

## BRIEFING NOTE

**TO:** Board of Directors

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

**DATE:** March 1, 2022

**SUBJECT:** 5.0 Financial Variance Report

For Decision

For Information

Monitoring Report

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### **Purpose:**

The attached Financial Variance Report for the period ending December 31, 2021 is submitted to the Board 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 Committee 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 values earlier in the year before the bulk of revenue/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 or for deferred income.

### **For Consideration:**

This report identifies current, unaudited financial information for revenue, board and committee expenses, and operational/administrative expenses to December 31, 2021 which is the College's fiscal year end. At the May Board meeting, the external auditors will present final audited figures to the Board as well as any reallocations that have been recommended.

### *Revenue*

Total revenue to date is \$2,778,915 which reflects a variance of +\$517,894 (+23%) 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, costs collected relating to discipline matters (\$64,177), and CERS/CEWS COVID-19 relief subsidies (\$143,111) received in May, October, and November.

### *Board and Committee Expenses*

Total Board and Committee Expenses for this period, \$117,845 shows a variance of -\$89,655 (-43%) to the budget. While budgeting for 2021, the College had ensured that there were sufficient funds for in person meetings if the COVID-19 situation was to change. Throughout 2021, there were no in person Committee meetings and a single hybrid Board meeting in December.

### *Operations and Administrative Expenses*

Total expenditures to date, \$2,419,485 shows a variance of -\$321,695 (-12%) to the budget.

The expenses for Board and Staff Education and Development, which currently show as 14% over budget for the year, include payments to HPRO to cover training costs incurred in 2019/2020 but were inadvertently not charged to the College until 2021. Actual expenditure for trainings and costs incurred in 2021 was \$35,347 which is -21% under budget.

Investigator expenses are 77% or \$38,749 over budget. Due to the unpredictable number and varying nature of investigations, it is difficult to accurately forecast investigator costs during the budgeting process. The 2021 expenses have been taken into account when developing the budget for 2022.

### *Closing Amounts*

The 2021 fiscal year has closed with a surplus of \$217,438.83. Despite anticipating a deficit for the year, the College was able to recover costs by applying for COVID-19 relief subsidies, continuing to hold virtual Board/Committee meetings, and adhering to a conservative administrative budget.

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

To approve the Financial Variance Report for the period ending December 31, 2021 on the recommendation of the Executive Committee.

	A	B	C	D	E	F	G	H	I	H
				2021 Budget	Actuals Dec 31, 2021 (unaudited)	Actuals Dec 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	\$ 2,778,915	\$ 3,216,805	-\$ 437,890	\$ 517,894	23%	
3	Optician Revenue			\$ 2,026,402	\$ 2,310,849	\$ 3,036,782	-\$ 725,933	\$ 284,447	14%	Includes optician renewals (budgeted with a 10% decrease due to the implications of COVID-19), new optician registrations and optician reinstatements. The rate of optician renewals exceeded budgeted expectations after having been conservatively estimated in light of the continued impact of COVID-19.
4	Student/Intern Revenue			\$ 25,842	\$ 36,426	\$ 35,748	\$ 678	\$ 10,584	41%	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	\$ 189,125	\$ 63,496	\$ 125,629	\$ 37,925	25%	Exam Sessions in January and November (French, La Cite College) and in May and October (English, Seneca). Exam revenue had been conservatively estimated due to COVID-19 and did not include the full revenue forecast for the November exam.
6	Interest & Investment Income			\$ 31,977	\$ 27,850	\$ 67,751	-\$ 39,901	-\$ 4,127	-13%	Interest income realized in September and December. Reflects decline in interest rates consistent with current market trends.
7	Miscellaneous Revenue			\$ 25,600	\$ 214,665	\$ 13,028	\$ 201,637	\$ 189,065	739%	Miscellaneous revenue includes: CE Activity Accreditation, Deficient Professional Portfolio Fees, Late Portfolio Fees, PLAR Application Fees, Duplicate Certificates, \$64,177 in recovered Discipline Costs, \$143,111 in Payroll and Rent Subsidies for COVID-19 (CEWS and CERS) received in May and October. On advice from the auditors, subsidies were not budgeted for in 2021 as it was not certain if the College would be eligible.
8	<b>Board and Committee</b>			\$ 207,500	\$ 117,845	\$ 127,725	-\$ 9,880	-\$ 89,655	-43%	<i>Meetings from March 2020 are being conducted virtually</i>
9	Board/Strategic Planning			\$ 65,000	\$ 41,530	\$ 49,623	-\$ 8,093	-\$ 23,470	-36%	Budgeted: 7 board days (full), 1 strat planning day (full) (3 remote, 5 in person), 8 pre-meeting days (full), premeeting prep Actual: 7 days (virtual), 7 pre-meeting days (virtual)
10	Discipline			\$ 60,000	\$ 19,692	\$ 4,100	\$ 15,592	-\$ 40,308	-67%	Budgeted: 4 hearings (8 days) and member HPRO training Actual: 4 days (virtual), 2 training days (virtual)
11	Executive			\$ 11,500	\$ 7,154	\$ 10,481	-\$ 3,327	-\$ 4,346	-38%	Budgeted: 4 in-person, 2 teleconferences Actual: 8 days (virtual)
12	Fitness to Practice			-	-	-	-	-	-	No referrals
13	Governance			\$ 10,000	\$ 6,075	\$ 7,874	-\$ 1,799	-\$ 3,925	-39%	Budgeted: 4 in-person Actual: 4 days (virtual), 2 training days (virtual)
14	Investigations, Complaints & Reports			\$ 20,500	\$ 14,156	\$ 21,083	-\$ 6,927	-\$ 6,344	-31%	Budgeted: 7 in-person full-committee, 14 panel teleconferences Actual: 7 days (virtual), 13 virtual panels
15	Patient Relations			\$ 5,500	\$ 2,225	\$ 1,225	\$ 1,000	-\$ 3,275	-60%	Budgeted: 2 in-person Actual: 2 day (virtual), and one time 2020 expense reallocation
16	Quality Assurance			\$ 18,500	\$ 20,213	\$ 20,547	-\$ 335	\$ 1,713	9%	Budgeted: 4 in-person, 4 full committee teleconferences, 6 panel teleconferences Actual: 13 days (virtual), 4 virtual panel
17	Registration Committee			\$ 11,000	\$ 5,300	\$ 11,104	-\$ 5,804	-\$ 5,700	-52%	Budgeted: 3 in-person, 3 teleconferences Actual: 3 (virtual)
19	Clinical Practice Committee			\$ 5,500	\$ 1,500	\$ 1,688	-\$ 188	-\$ 4,000	-73%	Budgeted: 2 in-person; 1 teleconference Actual: 2 (virtual)
21	<b>Operations &amp; Administration</b>			\$ 2,774,847	\$ 2,419,485	\$ 2,478,553	-\$ 59,068	-\$ 355,362	-13%	
22	Communications			\$ 35,925	\$ 25,062	\$ 33,148	-\$ 8,086	-\$ 10,863	-30%	Includes Citizens Advisory Group, public focused social media strategy, and costs for communication and engagement.
23	Consulting			\$ 214,850	\$ 161,534	\$ 69,387	\$ 92,147	-\$ 53,316	-25%	Includes costs for IT consulting, additional recruitment consulting, strategic projects consultant (strategic procurement group, CPMF collab, decision writing consultant), government relations consultant, governance consultant and board facilitator. In 2021, the College incurred additional recruitment consulting costs of \$9,200 in Nov/Dec for reception/registration support.
24	Council & Staff Education & Development			\$ 44,600	\$ 50,787	\$ 52,281	-\$ 1,494	\$ 6,187	14%	Staff and Council Professional Development, includes staff CE, council training session and council expenses (discipline, governance, Zoom, Board/Staff DEI training, HPRO Board/Staff discipline training costs (reconciliation to 2019 as the College was inadvertently not invoiced for \$15,440 until 2021), regulatory conference attendance for staff and board. Not including 2019/2020 HPRO costs, total expenditure is \$35,347 or -21% to the budget.

	A		D	E	F	G	H	I	H
1			2021 Budget	Actuals Dec 31, 2021 (unaudited)	Actuals Dec 31, 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	\$ 88,460	\$ 76,661	\$ 11,799	\$ 1,695	2%	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. 3 year system contract renewal in Q3.
26	External Personnel		\$ 85,250	\$ 83,467	\$ 40,316	\$ 43,151	-\$ 1,783	-2%	Includes National Exam examiners and models, expert witness, and external PLAR interviewer costs. Costs for examiners and models has increased due to COVID-19.
27	External Relations		\$ 15,000	\$ 3,542	\$ 31,420	-\$ 27,878	-\$ 11,458	-76%	Expenses for Council, Appointed and staff for external activities on behalf of the College. Includes presentations at CE events, conference attendance, Georgian/Seneca Advisory Committees, National Meetings, National Exams Committee, presentations to students, etc. Due to COVID-19 there has been a decrease in in-person external events requiring Board/Staff attendance.
28	General Operational		\$ 240,000	\$ 231,302	\$ 188,093	\$ 43,209	-\$ 8,698	-4%	Includes general operating expenses; College insurance; CPP for board and committee members; staff expenses; bank charges; bookkeeping; office supplies; shredding services; off-site file storage.
29	IT Requirements		\$ 100,488	\$ 82,781	\$ 138,006	-\$ 55,225	-\$ 17,707	-18%	Include the hard costs to support the College's computer systems, hosting and licensing costs of the database and email hosting. Includes cost of cloud server, budgeted under capital expenses, and costs for renewal of database hosting
30	Investigator		\$ 40,000	\$ 70,808	\$ 77,214	-\$ 6,406	\$ 30,808	77%	Investigators for the ICRC Process. Actual 2021 to-date: 23 investigations completed, 21 carried over from 2020, 23 investigations carried over to 2022. 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	\$ 81,251	\$ 107,775	-\$ 26,524	-\$ 38,749	-32%	Includes independent legal counsel for Discipline Hearings, general advice, unauthorized Practice prosecutions.
32	Quality Assurance Program Costs		\$ 33,525	\$ 9,800	\$ 32,371	-\$ 22,571	-\$ 23,725	-71%	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 subsequent budgeted costs deferred to 2022.
33	Rent		\$ 232,304	\$ 230,124	\$ 228,038	\$ 2,086	-\$ 2,180	-1%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
34	Salaries		\$ 1,450,140	\$ 1,238,878	\$ 1,312,741	-\$ 73,863	-\$ 211,262	-15%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, temporary help, vision care plan and payroll expenses
44	Strategic Initiatives		\$ 94,000	\$ 61,690	\$ 91,102	-\$ 29,412	-\$ 32,310	-34%	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.