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**Subject:** Approval of the 2018 Healthy Babies, Healthy Children Program Schedule of Revenues and Expenses

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

**Report date:** Tuesday, September 10, 2019

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## Recommendations

1. That the draft audited schedule of revenues and expenses for the Healthy Babies, Healthy Children Program for the calendar year ended December 31, 2018 (Appendix 1 to Report PHD 15-2019), **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statements as presented; and
3. That Report PHD 15-2019 **BE FORWARDED** to the Region's Audit Committee for information.

## Key Facts

- The purpose of this report is to obtain approval of the audited schedule in accordance with the provincial funding requirements.
- The annual Healthy Babies, Healthy Children Program questionnaire along with a draft copy of the audited schedule were submitted to the Ministry before the July 31, 2019 deadline.
- Once approved and finalized, the audited schedule for the year ended December 31, 2018 will be submitted to the Ministry.
- In accordance with report AC-C 32-2018 dated June 18, 2018, respecting the Audit Committee Terms of Reference, "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 has been prepared in compliance with legislation and in accordance with the requirements and policies stipulated by the Ministry.

A draft copy of the audited schedule for the year ended December 31, 2018 is attached as Appendix 1.

The schedule is prepared specifically for the purpose of meeting the requirements outlined in the service agreement with the Ministry.

The schedule for Healthy Babies, Healthy Children Program is a provincial requirement as noted in the audit report:

“The schedule is prepared to assist the Program in complying with the financial reporting provisions of the agreement dated January 1, 2018 between the Ontario Ministry of Children and Youth Services and the Regional Municipality of Niagara. As a result, the schedule may not be suitable for another purpose.”

### **Analysis**

The audited schedule was completed by the Region’s external auditors, Deloitte. The auditors have indicated that, based on their review, nothing has come to their attention that causes them to believe that this information is not, in all material respects, in accordance with the Ministry requirements identified.

The approval of the audited schedule rests with the Committee to which the department responsible for the funding reports. In this case, approval by Committee and Council satisfies the Ministry requirement of having approval from the 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.

As of December 31, 2018 the Healthy Babies, Healthy Children Program was not in a grant repayable position as all of the funding from the Ministry was spent during 2018.

The schedule is subject to minor wording changes once schedules are finalized.

### **Alternatives Reviewed**

The audited schedule is a Ministry requirement and therefore no alternative is available.

### **Relationship to Council Strategic Priorities**

Not applicable (pending the development of Council Strategic Priorities).

### **Other Pertinent Reports**

None.

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Analysis  
Corporate Services

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**Recommended by:**

M. Mustafa Hirji, MD MPH FRCPC  
Medical Officer of Health &  
Commissioner (Acting)  
Public Health

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with Noah Bruce, Program Financial Specialist.*

**Appendices**

Appendix 1 Healthy Babies, Healthy Children – Audited Schedule of Revenues and Expenses

Schedule of revenue and expenses

**The Regional Municipality of  
Niagara Public Health Department**  
Healthy Babies, Healthy Children Program

December 31, 2018

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**The Regional Municipality of Niagara  
Public Health Department**

Healthy Babies, Healthy Children Program

December 31, 2018

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## Independent Auditor's Report

To the Members of Council of the Regional Municipality of Niagara and Ontario Ministry of Children and Youth Services

### Opinion

We have audited the accompanying schedule of revenue and expenses of the Regional Municipality of Niagara Public Health Department – Healthy Babies, Healthy Children Program (the “Program”) for the year ended December 31, 2018 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 dated January 1, 2018 between the Ontario Ministry of Children and Youth 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 in complying with the financial reporting provisions of the agreement dated January 1, 2018 between the Ontario Ministry of Children and Youth 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

Healthy Babies, Healthy Children Program

Schedule of revenue and expenses  
year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
<b>Revenue</b>			
Ministry of Youth and Child Services funding	2,365,130	<b>2,365,130</b>	2,402,555
Other revenue	-	<b>388</b>	-
	<b>2,365,130</b>	<b>2,365,518</b>	2,402,555
<b>Expenses</b>			
Salaries and wages: unionized			
Public health nurses	1,189,394	<b>1,118,187</b>	1,117,703
Employee benefits	388,273	<b>357,011</b>	383,435
Lay home visitors	294,714	<b>319,076</b>	315,456
Clerical	96,785	<b>99,946</b>	104,839
WSIB	-	<b>417</b>	7,432
Health promoter	-	-	22,859
Salaries and wages: non-unionized			
Management	202,748	<b>210,352</b>	203,301
Administration ISCIS	57,637	<b>60,764</b>	53,499
Employee benefits	58,721	<b>58,737</b>	56,491
	<b>2,288,272</b>	<b>2,224,490</b>	2,265,015
<b>Operating costs</b>			
Administration costs (Note 3)	168,170	<b>151,290</b>	128,702
Travel - mileage	50,000	<b>57,863</b>	58,843
Professional development	6,985	<b>39,835</b>	18,010
Program supplies/resources	3,375	<b>18,325</b>	40,770
Telephone and communication	8,000	<b>11,431</b>	8,418
Office supplies	2,300	<b>7,289</b>	2,435
Audit fees	5,698	<b>5,795</b>	8,614
Cleaning allowance	500	<b>490</b>	450
	<b>245,028</b>	<b>292,318</b>	266,242
<b>Total expenses</b>	<b>2,533,300</b>	<b>2,516,808</b>	2,531,257
<b>Deficiency of revenue over eligible expenses</b>	<b>(168,170)</b>	<b>(151,290)</b>	<b>(128,702)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# The Regional Municipality of Niagara Public Health Department

Healthy Babies, Healthy Children Program

Notes to the schedule of revenue and expenses

December 31, 2018

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## 1. Summary of significant accounting policies

### *Basis of accounting*

This schedule has been prepared for the Ontario Ministry of Children and Youth Services. 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.

### *Revenue and expenses*

Revenue is 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.

### *Capital assets*

Tangible capital assets acquired are reported as expenses 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 judgments.

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

## 2. Grant receivable/repayable

The grant receivable/repayable to the Province of Ontario is subject to audit verification by the Ontario Ministry of Children and Youth Services. The grant receivable/repayable is non-interest bearing and is normally recovered in the subsequent year. The surplus repayable to the Province of Ontario for the year ended December 31, 2018 is \$nil (2017 - \$nil).

	2018	2017
	\$	\$
Grant receivable, beginning of year	-	-
Deficiency of revenue over eligible expenses	151,290	128,702
Expenses not recoverable	(151,290)	(128,702)
Grant receivable, end of year	-	-

# The Regional Municipality of Niagara Public Health Department

Healthy Babies, Healthy Children Program  
Notes to the schedule of revenue and expenses  
December 31, 2018

### 3. Administration costs

	2018 Budget	2018 Actual	2017 Actual
	\$	\$	\$
Accounting services	4,378	<b>2,644</b>	2,605
Payroll services	39,156	<b>42,599</b>	32,748
Human resources services	24,928	<b>16,592</b>	21,214
IT program support services	71,877	<b>61,034</b>	60,765
Legal services	-	-	256
Insurance costs	1,182	<b>1,126</b>	1,110
Printing costs	2,524	<b>3,569</b>	2,578
Capital financing allocation	24,125	<b>23,726</b>	7,426
	<b>168,170</b>	<b>151,290</b>	128,702

### 4. Budget data

The budget data presented in the schedule is based on the budget data submitted to the Ontario Ministry of Children and Youth Services.

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