

## BRIEFING NOTE

**TO:** Board of Directors

**FROM:** Fizza Asad, Accounting and HR Specialist

**DATE:** October 4, 2021

**SUBJECT:** 4.1 Financial Variance Report

For Decision

For Information

Monitoring Report

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### **Purpose:**

The attached Financial Variance Report for the period ending August 31, 2021 is submitted to the Board of Directors for review.

### **Background:**

The Financial Variance Report provides a summary of year-to-date revenue and expenses, as compared to the total annual budget. A comparison is also provided to the previous year's figures for the same point in time.

The purpose of the Financial Variance Report is to provide an indication to the board as to whether revenue and expenses are trending in line with expectations for the particular point in the year. Variances will typically display (high) negative value earlier in the year before the bulk of revenue and/or expenses have been realized or incurred, and will approach 0% as the year end approaches. Explanations are provided for line items that indicate a variance that significantly diverges from this pattern, such as for expenses that are not incurred evenly throughout the year.

### **For Consideration:**

This report identifies current financial information for revenue, board and committee expenses, and operations and administrative expenses to August 31, 2021, with approximately 33% of the fiscal year remaining.

#### *Revenue*

Total revenue to date is \$2,582,963, which reflects a variance of +\$321,942 (+14%) to the budget. This surplus can largely be attributed to the rate of optician renewals exceeding expectations after having been conservatively estimated in light of the continued impact of COVID-19.

Note that Optician Revenue includes \$64,117 in costs collected relating to discipline matters. Going forward, this amount will be reported under Miscellaneous Revenue.

Miscellaneous Revenue includes \$32,717 of COVID-19 relief subsidies (CEWS and CERS) received in May. The College is eligible for the next application cycle in Q4.

#### *Board and Committee Expenses*

Total Board and Committee expenses for this period, \$69,787 shows a variance of \$-137,713. This indicates that the College has spent 66% less than the total budgeted amount as of August 31<sup>st</sup>, but this variance will decrease as we approach the end of the year.

#### *Operations and Administrative Expenses*

Total expenditures to date, \$1,612,836, reflects a variance of -\$1,128,344. This indicates that the College has spent 41% less than the total budgeted amount as of August 31<sup>st</sup>. As 33% of the year remains, this variance will decrease as we approach December 31.

The expenses for Board and Staff Education and Development, which currently show as 5% over budget for the year, include a payment to HPRO to cover training costs incurred in 2019/2020 but which was inadvertently not charged to the College until 2021. Expenditures for this section are otherwise trending to budget.

General Operational expenses incurred to date are 41% less than the total budgeted amount. This is trending as expected for this point in the year as this line item includes bank charges, the majority of which are not incurred until November and December when the annual renewal period opens.

Investigator expenses are 33% over budget. Due to the unpredictable number and varying nature of investigations, it is difficult to accurately forecast investigator costs during the budgeting process.

Year-to-date revenue less expenditures for 2021 is currently at **\$900,340**, as compared to **\$1,316,755** for the same date in 2020. This discrepancy reflects the revenue reduction that was budgeted for in order to implement COVID fee relief for registrants.

#### **Recommendations/Action Required:**

For information.

	A	B	C	D	E	F	G	H	I	H
				2021 Budget	Actuals Aug 31, 2021	Actuals Aug 31, 2020	Variance from 2021 to 2020 (=E-F)	Variance to 2021 Budget (=E-D)	Variance to 2021 Budget % (=H/D)	Notes
1										
2	<b>Total Revenue</b>			\$ 2,261,021	\$ 2,582,963	\$ 3,110,574	-\$ 527,611	\$ 321,942	14%	
3	Optician Revenue			\$ 2,026,402	\$ 2,348,011	\$ 3,014,509	-\$ 666,498	\$ 321,609	16%	Includes optician renewals (budgeted with a 10% decrease due to the implications of COVID-19), new optician registrations, optician reinstatements and any penalties applied. \$64,177 in costs collected relating to discipline matters will be allocated to Miscellaneous Revenue as of Sept 1
4	Student/Intern Revenue			\$ 25,842	\$ 34,130	\$ 19,520	\$ 14,610	\$ 8,288	32%	Includes student/intern renewals, new student/intern registrations, student/intern reinstatements and any penalties. <60 student renewals carried over from 2020.
5	National Examination Fees			\$ 151,200	\$ 150,408	\$ -	\$ 150,408	-\$ 792	-1%	Exam Sessions in January (La Cite College) and in May (Seneca). The usual number of interns eligible to write the examinations may not be as high as previous years as schools are behind one semester due to COVID-19. Another regular exam session is planned for October 2021.
6	Interest & Investment Income			\$ 31,977	\$ 1,434	\$ 67,751	-\$ 66,317	-\$ 30,543	-96%	Interest income is realized in September.
7	Miscellaneous Revenue			\$ 25,600	\$ 48,979	\$ 8,794	\$ 40,185	\$ 23,379	91%	Miscellaneous revenue includes: CE Activity Accreditation, Deficient Professional Portfolio Fees, Late Portfolio Fees, PLAR Application Fees, Duplicate Certificates, \$32,717 in Payroll and Rent Subsidies for COVID-19 (CEWS and CERS) received in June which the College did not have confirmed eligibility for while budgeting.
8	<b>Board and Committee</b>			\$ 207,500	\$ 69,787	\$ 75,250	-\$ 5,463	-\$ 137,713	-66%	Meetings from March 2020 are being conducted virtually
9	Board/Strategic Planning			\$ 65,000	\$ 27,169	\$ 26,041	\$ 1,128	-\$ 37,831	-58%	Budgeted: 7 board days (full), 1 strat planning day (full) (3 remote, 5 in person), 8 pre-meeting days (full), premeeting prep Actual To-date: 7 days (virtual)
10	Discipline			\$ 60,000	\$ 4,250	\$ 600	\$ 3,650	-\$ 55,750	-93%	Budgeted: 4 hearings (8 days) and member HPRO training Actual To-date: 4 days (virtual) , 2 training days (virtual)
11	Executive			\$ 11,500	\$ 4,449	\$ 6,850	-\$ 2,401	-\$ 7,051	-61%	Budgeted: 4 in-person, 2 teleconferences Actual To-date: 7 days (virtual)
12	Fitness to Practice			-	-	-	-	-	-	No referrals
13	Governance			\$ 10,000	\$ 3,000	\$ 4,762	-\$ 1,762	-\$ 7,000	-70%	Budgeted: 4 in-person Actual To-date: 2 days (virtual), 2 training days (virtual)
14	Investigations, Complaints & Reports			\$ 20,500	\$ 12,338	\$ 14,302	-\$ 1,964	-\$ 8,162	-40%	Budgeted: 7 in-person full-committee, 14 panel teleconferences Actual To-date: 5 days (virtual), 13 virtual panels
15	Patient Relations			\$ 5,500	\$ 1,588	\$ 450	\$ 1,138	-\$ 3,913	-71%	Budgeted: 2 in-person Actual To-date: 1 day (virtual) , and one time 2020 expense reallocation
16	Quality Assurance			\$ 18,500	\$ 12,513	\$ 11,941	\$ 572	-\$ 5,988	-32%	Budgeted: 4 in-person, 4 full committee teleconferences, 6 panel teleconferences Actual To-date: 9 days (virtual), 1 virtual panel
17	Registration Committee			\$ 11,000	\$ 3,069	\$ 8,479	-\$ 5,410	-\$ 7,931	-72%	Budgeted: 3 in-person, 3 teleconferences Actual To-date: 2 (virtual)
19	Clinical Practice Committee			\$ 5,500	\$ 1,413	\$ 1,825	-\$ 413	-\$ 4,088	-74%	Budgeted: 2 in-person; 1 teleconference Actual To-date: 2 (virtual)
21	<b>Operations &amp; Administration</b>			\$ 2,741,180	\$ 1,616,995	\$ 1,604,425	\$ 12,570	-\$ 1,124,185	-41%	
22	Communications			\$ 35,925	\$ 14,661	\$ 11,901	\$ 2,760	-\$ 21,264	-59%	Includes Citizens Advisory Group, public focused social media strategy, search engine optimization and costs for communication and engagement.
23	Consulting			\$ 134,750	\$ 104,335	\$ 37,680	\$ 66,655	-\$ 30,415	-23%	Includes costs for IT consulting, strategic projects consultant (strategic procurement group, CPMF collab, decision writing consultant), government relations consultant, governance consultant and board facilitator
24	Board & Staff Education & Development			\$ 44,600	\$ 46,843	\$ 38,332	\$ 8,511	\$ 2,243	5%	Staff and Board Professional Development, includes staff CE, council training session and council expenses (discipline, governance, Zoom, DEI training, board and staff discipline training costs (reconciliation to 2019), regulatory conference attendance for staff and council, and discipline training.

	A		D	E	F	G	H	I	H
1			2021 Budget	Actuals Aug 31, 2021	Actuals Aug 30, 2020	Variance from 2021 to 2020 (=E-F)	Variance to 2021 Budget (=E-D)	Variance to 2021 Budget % (=H/D)	Notes
25	Database		\$ 86,765	\$ 63,993	\$ 52,586	\$ 11,407	-\$ 22,772	-26%	Includes development costs for IT projects: linking jurisprudence to member profile, online student/intern renewals, document management system, online applications for ROs, QA CE upload, data optimization.
26	External Personnel		\$ 85,250	\$ 58,585	\$ 4,927	\$ 53,658	-\$ 26,665	-31%	Includes National Exam examiners and models, expert witness, and external PLAR interviewer costs.
27	External Relations		\$ 15,000	\$ 3,542	\$ 18,932	-\$ 15,390	-\$ 11,458	-76%	Expenses for Board and Staff for external activities on behalf of the College. Due to COVID-19, there has been a decrease in in-person external events requiring Board and Staff attendance.
28	General Operational		\$ 240,000	\$ 140,849	\$ 139,065	\$ 1,784	-\$ 99,151	-41%	Includes general operating expenses; College insurance; CPP for council and committee members; staff expenses; bank charges (incurred in November/Dec); bookkeeping; office supplies; shredding services; off-site file storage.
29	IT Requirements		\$ 100,488	\$ 49,918	\$ 105,771	-\$ 55,853	-\$ 50,570	-50%	Include the hard costs to support the College's computer systems, hosting and licensing costs of the database and email hosting. <i>Includes cost of cloud server, budgeted under capital expenses, and costs for renewal of database hosting</i>
30	Investigator		\$ 40,000	\$ 53,055	\$ 51,880	\$ 1,175	\$ 13,055	33%	Investigators for the ICRC Process. Actual 2021 to-date: 1 Investigations completed carried over from 2020, 12 in process from 2018-2020 to be completed in 2021. It is difficult to forecast, due to the unpredictable number and nature of investigations, but trends are taken into account when budgeting for the coming year
31	Legal		\$ 120,000	\$ 60,656	\$ 52,320	\$ 8,336	-\$ 59,344	-49%	Includes independent legal counsel for Discipline Hearings, general advice, unauthorized Practice prosecutions.
32	Quality Assurance Program Costs		\$ 33,525	\$ 7,850	\$ 30,849	-\$ 22,999	-\$ 25,675	-77%	Reflects hard costs to administer the QA portfolio program, including practice assessments. Costs of assessments completed to-date, some of which are cost-recovery. MSF and all subsequent costs deferred to 2022.
33	Rent		\$ 232,304	\$ 151,631	\$ 151,089	\$ 542	-\$ 80,673	-35%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
34	Salaries		\$ 1,450,140	\$ 823,520	\$ 881,555	-\$ 58,035	-\$ 626,620	-43%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, temporary help, vision care plan and payroll expenses
44	Strategic Initiatives		\$ 94,000	\$ 37,556	\$ 27,538	\$ 10,018	-\$ 56,444	-60%	Includes administrative initiatives, ongoing Governance Policy work, EY collaboration study, environmental scan survey (Leger), DEI policy work, and funds for board initiatives supporting the strategic plan. Some expenses to be incurred/invoiced in Q4.