

## BRIEFING NOTE

**TO:** Board of Directors

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

**DATE:** March 6, 2023

**SUBJECT:** 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, 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 get close to a 0% variance closer to year end. At December 31, the fiscal year has ended which means variances for fixed budget items (such as rent and salaries) will be reflecting actual activity.

The amounts reported are not final audited figures. Upon completion of the audit engagement in March, the external auditors will have reviewed the reported amounts and will provide the Committee with any information if significant or material variances are discovered.

**For Consideration:**

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

*Revenue*

Total revenue to date is \$3,099,953 which reflects a variance of \$297,109 (11%) to the budget. The revenue variance is attributed to recovered discipline payments, investment performance, and consistent registration activity. Revenue had been conservatively estimated during the budgeting period as the continued financial impacts of COVID-19 were still being assessed. Some miscellaneous

revenue items such as subsidy payments and discipline payments for matters resolves in 2022 were not budgeted for as they were not confirmed as of December 31, 2021.

#### *Board and Committee Expenses*

Total Board and Committee Expenses for this period, \$155,915, shows a variance of -\$101,966 (-40%) 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 allowed. To date, none of the Committees have met in person. Strategic Planning meetings, as well as the October Board meeting took place as hybrid sessions. The Board's decision to continue to hold virtual meetings through 2022 yielded significant cost savings for the College.

#### *Operations and Administrative Expenses*

Total operational and administrative expenses to date, \$2,453,117, shows a variance of -\$321,730 (-12%) to the budget.

External Relations costs are \$18,275, which shows a -60% 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 the Fall.

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 Dec 31.

QA Portfolio costs are \$5,925, which shows a -87% variance to the budget. The bulk of the costs budgeted for 2022 were allocated to MSF which has been deferred for the year.

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

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

	A	B	C	D	E	F	G	H	I	H
				2022 Budget	Actuals Dec 31, 2022 (unaudited)	Actuals Dec 31, 2021	Variance from 2022 to 2021 (=F-G)	Variance to 2022 Budget (=H-D)	Variance to 2022 Budget % (=H/D)	Notes
1										
2	<b>Total Revenue</b>			\$ 2,802,844	\$ 3,099,953	\$ 2,778,915	\$ 321,038	\$ 297,109	11%	
3	Optician Revenue			\$ 2,584,486	\$ 2,813,426	\$ 2,310,849	\$ 502,577	\$ 228,940	9%	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.
4	Student/Intern Revenue			\$ 26,280	\$ 38,008	\$ 36,426	\$ 1,582	\$ 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. Revenue was estimated conservatively while reviewing the impact of COVID-19 on student enrollment and graduating class schedules.
5	National Examination Fees			\$ 140,000	\$ 172,168	\$ 189,125	-\$ 16,957	\$ 32,168	23%	Exam sessions completed in March (French/English) at La Cite College, April 30 - May 2 at Seneca, October at Georgian, and November at La Cite (French).
6	Interest & Investment Income			\$ 14,604	\$ 21,415	\$ 27,850	-\$ 6,435	\$ 6,811	47%	Interest on savings and GIC investments which performed well against the expected market. Investment interest income is realized in September and December.
7	Miscellaneous Revenue			\$ 37,474	\$ 54,935	\$ 214,665	-\$ 159,730	\$ 17,461	47%	Miscellaneous revenue includes: CE Activity Accreditation, Deficient Professional Portfolio Fees, Late Portfolio Fees, PLAR Application Fees, Duplicate Certificates, recovered Discipline Costs (\$6667), and CERS/CEWS payments (\$7823). Discipline payments recovered in 2022 and subsidy payments were not included in the budget as they were not guaranteed as of December 2021.
8	<b>Board and Committee</b>			\$ 257,881	\$ 155,615	\$ 117,845	\$ 37,770	-\$ 102,266	-40%	
9	Board/Strategic Planning			\$ 152,840	\$ 77,903	\$ 41,530	\$ 36,373	-\$ 74,937	-49%	Budgeted: 7 board days (full, in person), 2 strat planning days (full, in person), 7 pre-meeting days (full) To Date: 5 days (virtual), 1 day (hybrid), 2 strat planning days (full, in person), 6 virtual premeeting half
10	Discipline			\$ 32,195	\$ 31,692	\$ 19,692	\$ 12,000	-\$ 503	-2%	Budgeted: 4 Hearings (8 days), 4 meetings (half, virtual), 4 decision writing days (1 member) To Date: 2 Hearings
11	Executive			\$ 11,218	\$ 6,295	\$ 7,154	-\$ 859	-\$ 4,923	-44%	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	\$ 5,062	\$ 6,075	-\$ 1,013	-\$ 1,653	-25%	Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 2 meetings (half, virtual), 2 virtual screening meetings
14	Investigations, Complaints & Reports			\$ 20,464	\$ 9,025	\$ 14,156	-\$ 5,131	-\$ 11,439	-56%	Budgeted: 2 meetings (half, virtual), 1 meeting (3/4, in person), 16 panel teleconferences To Date: 1 meeting (half, virtual), 3 virtual panel
15	Patient Relations			\$ 5,609	\$ 419	\$ 2,225	-\$ 1,806	-\$ 5,190	-93%	Budgeted: 2 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 1 meeting (half, virtual)
16	Quality Assurance			\$ 15,175	\$ 15,845	\$ 20,213	-\$ 4,368	\$ 670	4%	Budgeted: 6 meetings (half, virtual), 1 meeting (3/4, in person) 6 panels (virtual) To Date: 9 meetings (half, virtual), 2 panels
17	Registration Committee			\$ 6,950	\$ 6,610	\$ 5,300	\$ 1,310	-\$ 340	-5%	Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 5 meetings (half, virtual)
19	Clinical Practice Committee			\$ 6,715	\$ 2,764	\$ 1,500	\$ 1,264	-\$ 3,951	-59%	Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 3 meeting (half, virtual)
21	<b>Operations &amp; Administration</b>			\$ 2,774,847	\$ 2,485,041	\$ 2,406,734	\$ 78,307	-\$ 289,806	-10%	
22	Communications			\$ 38,000	\$ 40,274	\$ 25,062	\$ 15,212	\$ 2,274	6%	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	\$ 155,076	\$ 148,782	\$ 6,294	-\$ 60,424	-28%	Includes costs for IT consulting, additional recruitment consulting, government relations consultant, and board/strategic planning facilitator.
24	Council & Staff Education & Development			\$ 62,600	\$ 41,826	\$ 50,787	-\$ 8,961	-\$ 20,774	-33%	Staff and Board Professional Development, includes staff CE, Board HPRO training sessions and expenses, Board/Staff DEI training, staff relational writing training. In 2022, all trainings have remained virtual.

	A			D 2022 Budget	E Actuals Dec 31, 2022 (unaudited)	F Actuals Dec 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	\$ 99,960	\$ 88,460	\$ 11,500	-\$ 53,040	-35%	Includes database hosting costs and development costs for IT projects: CE profile lookup, jurisprudence, new DEV environment, data optimization. Emergency support costs included in budget not realized in 2022. Some projects have been deferred to 2023.
26	External Personnel			\$ 90,200	\$ 81,704	\$ 83,467	-\$ 1,763	-\$ 8,496	-9%	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.
27	External Relations			\$ 45,150	\$ 18,275	\$ 3,542	\$ 14,733	-\$ 26,875	-60%	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.
28	General Operational			\$ 273,537	\$ 272,931	\$ 231,302	\$ 41,629	-\$ 606	0%	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	\$ 83,922	\$ 82,781	\$ 1,141	\$ 4,540	6%	Include the hard costs to support the College's computer systems, staff computer hardware, 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	\$ 70,808	-\$ 66,941	-\$ 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 Dec 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 budgging for the coming year.
31	Legal			\$ 106,400	\$ 64,993	\$ 81,251	-\$ 16,258	-\$ 41,407	-39%	Includes independent legal counsel for Discipline Hearings, general advice, unauthorized Practice prosecutions.
32	Quality Assurance Program Costs			\$ 44,524	\$ 5,925	\$ 9,800	-\$ 3,875	-\$ 38,599	-87%	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 project has been deferred indefinitely.
33	Rent			\$ 242,686	\$ 234,540	\$ 230,124	\$ 4,416	-\$ 8,146	-3%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
34	Salaries			\$ 1,416,591	\$ 1,325,853	\$ 1,238,878	\$ 86,975	-\$ 90,738	-6%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, vision care plan and payroll expenses
44	Strategic Initiatives			\$ 90,900	\$ 55,895	\$ 61,690	-\$ 5,795	-\$ 35,005	-39%	Includes administrative initiatives (staff team building), ongoing Governance work, and funds for board initiatives supporting the strategic plan.