

BRIEFING NOTE

TO: Board of Directors

FROM: Fizza Asad, Accounting and HR Specialist

DATE: December 5, 2022

SUBJECT: Financial Variance Report

☒ For Decision

☐ For Information

☐ Monitoring Report

Purpose:

The attached Financial Variance Report for the period ending October 31, 2022 is submitted to the Board for review and approval.

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 financials 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 theoretically approach a 0% variance closer to year end. At October 31, 16% of the fiscal year remains which means variances for fixed budget items (such as rent and salaries) will be trending close to this number.

Explanations are provided for line items that indicate a variance that significantly diverges from the pattern, such as for expenses that are not incurred evenly throughout the year or for deferred income. The variances are also colour coded (green as trending well, orange as trending with caution, and red as trending poorly) to assist the Board/Executive Committee in identifying line items that require extra attention or investigation.

For Consideration:

This report identifies current, unaudited financial information for revenue, Board/Committee expenses, and operational/administrative expenses to October 31, 2022.

Revenue

Total revenue to date is \$2,987,589 which reflects a variance of \$184,745 (7%) to the budget. As 16% of the fiscal year remains and additional revenue from the remaining exam sessions, interest income,

and recovered discipline costs are yet to be realized, the College is trending well above the 2022 budget.

Board and Committee Expenses

Total Board and Committee Expenses for this period, \$105,419, shows a variance of -\$152,462 (-59%) to the budget. While budgeting for 2022, the College had ensured that there were sufficient funds for both virtual and in person meetings, as the COVID-19 situation allows. To date, none of the Committees have met in person and there has been one hybrid Board meeting in October. The hybrid strategic planning meetings took place in person as planned in June.

Board and Committee expenses are also reported as they are submitted to the College, regardless of when the expense may have been incurred. Many expense claims for Q3 and Q4 are submitted in late Q4 and will be reflected in the December Financial Variance Report. Reminders have been sent out to all Board members to ensure that 2022 claims are submitted by December 30th.

Operations and Administrative Expenses

Total operational and administrative expenses to date, \$1,962,617, shows a variance of -\$812,230 (-29%) to the budget.

Fixed expense items are expected to trend closer to 0% by the end of the fiscal year once certain additional large expenses are realized in November/December (e.g., bank fees from the renewal period). A bulk of the remaining operational and administrative costs will be incurred by the fiscal year end, including rent, salaries, database costs, and other general expenses.

Some expense lines may have larger costs that are incurred in Q1 and not replicated throughout the year (such as Communications) while other lines may have costs that are mostly incurred later in the year (such as External Relations). These lines are assessed based on historical trends and colour coded to provide the Board/Committee with a better idea as to how the costs are trending.

External Relations costs are \$7,997, which shows a -82% variance to the budget. Many of the in-person events planned for Q2/Q3 remained virtual, however there was more in person Staff/Board attendance at CNAR and the AOE tradeshow in October. These costs are accounted for in November and will be reflected in the next variance report.

Investigator costs are \$3,867, which shows a -95% variance to the budget as there have been fewer complaints from insurance providers. There have not been many new cases to date which warrant the use of an external investigator as of Oct 31, however it is anticipated that there may be some activity later in Q4.

QA Portfolio costs are \$4,875, which shows a -89% variance to the budget. The bulk of the costs budgeted for 2022 were allocated to MSF which has been deferred indefinitely.

Recommendations/Action Required:

To approve the Financial Variance Report for the period ending October 31, 2022.

	A	B	C	D	E	F	G	H	I	J	K
				2022 Budget	Actuals Oct 31, 2022 (unaudited)	Actuals Oct 31, 2021	Variance from 2022 to 2021 (=F-G)	Variance to 2022 Budget (=H-I)	Variance to 2022 Budget % (=H/I)		H Notes
1											
2	Total Revenue			\$ 2,802,844	\$ 2,987,589	\$ 2,948,271	\$ 39,317	\$ 184,745	7%		
3	Optician Revenue			\$ 2,584,486	\$ 2,790,704	\$ 2,770,806	\$ 19,899	\$ 206,218	8%		Includes optician renewals (budgeted in 2021 with a 10% decrease due to possible financial 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. There has been an increase in non renewals in 2022 (from 108 registrants in 2021 to 160 in 2022), however there has also been a 2.65% increase relating to new optician enrollment which has allowed for revenue to trend higher than previously forecasted.
4	Student/Intern Revenue			\$ 26,280	\$ 38,008	\$ 36,734	\$ 1,274	\$ 11,728	45%		Includes student/intern renewals, new student/intern registrations, student/intern reinstatements and any penalties. Actual student/intern registrations/renewals exceeded conservative budget estimate. Estimate was made in light of the impact of COVID-19 on student enrollment and graduating class schedules.
5	National Examination Fees			\$ 140,000	\$ 92,718	\$ 92,565	\$ 153	\$ 47,282	-34%		Exam session in March (French/English) at La Cite College, April 30 - May 2 at Seneca, and Oct 21-23 at Georgian. There will be a November exam at La Cite College (French only). Payment for the October exam was received November 11th for \$79,450 and will be included in the December 2022 variance report. Year end actuals are trending closer to a +29% variance to the budget.
6	Interest & Investment Income			\$ 14,604	\$ 17,636	\$ 2,697	\$ 14,939	\$ 3,032	21%		Interest on savings. Investment interest income is realized in September and December.
7	Miscellaneous Revenue			\$ 37,474	\$ 48,522	\$ 45,470	\$ 3,052	\$ 11,048	29%		Miscellaneous revenue includes: CE Activity Accreditation, Deficient Professional Portfolio Fees, Late Portfolio Fees, PLAR Application Fees, Duplicate Certificates, recovered Discipline Costs (\$31,839.18, incl payments ongoing from 2021), and CERS/CEWS payments (\$7823)
8	Board and Committee			\$ 257,881	\$ 105,419	\$ 94,275	\$ 11,144	\$ 152,462	-59%		<i>Year End Trend Analysis: costs for Honoraria/Expenses will continue to trend lower than budgeted as there have been significant cost savings with almost all Board/Committee meetings remaining virtual. To date, there have only been 3 hybrid meeting days (2 Strategic Planning days, and the October Board meeting) with no plans for in person meetings before Dec 31. Not all Board/Committee expenses have been received as of Oct 31, therefore, the Dec 31 variance report will reflect a more accurate cost variance.</i>
9	Board/Strategic Planning			\$ 152,840	\$ 46,850	\$ 42,650	\$ 4,200	\$ 105,990	-69%		Budgeted: 7 board days (full, in person), 2 strat planning days (full, in person), 7 pre-meeting days (full), premeeting prep To Date: 2 days (virtual), 1 day (hybrid), 2 strat planning days (full, in person) 1 pre-meeting day.
10	Discipline			\$ 32,195	\$ 26,719	\$ 23,719	\$ 3,000	\$ 5,476	-17%		Budgeted: 4 Hearings (8 days), 4 meetings (half, virtual), 4 decision writing days (1 member) To Date: 2 Hearings
11	Executive			\$ 11,218	\$ 1,125	\$ 3,825	\$ 2,700	\$ 10,093	-90%		Budgeted: 4 meetings (half, virtual), 2 meetings (3/4, in person) To Date: 3 meetings (half, virtual), 1 meeting (1/4 day virtual)
12	Fitness to Practice			-	-	-	-	-	-		No referrals
13	Governance			\$ 6,715	\$ 3,175	\$ 2,313	\$ 863	\$ 3,540	-53%		Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 4 meetings (half, virtual)
14	Investigations, Complaints & Reports			\$ 20,464	\$ 5,725	\$ 4,513	\$ 1,213	\$ 14,739	-72%		Budgeted: 2 meetings (half, virtual), 1 meeting (3/4, in person), 16 panel teleconferences To Date: 1 meeting (half, virtual), 2 virtual panel
15	Patient Relations			\$ 5,609	\$ 631	\$ 631	\$ -	\$ 4,978	-89%		Budgeted: 2 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 1 meeting (half, virtual)
16	Quality Assurance			\$ 15,175	\$ 12,457	\$ 9,739	\$ 2,718	\$ 2,718	-18%		Budgeted: 6 meetings (half, virtual), 1 meeting (3/4, in person) 6 panels (virtual) To Date: 7 meetings (half, virtual), 2 panels
17	Registration Committee			\$ 6,950	\$ 7,247	\$ 5,598	\$ 1,649	\$ 297	4%		Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 4 meetings (half, virtual)
19	Clinical Practice Committee			\$ 6,715	\$ 1,489	\$ 1,288	\$ 201	\$ 5,226	-78%		Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 3 meeting (half, virtual)
21	Operations & Administration			\$ 2,774,847	\$ 1,962,617	\$ 1,621,616	\$ 341,001	\$ 812,230	-29%		
22	Communications			\$ 38,000	\$ 32,520	\$ 28,820	\$ 3,700	\$ 5,480	-14%		Includes annual contribution to OCC Public Awareness Campaign (Q1 only), public focused social media strategy, and costs for communication and engagement.
23	Consulting			\$ 215,500	\$ 116,187	\$ 101,713	\$ 14,475	\$ 99,313	-46%		Includes costs for IT Project Management consulting, additional recruitment consulting, government relations consultant, and board/strategic planning facilitator.
24	Council & Staff Education & Development			\$ 62,600	\$ 36,293	\$ 35,918	\$ 375	\$ 26,307	-42%		Staff and Board Professional Development, includes staff CE, Board HPRO training sessions and expenses, Board/Staff DEI training, staff relational writing training.

Board Meeting December 2022

	A			D 2022 Budget	E Actuals Oct 31, 2022 (unaudited)	F Actuals Oct 31, 2021	G Variance from 2022 to 2021 (=E-F)	H Variance to 2022 Budget (=E-D)	I Variance to 2022 Budget % (=H/D)	H Notes
1										
25	Database			\$ 153,000	\$ 57,591	\$ 63,993	-\$ 6,402	-\$ 95,409	-62%	Includes database hosting costs and development costs for IT projects: CE profile lookup, jurisprudence, new DEV environment, data optimization. Some general register and data projects will be completed early next year and have been built into the 2023 budget.
26	External Personnel			\$ 90,200	\$ 56,709	\$ 58,585	-\$ 1,876	-\$ 33,491	-37%	Includes National Exam examiners and models, expert witness, and external PLAR interviewer costs. Costs for examiners and models has increased due to COVID-19 as examiner rates and exam lengths have been affected. Costs for October examiner/model expenses are paid in November and will be reported on the Dec 31 year end report. Actual costs are trending towards a -12% variance.
27	External Relations			\$ 45,150	\$ 7,997	\$ 3,542	\$ 4,455	-\$ 37,153	-82%	Expenses for Council, Appointed and staff for external activities on behalf of the College. Includes NACOR staff exam expenses, presentations at CE events, conference attendance, Georgian/Seneca Advisory Committees, National Meetings, National Exams Committee, presentations to students, etc. Planned in person events for Q2/Q3 of 2022 have all remained virtual. CNAR costs have been accounted for in November and will be reflected in the December 31 variance report. Actual costs are trending towards a -59% variance.
28	General Operational			\$ 273,537	\$ 194,476	\$ 140,849	\$ 53,627	-\$ 79,061	-29%	Includes general operating expenses; College insurance; CPP for board and committee members; staff expenses; printing; postage; maintenance; bank charges; bookkeeping; office supplies; shredding services; off-site file storage.
29	IT Requirements			\$ 79,382	\$ 70,142	\$ 49,918	\$ 20,224	-\$ 9,240	-12%	Include the hard costs to support the College's computer systems, phone lines, 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, incurred in Q2.
30	Investigator			\$ 80,000	\$ 3,867	\$ 53,055	-\$ 49,188	-\$ 76,133	-95%	Investigators for the ICRC Process. Actual 2022 to-date: 4 investigations carried over from 2020, 27 investigations carried over from 2021, 6 investigations completed as of Oct 31, 2022. This year, there have not been as many complaints recieved from insurance providers, and there are fewer matters that require external investigators. This has allowed more of a focus on closing Discipline matters in Q1-Q3. It is difficult to forecast due to the unpredictable number and nature of investigations, but trends are taken into account when budgeing for the coming year.
31	Legal			\$ 106,400	\$ 63,382	\$ 60,656	\$ 2,726	-\$ 43,018	-40%	Includes independent legal counsel for Discipline Hearings, general advice, unauthorized Practice prosecutions.
32	Quality Assurance Program Costs			\$ 44,524	\$ 4,875	\$ 7,850	-\$ 2,975	-\$ 39,649	-89%	Reflects hard costs to administer the QA portfolio program, including practice assessments. Costs of assessments completed to-date, some of which are cost-recovery. The MSF project has been deferred for this year, and the process will be reviewed by the QA committee on a long term basis.
33	Rent			\$ 242,686	\$ 187,487	\$ 151,631	\$ 35,856	-\$ 55,199	-23%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
34	Salaries			\$ 1,416,591	\$ 1,089,227	\$ 823,520	\$ 265,707	-\$ 327,364	-23%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, vision care plan and payroll expenses
44	Strategic Initiatives			\$ 90,900	\$ 41,863	\$ 37,556	\$ 4,307	-\$ 49,037	-54%	Includes administrative initiatives (staff team building), ongoing Governance work, and funds for board initiatives supporting the strategic plan.