0	121,854	20,944	0	0	20,944	47,599	0	0	47,599	881	0	881	191,278	0	0	191,278
Wage Enhancement/HCEG (Schedule 4.3)																			
Wage Enhancement/HCEG													4,935,388		4,935,388	4,935,388			4,935,388
Wage Enhancement Administration													250,340		250,340	250,340			250,340
Total (Wage Enhancement/HCEG)													5,185,728		5,185,728	5,185,728			5,185,728
TOTAL	24,493,981	(757,369)	(11,159)	23,725,453	4,598,128	(171,480)	(2,252)	4,424,396	11,367,763	(500,149)	(6,012)	10,861,602	7,270,786	0	7,270,786	47,730,658	(1,428,998)	(19,423)	46,282,237

EXPENDITURES BY AUSPICE					
	Non - Profit Operations	Profit Operations	Directly Operated	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures	27,828,077	11,011,761	6,025,575	1,416,824	46,282,237

EXPENDITURES BY SETTING				
	Centre Based	Home Based	Other Setting	Total
Adjusted Gross Expenditures	43,268,144	1,599,037	1,415,056	46,282,237

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services - ELCC
For the year ended December 31, 2023
(Unaudited)

EXPENDITURES BY AGE GROUP																				
	0-4 (Infant, Toddler, and Preschooler)				4-6 (Kindergarten)				6-12 (School Aged)				Unspecified Age Group			Total Expenditures				
	Gross Expenditures	Required Parent Contribution - ELCC	Offsetting Revenues - ELCC	Adjusted Gross Expenditures	Gross Expenditures	Required Parent Contribution - ELCC	Offsetting Revenues - ELCC	Adjusted Gross Expenditures	Gross Expenditures	Required Parent Contribution - ELCC	Offsetting Revenues - ELCC	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues - ELCC	Adjusted Gross Expenditures	Gross Expenditures	Required Parent Contribution - ELCC	Offsetting Revenues - ELCC	Adjusted Gross Expenditures	
			Calculated				Calculated				Calculated			Calculated	Calculated	Calculated	Calculated	Calculated	Calculated	
Full Flexibility (Schedule 2.3B)																				
General Operating	2,143,979		0	2,143,979	341,794		0	341,794	621,443	0	0	621,443								
Fee Subsidy - Regular				0			0	0			0	0								
Camps and Children's Recreation				0			0	0			0	0								
Ontario Works and LEAP - Formal				0			0	0			0	0								
Ontario Works and LEAP - Informal				0			0	0			0	0								
Special Needs Resourcing Administration	94,916		0	94,916	16,314		0	16,314	37,077		0	37,077			361,725	0	361,725	148,307	0	148,307
Repairs and Maintenance				0			0	0			0	0								
Play-based Material and Equipment				0			0	0			0	0								
Capacity Building				0			0	0			0	0								
Transformation				0			0	0			0	0								
Community Based Capital Projects				0			0	0			0	0								
Total (full flexibility)	2,238,895	0	0	2,238,895	358,108	0	0	358,108	658,520	0	0	658,520	361,725	0	361,725	3,617,248	0	0	3,617,248	
TOTAL	2,238,895	0	0	2,238,895	358,108	0	0	358,108	658,520	0	0	658,520	361,725	0	361,725	3,617,248	0	0	3,617,248	

EXPENDITURES BY Auspice					
	Non - Profit Operations	Profit Operations	Directly Operated	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures - Community based Capital Projects					0
Adjusted Gross Expenditures - All Operating Expenditures	2,354,234	915,536	0	347,478	3,617,248
Total Adjusted Gross Expenditures - ELCC	2,354,234	915,536	0	347,478	3,617,248

EXPENDITURES BY Setting				
	Centre Based	Home Based	Other	Total
Adjusted Gross Expenditures - ELCC	3,269,770	0	347,478	3,617,248

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services - Indigenous Led Child and Family Programs
For the year ended December 31, 2023
(Unaudited)

	Indigenous Led Child and Family Programs	Indigenous Led Child and Family Programs	Adjusted Operating Expenses - Ongoing	Total Adjusted Administration Expenditures
	Project Name	Project Type		
Indigenous-Led Child and Family Programs Project 1	FENFC Early Years Program		125,893	13,988
Indigenous-Led Child and Family Programs Project 2	Niagara Indigenous Child and Family Centre		114,489	12,721
Indigenous-Led Child and Family Programs Project 3				
Indigenous-Led Child and Family Programs Project 4				
Indigenous-Led Child and Family Programs Project 5				
Indigenous-Led Child and Family Programs Project 6				
Indigenous-Led Child and Family Programs Project 7				
Indigenous-Led Child and Family Programs Project 8				
Indigenous-Led Child and Family Programs Project 9				
Indigenous-Led Child and Family Programs Project 10				
Total			240,382	26,709

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services - One-Time Transitional Grant
For the year ended December 31, 2023
(Unaudited)

	One-Time Transitional Grant
Municipal contribution - Administration	
Municipal contribution - Wage Enhancement - Administration	
Other child care operating costs	
Eligible expenditures for provision of child care programs and services	2,225,742
Total One-Time Transitional Expenditures	2,225,742

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Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services - Workforce Funding
For the year ended December 31, 2023
(Unaudited)

	Workforce Funding
Professional Learning Strategy	730,193
Workforce Capacity and Innovation Fund	291,976
Total Adjusted Gross Expenditures - Workforce Funding	1,022,169
Total Adjusted Administration Expenditures	73,062

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Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services (CWELCC - Fee Reduction Funding)
For the year ended December 31, 2023
(Unaudited)

EXPENDITURES BY AUSPICE				
	Non - Profit Operations	Profit Operations	Directly Operated	Auspice Consolidated
Expenditures to support fee reduction	20,495,756	9,029,915	1,854,881	31,380,552
Expenditures used to support cost escalation	4,979,580	1,455,852	243,290	6,678,722
Total CWELCC - Fee Reduction Expenditures	25,475,336	10,485,767	2,098,171	38,059,274

EXPENDITURES BY SETTING			
	Centre Based	Home Based	Total
Expenditures to support fee reduction	29,224,837	2,155,715	31,380,552
Expenditures used to support cost escalation	6,211,589	467,133	6,678,722
Total CWELCC - Fee Reduction Expenditures	35,436,426	2,622,848	38,059,274

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services (CWELCC - Workforce Compensation Funding)
For the year ended December 31, 2023
(Unaudited)

EXPENDITURES BY AGE GROUP AND AUSPICE																
	Eligible Children				Children aged 6 to 12				Unspecified Age Group				Total			
	Non - Profit Operations	Profit Operations	Directly Operated	Auspice Consolidated	Non - Profit Operations	Profit Operations	Directly Operated	Auspice Consolidated	Non - Profit Operations	Profit Operations	Directly Operated	Auspice Consolidated	Non - Profit Operations	Profit Operations	Directly Operated	Auspice Consolidated
Wage Floor, Annual Wage Increase and Benefits Expenditures																
Wage Floor - RECE Program Staff	200,188	51,464	0	251,652	41,003	10,541	0	51,544					241,191	62,005	0	303,196
Wage Floor - RECE Supervisors	54,105	13,909	0	68,014	11,082	2,849	0	13,931					65,187	16,758	0	81,945
Wage Floor - RECE Home Child Care Visitors									0	0	0	0	0	0	0	0
Annual Wage Increase - RECE Program Staff	749,720	192,737	0	942,457	153,558	39,476	0	193,034					903,278	232,213	0	1,135,491
Annual Wage Increase - RECE Supervisors	138,406	35,581	0	173,987	28,348	7,288	0	35,636					166,754	42,869	0	209,623
Annual Wage Increase - RECE Home Child Care Visitors									0	0	0	0	0	0	0	0
Benefits - RECE Program Staff	145,857	37,497	0	183,354	29,874	7,680	0	37,554					175,731	45,177	0	220,908
Benefits - RECE Supervisors	48,354	12,431	0	60,785	9,904	2,546	0	12,450					58,258	14,977	0	73,235
Benefits - RECE Home Child Care Visitors									0	0	0	0	0	0	0	0
Total Wage Floor, Annual Wage Increase and Benefits Expenditures	1,336,630	343,619	0	1,680,249	273,769	70,380	0	344,149	0	0	0	0	1,610,399	413,999	0	2,024,398
Minimum Wage Offset and Benefits Expenditures																
Minimum wage offset - Non-RECE Program Staff	53,260	13,392	0	66,652	10,909	2,743	0	13,652					64,169	16,135	0	80,304
Minimum wage offset - Non-RECE Supervisors	1,953	491	0	2,444	400	101	0	501					2,353	592	0	2,945
Minimum wage offset - Non-RECE Home Child Care Visitors									0	0	0	0	0	0	0	0
Benefits - Non-RECE Program Staff	9,321	2,344	0	11,665	1,909	480	0	2,389					11,230	2,824	0	14,054
Benefits - Non-RECE Supervisors	342	86	0	428	70	18	0	88					412	104	0	516
Benefits - Non-RECE Home Child Care Visitors									0	0	0	0	0	0	0	0
Total Minimum Wage Offset and Benefits Expenditures	64,876	16,313	0	81,189	13,288	3,342	0	16,630	0	0	0	0	78,164	19,655	0	97,819
Total Workforce Compensation Expenditures	1,401,506	359,932	0	1,761,438	287,057	73,722	0	360,779	0	0	0	0	1,688,563	433,654	0	2,122,217

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services (CWELCC - Administration for CMSMs/DSSABs)
For the year ended December 31, 2023
(Unaudited)

	CWELCC - Administration
Administration Staff - Salaries	562,806
Administration Staff - Benefits	117,889
Other CWELCC Administration Expenditures (Implementation, Transition, IT costs)	
Total CWELCC Administration Expenditures	680,695

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Regional Municipality of Niagara
Schedule of Revenues and Expenditures – Child Care Services (CWELCC - Start-up Grants)
For the year ended December 31, 2023
(Unaudited)

	Funding commitments entered in 2023	Disbursements made on 2023 commitments	Funding commitments completed in 2023 (i.e. fully completed projects)	2023 funding commitments carry forward	Funds committed but not paid by Dec 31 of when the project was supposed to complete	Funding recovered on 2023 commitments from applicants who withdrew from CWLECC, ceased operations prior to March 31, 2026, or used funds on ineligible expenses
Non Profit - Centre Based	851,761	633,663	633,663	218,098	0	0
For Profit - Centre Based	1,193,684	935,621	935,621	258,063	0	0
Non Profit - Home Based	156,000	149,400	149,400	6,600	0	0
For Profit - Home Based	0	0	0	0	0	0
Total	2,201,445	1,718,684	1,718,684	482,761	0	0

Regional Municipality of Niagara
Schedule of Revenues and Expenditures – EarlyON
For the year ended December 31, 2023
(Unaudited)

	Allocation	Description	Expenditures
EarlyON Program Total Allocation	4,588,577		
Operating			
Salaries and Benefits - Program Staff			2,227,841
Salaries and Benefits - Non Program Staff			169,563
Lease and Utilities - Operational			
Other Expenses - Operational		Transfer Payments	840,712
Subtotal Operational Expenses			3,238,116
Professional Learning and Capacity Building			657,207
Child Care & Early Years Planning (CCYEP) and Data Analysis Services (DAS)			
Salaries and Benefits			233,970
Other Expenses			426
Subtotal			234,396
Administration			
Salaries and Benefits			
Other Expenses		Core Admin Transf	458,858
Offsetting Revenue			
EarlyON Admin Used for Child Care General Admin.			
Adjusted Gross Expenditures			

	Allocation	Description	Expenditures
Subtotal			458,858
Offsetting Revenues			
Offsetting Revenue 1			
Offsetting Revenue 2			
Offsetting Revenue 3			
Subtotal			0
EarlyON Total Adjusted Gross Expenditures			4,588,577

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Regional Municipality of Niagara
Schedule of Revenues and Expenditures – EarlyON Indigenous-Led Child and Family Programs
For the year ended December 31, 2023

		Adjusted Gross Expenditure			
	Operating Total	Operating Ongoing	Offsetting Revenues Operating	Administration	Offsetting Revenues Administration
Description	Allocation				
Project 1					
Project 2					
Project 3					
Project 4					
Project 5					
Project 6					
Project 7					
Project 8					
Project 9					
Project 10					
Total	0	0	0	0	0

The Regional Municipality of Niagara Child Care Services
Note to the schedules of revenue and expenses
December 31, 2023
(Unaudited)

1. Significant accounting policies

The Schedules include the revenue and eligible expenses in relation to the Regional Municipality of Niagara's Child Care Services Program for the year ended December 31, 2023. The Schedules have been prepared in accordance with the financial reporting requirements in the Child Care Transfer Payment Agreement dated January 1, 2023, between Ontario Ministry of Education ("the Ministry") and the Regional Municipality of Niagara.

Revenue recognition

Revenue is reported on the accrual basis of accounting.

Government transfers are recognized in revenue in the Schedules 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.

Expenses

Expenses are recorded if they are eligible for the program and incurred in the period.

Gross expenses are reported on the Schedules in order to understand the full cost of the program. Expenses in excess of base funding, as per the funding agreements, have been removed for the purpose of determining the grant repayable.

Certain administrative expenses are allocated to the program based on usage drivers specific to each type of expense.