

BRIEFING NOTE

TO: Board of Directors

FROM: Fizza Asad, Manager, Finance and Human Resources

DATE: September 23, 2024

SUBJECT: Financial Variance Report

☒ For Decision ☐ For Information ☐ Monitoring Report

Purpose:

The attached Financial Variance Report for the period ending June 30, 2024 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 June 30, 50% of the fiscal year remains which means the variance for fixed budget items (such as rent or salaries) will be trending closer to this number.

Explanations are provided for line items that indicate a variance that significantly diverges from the patterns, 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/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 June 30, 2024.

Revenue

Total revenue to date is \$3,581,250 which reflects a variance of \$48,646 (-1%) to the budget.

Investment income from the second set of GIC investments is to be realized in October 2024 and will be reflected in the next variance report.

Board and Committee Expenses

Total Board and Committee Expenses for this period, \$70,090 shows a variance of -\$72,684 (-51%) to the budget.

Board and Committee expenses are reported as they are submitted to the College, regardless of when the expense may have been incurred. Many expense claims for Q2 are typically submitted in the next quarter, and will be reflected in the next Financial Variance Report.

Operations and Administrative Expenses

Total operational and administrative expenses to date, \$1,550,017, shows a variance of -\$1,801,497 (-54%) to the budget.

Fixed items (such as rent or salaries) are expected to trend closer to -50% at this point in time. Other expenses are incurred at different points in the year and may show a larger/smaller variance, but are still trending well as costs continue to be incurred as expected. These lines are also assessed based on historical trends, and colour coded to provide the Board/Committee with a better idea as to how the costs are trending.

Database hosting costs are \$127,420, which shows a -20% variance to the budget. The lower expense at the same point in time last year, is a result of database costs for Q1 2023 being prepaid with the remaining budget at the end of 2022. The activity level in both periods has remained the same.

Database costs are currently under budget however, they are projected to surpass budgeted amounts by the end of the year. This is due to additional requirements stemming from the new Registration Regulation update, with a new estimate of \$24,000 to \$36,000 compared to the previous estimate of \$13,500.

Database project costs are estimated at the end of the previous year, during the budgeting process. The actual number of hours required for larger projects such as online applications, elections, and public register updates, may exceed estimates due to the complexity of the projects and the increase in resource allocation.

Investigator costs are \$89,464, however \$11,847 was incurred in 2023 and not invoiced by the vendor until March 2024. Actual costs incurred as of June 30, 2024 are \$77,617, which is a 19% variance to the budget.

Investigation costs are also estimated at the end of the previous year, during the budgeting process and it is difficult to anticipate the number or nature of investigations for the coming year. There are currently 10 investigations which require external investigators for cases relating to insurance fraud practicing while suspended, fraud, and sexual abuse.

Recommendations/Action Required:

To approve the Financial Variance Report for the period ending June 30, 2024.



Legend

- trending well - revenue/expenses are realized/incurred as expected, based on historical averages and/or planned activity
- trending with caution - the account line is showing an unplanned variance and will be closely monitored to avoid negative impacts. Explanations for activity variance will be provided.
- trending poorly - the account line is showing a significant, unplanned variance that may negatively impact operations.

	A	B	C	D	E	F	G	H	I	H
				2024 Budget	Actuals June 30, 2024 (unaudited)	Actuals June 30, 2023	Variance from 2024 to 2023 (=E-F)	Variance to 2024 Budget (=E-D)	Variance to 2024 Budget % (=H/D)	Notes
1										
2	Total Revenue			\$ 3,629,896	\$ 3,581,250	\$ 3,241,936	\$ 339,314	-\$ 48,646	-1%	
3	Optician Revenue			\$ 3,329,658	\$ 3,473,627	\$ 3,155,552	\$ 318,075	\$ 143,969	4%	Includes optician renewals, new optician registrations and optician reinstatements.
4	Student/Intern Revenue			\$ 30,600	\$ 20,550	\$ 30,050	-\$ 9,500	-\$ 10,050	-33%	Includes student/intern renewals, new student/intern registrations, student/intern reinstatements and any penalties.
5	Interest & Investment Income			\$ 251,889	\$ 78,743	\$ 49,061	\$ 29,682	-\$ 173,146	-69%	Interest on savings and GIC investments. GIC income will be realized in June 2024 and October 2024.
6	Miscellaneous Revenue			\$ 17,749	\$ 8,330	\$ 7,273	\$ 1,057	-\$ 9,419	-53%	Miscellaneous revenue includes: CE Activity Accreditation, Deficient Professional Portfolio Fees, Late Portfolio Fees, PLAR Application Fees, Duplicate Certificates, recovered discipline costs (\$2499.99)
7	Board and Committee			\$ 142,774	\$ 70,090	\$ 43,341	\$ 26,749	-\$ 72,684	-51%	
8	Board/Strategic Planning			\$ 69,128	\$ 39,692	\$ 26,128	\$ 13,564	-\$ 29,436	-43%	Budgeted: 6.5 Virtual Days (Jan, Mar, Oct, Dec, DEI Training), 1.5 Full Day In Person (Jun) To Date: 1 Full Virtual Day, 3 Half Virtual Days, 1.75 Full in Person Day (Jun)
9	Discipline			\$ 21,925	\$ 11,138	\$ 2,094	\$ 9,044	-\$ 10,788	-49%	Budgeted: 4 Hearing Days (5 person panel, full day virtual) 8 decision writing days (1 member) To Date: 2 Full Virtual Day, 2 Quarter Virtual Day, 1 Half Virtual Hearing Day,
10	Executive			\$ 7,988	\$ 3,950	\$ 1,331	\$ 2,619	-\$ 4,038	-51%	Budgeted: 6 Virtual Half Days To Date: 1 Half Virtual Day, 1 Virtual Quarter Day
11	Fitness to Practice			\$ -			-	-	-	No referrals
12	Governance			\$ 4,425	\$ 975	\$ 463	\$ 513	-\$ 3,450	-78%	Budgeted: 4 Virtual Half Days To Date: 3 Virtual Quarter Days, 1 Virtual Half Day
13	Investigations, Complaints & Reports			\$ 10,663	\$ 4,400	\$ 6,494	-\$ 2,094	-\$ 6,263	-59%	Budgeted: 2 Virtual Half Days, 10 Virtual Half Day Panels To Date: 3 Virtual Quarter Days, 4 Virtual Half Day Panels
14	Patient Relations			\$ 3,319	\$ 1,250	\$ -	\$ 1,250	-\$ 2,069	-62%	Budgeted: 3 Virtual Half Days To Date: 1 Half Virtual Day
15	Quality Assurance			\$ 9,838	\$ 5,431	\$ 2,688	\$ 2,743	-\$ 4,407	-45%	Budgeted: 6 Half Day Virtual Meetings, 4 Half Day Virtual Panels To Date: 2 Half Day Virtual Meetings, 3 Quarter Day Virtual Meetings, 1 Quarter Day Virtual Panel
16	Registration Committee			\$ 11,063	\$ 1,788	\$ 3,975	-\$ 2,188	-\$ 9,276	-84%	Budgeted: 10 Virtual Half Days To Date: 2 Virtual Half Day, 7 Quarter Virtual Days
17	Clinical Practice Committee			\$ 4,425	\$ 1,468	\$ 169	\$ 1,299	-\$ 2,958	-67%	Budgeted: 4 Virtual Half Days To Date: 4 Virtual Quarter Days, 1 Virtual Half Day
18	Operations & Administration			\$ 3,351,514	\$ 1,550,017	\$ 1,611,797	-\$ 61,779	-\$ 1,801,497	-54%	
19	Communications			\$ 72,992	\$ 24,119	\$ 33,897	-\$ 9,779	-\$ 48,873	-67%	Includes french translations, public focused social media strategy, and costs for communication and engagement.
20	Consulting			\$ 238,129	\$ 87,821	\$ 108,333	-\$ 20,512	-\$ 150,308	-63%	Includes costs for IT consulting, bookkeeping, recruitment consulting, board facilitator and government relations consultant.
21	Council & Staff Education &			\$ 55,600	\$ 22,386	\$ 27,238	-\$ 4,852	-\$ 33,214	-60%	Staff and Board Professional Development, includes staff CE, facilitative chair training.

	A			D	E	F	G	H	I	H
				2024 Budget	Actuals June 30, 2024 (unaudited)	Actuals June 30, 2023	Variance from 2024 to 2023 (=E-F)	Variance to 2024 Budget (=E-D)	Variance to 2024 Budget % (=H/D)	Notes
22										
23	Database			\$ 160,000	\$ 127,430	\$ 98,050	\$ 29,380	-\$ 32,570	-20%	Includes database hosting costs and development costs for IT projects: online applications, data cleanup, elections, public register changes, database security, billing, data optimization, general support and maintenance.
24	External Relations			\$ 64,500	\$ 20,881	\$ 54,263	-\$ 33,382	-\$ 43,619	-68%	Expenses for Board, and staff for external activities on behalf of the College. Includes National meeting attendance, AOE/QOA events, tradeshow attendance and expenses, student events.
25	General Operational			\$ 305,801	\$ 165,467	\$ 211,158	-\$ 45,691	-\$ 140,334	-46%	Includes general operating expenses; capital expenses, phone lines, College insurance; CPP for board and committee members; staff expenses; printing; postage; maintenance; bank charges; bookkeeping; office supplies; shredding services; off-site file storage.
26	IT Requirements			\$ 123,648	\$ 41,321	\$ 53,362	-\$ 12,041	-\$ 82,327	-67%	Include the hard costs to support the College's computer systems, staff computer hardware, licensing costs of the database and email hosting.
27	Investigator			\$ 65,000	\$ 89,464	\$ 15,112	\$ 74,352	\$ 24,464	38%	Investigators for the ICRC Process. <i>Actual 2024 to date:</i> 4 completed, 7 carried over from 2022, 18 carried over from 2023. \$11,847 incurred in 2023 but not invoiced by the vendor until March 2024. 10 investigations have employed external investigators, 1 has taken on forensics which has added to investigation costs.
28	Legal			\$ 145,250	\$ 43,765	\$ 26,171	\$ 17,594	-\$ 101,485	-70%	Includes independent legal counsel for Professional Conduct matters, as well as general advice.
29	Quality Assurance Program Costs			\$ 25,200	\$ 1,575	\$ 3,300	-\$ 1,725	-\$ 23,625	-94%	Reflects hard costs to administer the QA portfolio program, including practice assessments and peer assessor training.
30	Rent			\$ 257,725	\$ 127,587	\$ 147,521	-\$ 19,934	-\$ 130,138	-50%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
31	Salaries			\$ 1,744,669	\$ 779,673	\$ 817,991	-\$ 38,318	-\$ 964,996	-55%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, vision care plan and payroll expenses
32	Strategic Initiatives			\$ 93,000	\$ 18,530	\$ 15,401	\$ 3,129	-\$ 74,470	-80%	Includes administrative initiatives (staff retention and team building), ongoing Governance work, and funds for board initiatives supporting the strategic plan.