

## BRIEFING NOTE

**TO:** Board of Directors

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

**DATE:** October 3, 2022

**SUBJECT:** 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, 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 August 31, 33% 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 August 31, 2022.

### *Revenue*

Total revenue to date is \$2,948,271 which reflects a variance of \$145,427 (5%) to the budget. As 33% 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, \$94,275, shows a variance of -\$163,606 (-63%) 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. The in person strategic planning meetings took place in person as planned.

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 Q2 and Q3 are submitted in late Q3 and Q4, and will be reflected in the next Financial Variance Report.

#### *Operations and Administrative Expenses*

Total operational and administrative expenses to date, \$1,621,616, shows a variance of -\$1,153,231 (-42%) to the budget.

Fixed expenses, such as rent or salaries will trend closer to -33% to reflect the remainder of the fiscal year. Other 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.

Investigator costs are \$3,867, which shows a -95% variance to the budget. Compared to this point in time last year, the College hasn't had as many matters arise which required external investigators, 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 Aug 31, however it is anticipated that there may be some more activity in Q4.

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

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

	A	B	C	D	E	F	G	H	I	H
				2022 Budget	Actuals Aug 31, 2022 (unaudited)	Actuals Aug 31, 2021	Variance from 2022 to 2021 (=F-G)	Variance to 2022 Budget (=E-D)	Variance to 2022 Budget % (=H/D)	Notes
1										
2	<b>Total Revenue</b>			<b>\$ 2,802,844</b>	<b>\$ 2,948,271</b>	<b>\$ 2,582,963</b>	<b>\$ 365,308</b>	<b>\$ 145,427</b>	<b>5%</b>	
3	Optician Revenue			\$ 2,584,486	\$ 2,770,806	\$ 2,348,011	\$ 422,795	\$ 186,320	7%	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	\$ 36,734	\$ 34,130	\$ 2,604	\$ 10,454	40%	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	\$ 92,565	\$ 89,250	\$ 3,315	-\$ 47,435	-34%	Exam session in March (French/English) at La Cite College and April 30 - May 2 at Seneca. There will be an October exam held at Georgian College, and a November exam at La Cite College (French only).
6	Interest & Investment Income			\$ 14,604	\$ 2,697	\$ 1,434	\$ 1,263	-\$ 11,907	-82%	Interest on savings. Investment interest income is realized in September and December.
7	Miscellaneous Revenue			\$ 37,474	\$ 45,470	\$ 48,979	-\$ 3,509	\$ 7,996	21%	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	<b>Board and Committee</b>			<b>\$ 257,881</b>	<b>\$ 94,275</b>	<b>\$ 69,789</b>	<b>\$ 24,486</b>	<b>-\$ 163,606</b>	<b>-63%</b>	<i>Meetings from March 2020 are being conducted virtually</i>
9	Board/Strategic Planning			\$ 152,840	\$ 42,650	\$ 27,169	\$ 15,481	-\$ 110,190	-72%	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), 2 strat planning days (full, in person) 1 pre-meeting day
10	Discipline			\$ 32,195	\$ 23,719	\$ 4,250	\$ 19,469	-\$ 8,476	-26%	Budgeted: 4 Hearings (8 days), 4 meetings (half, virtual), 4 decision writing days (1 member) To Date: 2 Hearings
11	Executive			\$ 11,218	\$ 3,825	\$ 4,449	-\$ 624	-\$ 7,393	-66%	Budgeted: 4 meetings (half, virtual), 2 meetings (3/4, in person) To Date: 2 meetings (half, virtual), 1 meeting (1/4 day virtual)
12	Fitness to Practice			-	-	-	-	-	-	No referrals
13	Governance			\$ 6,715	\$ 2,313	\$ 3,000	-\$ 688	-\$ 4,403	-66%	Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 3 meetings (half, virtual)
14	Investigations, Complaints & Reports			\$ 20,464	\$ 4,513	\$ 12,338	-\$ 7,826	-\$ 15,952	-78%	Budgeted: 2 meetings (half, virtual), 1 meeting (3/4, in person), 16 panel teleconferences To Date: 1 meeting (half, virtual), 1 virtual panel
15	Patient Relations			\$ 5,609	\$ 631	\$ 1,588	-\$ 957	-\$ 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	\$ 9,739	\$ 12,513	-\$ 2,774	-\$ 5,436	-36%	Budgeted: 6 meetings (half, virtual), 1 meeting (3/4, in person) 6 panels (virtual) To Date: 5 meetings (half, virtual), 2 panels
17	Registration Committee			\$ 6,950	\$ 5,598	\$ 3,069	\$ 2,529	-\$ 1,352	-19%	Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 3 meetings (half, virtual)
19	Clinical Practice Committee			\$ 6,715	\$ 1,288	\$ 1,413	-\$ 126	-\$ 5,428	-81%	Budgeted: 3 meetings (half, virtual), 1 meeting (3/4, in person) To Date: 1 meeting (half, virtual)
21	<b>Operations &amp; Administration</b>			<b>\$ 2,774,847</b>	<b>\$ 1,621,616</b>	<b>\$ 1,616,994</b>	<b>\$ 4,622</b>	<b>-\$ 1,153,231</b>	<b>-42%</b>	
22	Communications			\$ 38,000	\$ 28,820	\$ 14,661	\$ 14,159	-\$ 9,180	-24%	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	\$ 101,713	\$ 104,335	-\$ 2,622	-\$ 113,787	-53%	Includes costs for IT consulting, additional recruitment consulting, government relations consultant, and board/strategic planning facilitator.
24	Council & Staff Education & Development			\$ 62,600	\$ 35,918	\$ 46,843	-\$ 10,925	-\$ 26,682	-43%	Staff and Board Professional Development, includes staff CE, Board HPRO training sessions and expenses, Board/Staff DEI training, staff relational writing training.

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	A			D 2022 Budget	E Actuals Aug 31, 2022 (unaudited)	F Actuals Aug 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	\$ 55,056	\$ 63,993	-\$ 8,937	-\$ 97,944	-64%	Includes database hosting costs and development costs for IT projects: CE profile lookup, jurisprudence, new DEV environment, data optimization.
26	External Personnel			\$ 90,200	\$ 33,121	\$ 58,585	-\$ 25,464	-\$ 57,079	-63%	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	\$ 5,257	\$ 3,542	\$ 1,715	-\$ 39,894	-88%	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	\$ 180,235	\$ 140,849	\$ 39,386	-\$ 93,302	-34%	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	\$ 58,926	\$ 49,918	\$ 9,008	-\$ 20,456	-26%	Include the hard costs to support the College's computer systems, phone lines, 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, incurred in Q2.</i>
30	Investigator			\$ 80,000	\$ 3,867	\$ 53,055	-\$ 49,188	-\$ 76,133	-95%	Investigators for the ICRC Process. <i>Actual 2022 to-date: 4 investigations carried over from 2020, 27 investigations carried over from 2021, 6 investigations completed as of Aug 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 budgeting for the coming year.</i>
31	Legal			\$ 106,400	\$ 57,079	\$ 60,656	-\$ 3,577	-\$ 49,321	-46%	Includes independent legal counsel for Discipline Hearings, general advice, unauthorized Practice prosecutions.
32	Quality Assurance Program Costs			\$ 44,524	\$ 4,725	\$ 7,850	-\$ 3,125	-\$ 39,799	-89%	Reflects hard costs to administer the QA portfolio program, including practice assessments. <i>Costs of assessments completed to-date, some of which are cost-recovery. MSF project has been deferred to 2023.</i>
33	Rent			\$ 242,686	\$ 145,839	\$ 151,631	-\$ 5,792	-\$ 96,847	-40%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
34	Salaries			\$ 1,416,591	\$ 886,056	\$ 823,520	\$ 62,536	-\$ 530,535	-37%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, vision care plan and payroll expenses
44	Strategic Initiatives			\$ 90,900	\$ 25,004	\$ 37,556	-\$ 12,552	-\$ 65,896	-72%	Includes administrative initiatives (staff team building), ongoing Governance work, and funds for board initiatives supporting the strategic plan.