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**Subject:** Approval of 2018-2019 Community Service Program Audits

**Report to:** Public Health and Social Services Committee

**Report date:** Tuesday, June 11, 2019

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## 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

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#### **Prepared by:**

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

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#### **Recommended by:**

Adrienne Jugley, MSW, RSW, CHE  
Commissioner  
Community Services

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#### **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

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

March 31, 2019

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## 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

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

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

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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, 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.

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

December 31, 2018

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## 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

# TOTAL AGENCY

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

		TOTAL HSP
<b>TABLE G: Total Agency Reporting</b>	Line #	
<b>Summary by Fund Type (Total Agency Financials)</b>		
Total Revenue Fund Type 1	115	-
Total Expenses Fund Type 1	116	-
<b>Net Surplus/Deficit Fund Type 1 (Hospital)</b>	117	-
Total Revenue Fund Type 2 (Above)	118	7,114,638
Total Expenses Fund Type 2 (Above)	119	7,158,189
<b>Net Surplus/Deficit Fund Type 2 (Community Programs)</b>	120	- 43,551
Total Revenue Fund Type 3	121	-
Total Expenses Fund Type 3	122	-
<b>Net Surplus/Deficit Fund Type 3 (Other)</b>	123	-
<b>Total Revenue for the Provider</b>	124	7,114,638
<b>Total Expenses for the Provider</b>	125	7,158,189
<b>Net Surplus/Deficit</b>	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	
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TABLE D: Operating Expenses		Line #	LHIN - CSS		LHIN - SH	
			2018-19 Final	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> <div>Name of Signing Officer</div>	<div></div> <div>Date</div>
<div>Signing Officer***</div>	
<div></div> <div>Title</div>	
<div></div> <div>Name of Signing Officer</div>	<div></div> <div>Date</div>
<div>Signing Officer***</div>	
<div></div> <div>Title</div>	

\*\*\*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

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**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.