

BRIEFING NOTE

TO: Board of Directors

FROM: Executive committee

DATE: December 2, 2024

SUBJECT: Financial Variance Report

☒ For Decision

☐ For Information

☐ Monitoring Report

Purpose:

The attached Financial Variance Report for the period ending October 31, 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 Board 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 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 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, 2024.

Revenue

Total revenue to date is \$3,664,568 which reflects a variance of \$34,642 (1%) to the budget.

During the 2024 financial year, the college generated investment income from several Guaranteed Investment Certificates (GICs), with payouts received in June and October 2024. The College has enjoyed favorable interest rates however, with rate cuts by the Bank of Canada, we expect lower returns in the future.

There was an unexpected rise in accreditation requests received from a new provider, increasing from an average of 113 in October 2023 to 185 in October 2024. This surge positively contributed to miscellaneous revenue. The QA department does not expect this to be the case next year.

The college also experienced a growth in the number of Registered Opticians for the 2024 period, largely driven by the delayed results from the June 2023 exams. We expect this to be a one-time situation.

Board and Committee Expenses

Total Board and Committee Expenses for this period, \$100,595 shows a variance of -\$42,179 (-30%) to the budget.

The Board /Committee is expected to exceed the budget due to changes in the meeting schedule. The 2024 budget initially accounted for one in-person meeting and three virtual meetings. However, the Board has since revised this to two in-person meetings and two virtual meetings after the 2024 budget was already approved. As a result, expenses are projected to surpass the original budget.

The costs associated with the Quality Assurance committee have risen due to the higher volume of accreditation requests. However, these expenses are fully offset by the fees paid by the requesting parties. Overall, the actual QA committee cost is however trending below budget with the exclusion of the accreditation honorarium paid out.

Board and Committee expenses are reported as they are submitted to the College, regardless of when the expense may have been incurred. A higher than usual number of expense claims have not yet been submitted but are expected to be submitted in Q4, at which point they will be included in the upcoming Financial Variance Report. The non-submission of expense claims by board members accounts for a majority of the low budget usage of the committees.

Some committees are trending below budget due to meetings being shorter than initially planned. For example, the Registration Committee has held most of its meetings for only a quarter of a day, rather than the originally scheduled half day.

It is important to note that, at the time of preparing this report, a number of committees still have meetings scheduled for the final month of the year. As a result, it is expected that the budget will trend closer to the originally planned cost by year-end. This will be reflected in the Q4 variance report.

Board Meeting

December 2, 2024

Operations and Administrative Expenses

Total operational and administrative expenses to date, \$2,815,075, shows a variance of -\$536,439 (-16%) to the budget.

Fixed items (such as rent or salaries) are expected to trend closer to -16% 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 with a better idea as to how the costs are trending.

Investigator costs are \$98,127, however \$11,847 was incurred in 2023 and not invoiced by the vendor until March 2024. Actual costs incurred as of October 31, 2024 are \$86,280, which is a 33% 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.

In 2024, the QA Program costs trended below budget. This can be attributed mainly to a higher-than-expected compliance rate on the part of our registrants. Initially, 658 registrants were notified that their portfolio appeared to be incomplete. However, by the time the random selection process was conducted, 401 registrants had addressed the issues, resulting in a much smaller random sample—approximately 20% of the original number of assessments anticipated. Next year's selection model will be modified resulting in a higher number of assessments being carried out.

Strategic Initiatives are trending below budget. Work relating to the review and updates to the Standards of Practice, including registrant focus groups, has been deferred to 2025. In addition, it was determined that a second phase of a project to update and revamp the Peer and Practice Assessment Tool was no longer needed, following successful completion of the first phase in early 2024.

Recommendations/Action Required:

To recommend that the Board approve the Financial Variance Report for the period ending October 31, 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 October 31, 2024 (unaudited)	Actuals October 31, 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	\$ 3,664,568	\$ 3,551,041	\$ 113,527	\$ 34,672	1%	
3	Optician Revenue			\$ 3,329,658	\$ 3,327,381	\$ 3,284,116	\$ 43,265	\$ 2,277	0%	Includes optician renewals, new optician registrations and optician reinstatements.
4	Student/Intern Revenue			\$ 30,600	\$ 40,826	\$ 39,900	\$ 926	\$ 10,226	33%	Includes student/intern renewals, new student/intern registrations, student/intern reinstatements and any penalties.
5	Interest & Investment Income			\$ 251,889	\$ 252,265	\$ 186,308	\$ 65,957	\$ 376	0%	Interest on savings and GIC investments. GIC income will be realized in June 2024 and October 2024.
6	Miscellaneous Revenue			\$ 17,749	\$ 44,095	\$ 12,133	\$ 31,962	\$ 26,346	148%	Miscellaneous revenue includes: CE Activity Accreditation, Deficient Professional Portfolio Fees, Late Portfolio Fees, PLAR Application Fees, Duplicate Certificates, recovered discipline costs (\$2499.99)
7	Total Expenses			\$ 3,494,288	\$ 2,915,670	\$ 2,172,267	\$ 743,403	\$ 578,618	-17%	
8	Board and Committee			\$ 142,774	\$ 100,595	\$ 71,743	\$ 28,852	\$ 42,179	-30%	
9	Board/Strategic Planning			\$ 69,128	\$ 61,598	\$ 38,756	\$ 22,842	\$ 7,530	-11%	Budgeted: 6.5 Virtual Days (Jan, Mar, Oct, Dec, DEI Training), 1.5 Full Day In Person (Jun) To Date: 2 Full Virtual Day, 4 Half Virtual Days, 1.75 Full in Person Day (Jun)
10	Discipline			\$ 21,925	\$ 11,138	\$ 3,619	\$ 7,519	\$ 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,
11	Executive			\$ 7,988	\$ 5,488	\$ 2,113	\$ 3,375	\$ 2,501	-31%	Budgeted: 6 Virtual Half Days To Date: 1 Half Virtual Day, 2 Virtual Quarter Day
12	Fitness to Practice			\$ -			-	-	-	
13	Governance			\$ 4,425	\$ 1,125	\$ 1,388	-\$ 263	\$ 3,300	-75%	Budgeted: 4 Virtual Half Days To Date: 3 Virtual Quarter Days, 2 Virtual Half Day
14	Investigations, Complaints & Reports			\$ 10,663	\$ 6,200	\$ 9,131	-\$ 2,931	\$ 4,463	-42%	Budgeted: 2 Virtual Half Days, 10 Virtual Half Day Panels To Date: 3 Virtual Quarter Days, 4 Virtual Half Day Panels
15	Patient Relations			\$ 3,319	\$ 1,775	\$ -	\$ 1,775	\$ 1,544	-47%	Budgeted: 3 Virtual Half Days To Date: 1 Half Virtual Day
16	Quality Assurance			\$ 9,838	\$ 16,863	\$ 10,944	\$ 5,919	\$ 7,025	71%	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 and Accreditation panel review of 185 accreditation request an increase from the average of 113 in October 2023.
17	Registration Committee			\$ 11,063	\$ 2,350	\$ 5,198	-\$ 2,848	\$ 8,713	-79%	Budgeted: 10 Virtual Half Days To Date: 2 Virtual Half Day, 7 Quarter Virtual Days
18	Clinical Practice Committee			\$ 4,425	\$ 3,299	\$ 594	\$ 2,705	\$ 1,126	-25%	Budgeted: 4 Virtual Half Days To Date: 2 Virtual Quarter Days, 2 Virtual Half Day
19	Operations & Administration			\$ 3,351,514	\$ 2,815,075	\$ 2,100,524	\$ 714,551	\$ 536,439	-16%	
20	Communications			\$ 72,992	\$ 58,262	\$ 39,797	\$ 18,465	\$ 14,730	-20%	Includes french translations, public focused social media strategy, and costs for communication and engagement.
21	Consulting			\$ 238,129	\$ 153,473	\$ 176,847	-\$ 23,374	\$ 84,656	-36%	Includes costs for IT consulting, bookkeeping, recruitment consulting, board facilitator and government relations consultant.
22	Council & Staff Education &			\$ 55,600	\$ 36,901	\$ 31,479	\$ 5,422	\$ 18,699	-34%	Staff and Board Professional Development, includes staff CE, facilitative chair training.

	A			D	E	F	G	H	I	H
				2024 Budget	Actuals October 31, 2024 (unaudited)	Actuals October 31, 2023	Variance from 2024 to 2023 (=E-F)	Variance to 2024 Budget (=E-D)	Variance to 2024 Budget % (=H/D)	Notes
23										
24	Database			\$ 160,000	\$ 117,607	\$ 57,591	\$ 60,016	-\$ 42,393	-26%	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.
25	External Relations			\$ 64,500	\$ 63,187	\$ 56,709	\$ 6,478	-\$ 1,313	-2%	Expenses for Board, and staff for external activities on behalf of the College. Includes National meeting attendance, AOE/OOA events, tradeshow attendance and expenses, student events.
26	General Operational			\$ 305,801	\$ 212,523	\$ 227,429	-\$ 14,906	-\$ 93,278	-31%	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.
27	IT Requirements			\$ 123,648	\$ 119,090	\$ 72,672	\$ 46,418	-\$ 4,558	-4%	Include the hard costs to support the College's computer systems, staff computer hardware, licensing costs of the database and email hosting.
28	Investigator			\$ 65,000	\$ 98,127	\$ 25,989	\$ 72,138	\$ 33,127	51%	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.
29	Legal			\$ 145,250	\$ 72,467	\$ 38,556	\$ 33,911	-\$ 72,783	-50%	Includes independent legal counsel for Professional Conduct matters, as well as general advice.
30	Quality Assurance Program Costs			\$ 25,200	\$ 4,575	\$ 3,300	\$ 1,275	-\$ 20,625	-82%	Reflects hard costs to administer the QA portfolio program, including practice assessments and peer assessor training. In 2024, 658 registrants received an email that their portfolio was seemingly incomplete. By the time the random selection was done, 401 had corrected any issue resulting in a much smaller random selection that anticipated.
31	Rent			\$ 257,725	\$ 213,118	\$ 206,335	\$ 6,783	-\$ 44,607	-17%	Rent for College premises plus a small contingency for any adjustments to taxes, heat, electricity.
32	Salaries			\$ 1,744,669	\$ 1,611,074	\$ 1,138,373	\$ 472,701	-\$ 133,596	-8%	Includes benefits, CPP, EI, EHT, RRSP contributions, salaries, vision care plan and payroll expenses
33	Strategic Initiatives			\$ 93,000	\$ 54,671	\$ 25,447	\$ 29,224	-\$ 38,329	-41%	Includes administrative initiatives (staff retention and team building), ongoing Governance work, and funds for board initiatives supporting the strategic plan.