

BRIEFING NOTE

TO: Council

FROM: Executive Committee

DATE: October 2, 2017

SUBJECT: Financial Variance Report for Period Ending August 31, 2017

Decision Required:

No decision is required – for information only.

Recommendation:

That Council reviews the attached Financial Variance Report for the period ending August 31, 2017.

Background:

This report identifies current financial information for Revenue, Council and Committee expenses and Operations and Administrative expenses.

Revenue:

Note: Total Revenue for this period shows an overall positive variance of \$4,657. The bulk of this revenue stream includes deferred income from 2017 optician renewals, new optician applications and registrations, optician reinstatements and any penalties levied (late fees, reinstatement fees).

Council & Committee Expenditures:

Note: Total Council and Committee expenditures for this period show an overall positive variance of \$85,927. Included here are Council and Committee member honoraria and expenses for attendance at meetings of the Council and any committees on which they sit, FHRCO Discipline Committee member training sessions and PLAR interview days for Registration Committee members.

Operations & Administration Expenditures:

Note: Total Operations & Administration expenditures for this period shows an overall positive variance of \$813,450. Included are College operational and administrative expenses such as communications activities, consultants, new database development and ongoing IT service and maintenance, external personnel which includes examiners and models for the National Registration Exams, external relations activities, general operational expenses, rent and salaries.

Total Accumulated Surplus/Deficit to August 31, 2017:

Surplus year-to-date (revenue less expenditures)	\$ 1,265,995
Surplus (deficit) beginning of the year	<u>\$ 3,094,593</u>
Total Accumulated Surplus/Deficit	<u>\$ 4,360,588</u>

Cash Position at August 31, 2017:

Cash in Bank:	\$ 528,435
Total Investments:	<u>\$ 3,440,393</u>
Total	<u>\$ 3,968,828</u>

Summary of Recommendations:

For review only.

COLLEGE OF OPTICIANS OF ONTARIO - FINANCIAL VARIANCE REPORT TO COUNCIL

October 2, 2017 Council Meeting

		For the period ending August 31, 2017	
	Budget 2017	August 31, 2017	Variance
Total Revenue	\$ 2,700,000	\$ 2,704,657	\$ 4,657
National Exam Revenue	\$ 122,000	\$ 62,650	\$ (59,350)
Interest & Investment Revenue	\$ 30,000	\$ 39,545	\$ 9,545
Miscellaneous Revenue	\$ 35,000	\$ 32,814	\$ (2,186)
Optician Revenue	\$ 2,483,000	\$ 2,553,414	\$ 70,414
Student/Intern Revenue	\$ 30,000	\$ 16,233	\$ (13,767)
Council & Committee	\$ 141,000	\$ 55,073	\$ 85,927
Council	\$ 45,000	\$ 20,398	\$ 24,602
Discipline	\$ 20,000	\$ 2,350	\$ 17,650
Executive	\$ 8,500	\$ 4,311	\$ 4,189
Governance	\$ 3,500	\$ 2,827	\$ 673
Investigations, Complaints & Reports	\$ 17,500	\$ 10,450	\$ 7,050
Patient Relations	\$ 2,500	\$ -	\$ 2,500
Quality Assurance	\$ 15,000	\$ 6,906	\$ 8,094
Registration	\$ 25,000	\$ 6,851	\$ 18,149
Miscellaneous Projects	\$ 4,000	\$ 980	\$ 3,020
Operations & Administration	\$ 2,194,665	\$ 1,381,215	\$ 813,450
Communications	\$ 42,780	\$ 28,914	\$ 13,866
Consulting	\$ 177,800	\$ 75,757	\$ 102,043
Database	\$ 80,000	\$ 108,588	\$ (28,588)
External Personnel	\$ 55,000	\$ 27,576	\$ 27,424
External Relations	\$ 48,000	\$ 17,914	\$ 30,086
General Operational	\$ 155,000	\$ 117,728	\$ 37,272
Investigator	\$ 20,000	\$ 76	\$ 19,924
IT Requirements	\$ 91,000	\$ 57,291	\$ 33,709
Legal	\$ 175,000	\$ 97,697	\$ 77,303
Postage	\$ 15,000	\$ 6,219	\$ 8,781
Printing	\$ 22,000	\$ 6,221	\$ 15,779
QA Portfolio Hard Costs	\$ 63,319	\$ 19,619	\$ 43,700
Rent	\$ 198,766	\$ 133,749	\$ 65,017
Salaries	\$ 906,500	\$ 623,522	\$ 282,978
Strategic Initiatives	\$ 57,000	\$ 13,225	\$ 43,775

Notes to Year-to-Date Variances for the period ending August 31, 2017

Revenue:

Note: Total Revenue for period ending August 31, 2017 shows an overall positive variance of \$4,657.	
National Examination Revenue	The spring National Registration Examination session was held May 5-7, 2017 at Georgian College. The number of sections attempted were 77 eyeglasses and 102 contract lens. The fall session is scheduled for October 27-29, 2017.
Interest & Investment Revenue	Revenue in this stream is over the 2017 budgeted amount due to increased College investments in 2017.
Miscellaneous Revenue	Revenue in this stream is currently slightly under budget. Major contributing areas include revenue from CE activity accreditation, court costs owed in UPC matters, discipline costs owed, PLAR application fees and fees for file review for reinstating members who have not been registered for three years or more. It is expected that the 2017 budgeted amount will be met by year-end.
Optician Revenue	Revenue in this stream is over the 2017 budget. This revenue stream includes Optician renewals, new Optician applications and registrations, penalties, reinstatements and renewals.
Student/Intern Revenue	Revenue in this stream is under budget. Student and Intern renewals are due on September 1 of each year. Revenue will show an increase in the next reporting period due to intern opticians either renewing or registering for the first time to enable them to attempt the fall 2017 National Registration Examinations and student renewals/registrations.

Council & Committee Expenses:

Note: Total expenses for Council and Committees shows an overall positive variance of \$85,927 for the period ending August 31, 2017.	
Council	Council expenditures are currently under budget. Actual: 2 Council Meeting days; 1 Strat/Orientation Day Budgeted: 4 Council Meeting days; 1 Strat/Orientation Day
Discipline	Discipline expenditures currently under budget. Actual: No hearings held Budgeted: 5 Discipline Hearing days <i>There is one discipline hearing currently scheduled before year-end</i> <i>Discipline expense to date reflects FHRCO Discipline training for Council and Committee members.</i>
Executive	Executive expenditures are currently under budget. Actual: 2 in-person meetings; 2 conference calls Budgeted: 4 in-person meetings; conference calls as required
Governance	Governance expenditures are currently under budget. Actual: 1 in-person; 1 conference call Budgeted: 3 in-person meetings; conference calls as required
Investigations, Complaints & Reports	ICRC expenditures are currently under budget. Actual: 2 in-person full committee meetings (includes panel meetings); 8 panel meetings (4 in conjunction with full committee meetings) Budgeted: 4 In-person full committee meetings, panel meetings, conference calls as required.

Patient Relations	Patient Relations expenditures are currently under budget. Actual: No meetings to date Budgeted: 2 in-person meetings; conference calls as required
Quality Assurance	Quality Assurance expenditures are currently under budget. Actual: 1 in-person meeting; 8 conference calls/webinars; CE accreditations as required Budgeted: 3 in-person meetings; webinars/conference calls as required; CE accreditations as required
Registration	Registration expenditures are currently under budget. Actual: 1 in-person meeting; 5 PLAR interview days; 2 conference calls/webinars Budgeted: 2 in-person meetings; 8 PLAR interview days; webinars/conference calls as required
Miscellaneous Projects	Miscellaneous Projects expenditures are currently under budget.
<i>General</i>	Includes expenses not set out as other line items (i.e. miscellaneous ongoing honoraria claims)
<i>Professional Misconduct Reg Ad-Hoc</i>	Actual: 1 in-person Budgeted: 1 in-person meeting

Operations & Administration Expenses

Note: Total expenses for Operations and Administration shows an overall positive variance of \$813,450 for the period ending August 31, 2017.	
Communications	This line item is currently under budget and includes the College's participation in the OCC's public awareness initiative and funds for College-specific communications activities. Projects related to the Communications budget include the clinic regulation project and french translation project.
Consulting	This line item is currently under budget. Included in the line item are general consulting, public relations, jurisprudence modules and IT consulting. General consulting includes the cost of the College's independent Council chair, fees for committee orientation and HR activities when required. Work on the new database for the College continues to be managed and monitored by an IT consultant. The College's new on-line renewal portal is scheduled to go live on October 31. A jurisprudence module on communications is currently under development
Database	This line item is over budget. Significant work has been completed in 2017 on the College's new database with the on-line member renewal portal due to go live on October 31, 2017. More work than anticipated was required to facilitate the government's new transparency requirements that were not anticipated at the time the budget was set.

External Personnel	This line item is currently under budget. It includes National Registration Exams examiners and models, expert witness expense and external PLAR interviewers. The spring National Registration Exams took place in May at Georgian College. It is expected that the budgeted amount will be met after the fall session to be held at Georgian College in October.
External Relations	This line item is under budget. It includes expenses associated with National Meetings, Georgian and Seneca Advisory Committee meetings, participation by the President, Registrar, committee members and staff at external events and meetings, National Examination review sessions and participation in continuing education events. Staff regularly presents to students in the full-time and part-time programs at Georgian and Seneca Colleges on jurisprudence and exam processes. The College has or will be attending events in the fall of 2017 that are not yet reflected here.
General Operational	This line item is currently under budget. It includes bank and interest charges, bookkeeping expense, extraneous committee expenses (refreshments, etc), CPP expense for council and committee members, extraneous exam related expenses (accommodation for examiners, catering, room rental, etc), extraneous legal expense (space rental for off-site discipline hearings), MasterCard and Visa fees, office supplies, College insurance, general office expenses (shredding, off-site file storage, petty cash, etc). It is expected that with on-going expenses, the budgeted amount will be met.
Investigator	This line item is currently under budget. Investigators are utilized on an as-needed basis.
IT Requirements	This line item is currently under budget. It reflects the hard costs to support the College's computer systems, hosting and licensing costs of the new database, e-mail hosting and updates to the website and virtual boardroom. It is anticipated that by year-end expenses will reflect the budgeted amount.
Legal	This line item is currently under budget. It includes external legal services for discipline and unauthorized practice matters, general advice to the College as required, independent legal counsel in discipline matters, and human resources. One Discipline Hearing is scheduled for the fall.
Postage	This line item is under budget. Expenses include postage meter replenishment for all users, XpressPost, notification to members in certain circumstances and mailings relating to Council elections process. Mailing of ballots for the 2016 Council elections (if required) is not yet reflected. As the College moves towards a paperless environment with emphasis on e-mail correspondence with members and other stakeholders it is anticipated that postage costs will be less in future years.
Printing	This line item is under budget. Expenses include general office printing, annual reports, newsletters, office stationery, Council elections requirements, and in 2016 the cost of updated ANSI standards. The College receives favourable rates on bulk purchase of these standards and enters into a cost recovery agreement with provincial regulators who also wished to purchase the standards.
Quality Assurance - Portfolio Hard Costs	This line item is currently under budget. Costs tracked here include the multi-source feedback random selection process, printing, mailing, courier, practice assessment portal, peer assessor training, and peer assessments. Six peer assessments have been carried out to date in 2017 however costs for five assessments are not yet reflected. The expense of one temporary staff hired to help with the portfolios is reflected in the salaries line.

Rent	The College entered into a new lease agreement in 2017. First and last month's rent was deposited with the new landlord with the first month's rent utilized in July. The College's existing lease with Oxford Properties allowed for six months worth of base rent free. The six month base-rent free period is from April through September 2017. During this period the College was responsible for additional rent. As our new lease became effective July 1, 2017 (first month paid) the College has paid one month's rent (August) to the new landlord and will continue to pay the base rent at the old office space until the end of September. This means that for July, August and September the College will have paid rent to two landlords.
Salaries	This line item is currently under budget. It includes staff benefits, CPP employer expense, EHT expense, EI employer expense, staff salaries, temporary staff expense, RRSP contributions and vision care plan. The College experienced a larger than normal staff turnover in 2017 and two new co-ordinator positions were developed and filled in Quality Assurance and ICR. As noted above the cost of one temporary staff for Quality Assurance is included here.
Strategic Initiatives	This line item is currently under budget and sets out initiatives/activities associated with the College's Strategic Plan where hard costs are realized. To date activities have included initial work on the development of a new website, new logo and will include costs associated with the on-going review of the College's Governance Manual. Administration initiatives to date in 2017 include the graphic and posting component of jurisprudence modules and the development of an internal file retention policy.