
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

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Recommended by:

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Medical Officer of Health &
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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

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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

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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]

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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

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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]

Draft

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

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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

TOTAL AGENCY

Form ARRFfin 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
			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	-	
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	

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.