



STAFF REPORT INFORMATION ONLY

Toronto Public Health Operating Budget Variance Report for the nine months ended September 30, 2006

Date:	January 15, 2007
To:	Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

This report provides an update to the Board of Health on Toronto Public Health's (TPH) Operating Budget Variance for the nine months of operation ending on September 30, 2006.

Toronto Public Health's operating budget is underspent by \$549.5 thousand net or 1.3 percent for the nine-month period ending on September 30, 2006.

At year-end, TPH expects to be \$9,818.5 thousand gross (4.6 percent) and \$305.9 thousand net (0.5 percent) under the 2006 Operating Budget. The gross under expenditure of \$9,818.5 thousand is attributed primarily to under-spending in Provincial cost shared programs due to the five percent growth limitation announced by the Province in March 2006. The TPH year-end favourable net projection of \$305.9 thousand includes a possible shortfall in the provincial grant for COLA and the capital from current funding required for the Integrated Public Health Information System (iPHIS) capital project. The TPH net projection to year-end will be increased in the year-end operating budget variance report to reflect the confirmation received in January, 2007 of a 2006 provincial grant for cost-shared mandatory programs that includes COLA.

Financial Impact

	As of September 30, 2006				Year-End Projection 2006			
	Actual	Budget	Variance Over/(Under)		Actual	Budget	Variance Over/(Under)	
	(\$000s)	(\$000s)	(\$000s)	%	(\$000s)	(\$000s)	(\$000s)	%
Gross Expenditure:								
Payroll	100,360.4	101,067.5	(707.1)	(0.7%)	142,723.3	150,014.4	(7,291.1)	(4.9%)
Non Payroll	40,837.7	44,648.4	(3,810.7)	(8.5%)	59,271.6	61,799.0	(2,527.4)	(4.1%)
Total Gross Expenditure	141,198.1	145,715.9	(4,517.8)	(3.1%)	201,994.9	211,813.4	(9,818.5)	(4.6%)
Revenue	99,472.9	103,441.2	(3,968.3)	(3.8%)	138,473.0	147,985.6	(9,512.6)	(6.4%)
Net Expenditure	41,725.2	42,274.7	(549.5)	(1.3%)	63,521.9	63,827.8	(305.9)	(0.5%)

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

This report provides an update to the Board of Health on Toronto Public Health's (TPH) Operating Budget Variance for the nine months of operation ending on September 30, 2006.

ISSUE BACKGROUND

In March 2006 the Ontario Ministry of Health and Long Term Care indicated that growth in cost-shared provincial funding for public health would be limited to five percent. The Medical Officer of Health and the Deputy City Manager and Chief Financial Officer will report to the Board of Health and Budget Committee on the financial implications of the final 2006 provincial cost-shared budget approval when it is confirmed.

COMMENTS

Toronto Public Health's 2006 Operating Budget is \$211,813.4 thousand gross and \$63,827.8 thousand net.

Gross and net expenditures were under budget by \$4,517.8 thousand or 3.1 percent and \$549.5 thousand or 1.3 percent respectively as of September 30, 2006. Explanations of the variances in both gross expenditures and revenues and a summary of corrective actions are outlined below.

(1) Gross Expenditures

Toronto Public Health's gross under-spending in the amount of \$4,517.8 thousand or 3.1 percent is comprised of the following:

Payroll:

Salaries and Benefits were lower than budget by \$707.1 thousand or 0.7 percent. TPH delayed hiring due to the Provincial announcement that it will work within a more constrained funding envelop for public health units in Ontario by limiting growth to a maximum of five percent.

Non Payroll:

Non payroll expenditures were below budget by \$3,810.7 thousand or 8.5 percent. The funding constraint of five percent growth and the lengthy procurement processes including finalization of Requests for Quotations and purchase of service agreements resulted in non payroll expenditures that are lower than budget.

(2) Revenue

Actual revenue was below budget by \$3,968.3 thousand or 3.8 percent mainly due to under-spending in cost-shared programs to reflect the expected approval of a lower Provincial cost-shared grant and delays in processing interdepartmental recoveries from other city divisions.

(3) Corrective Action

Both payroll and non payroll expenditures are monitored closely and staff continues to work closely with Purchasing on tendering and contract awards.

(4) Year-end Projection

By year-end, TPH expects to be \$9,818.5 thousand gross and \$305.9 thousand net under the 2006 Operating Budget. The under expenditure of \$9,818.5 thousand gross is due to under-spending in Provincial cost shared programs. The shortfall in revenue of \$9,512.6 thousand is due to the five percent growth limitation announced by the Province in March 2006, the potential reduction in the provincial grant for COLA and the capital from current funding required for the Integrated Public Health Information System (iPHIS) capital project.

The TPH net projection to year-end will be increased in the year-end operating budget variance report to reflect the confirmation received in January, 2007 of a 2006 provincial grant for cost-shared mandatory programs that includes COLA.

The Toronto Public Health Operating Variance Submission Report for the nine months of operations ending on September 30, 2006 is attached to this report for further information.

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SIGNATURE

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ATTACHMENTS

Attachment 1 – TPH Operating Variance Submission for the period ended September 30, 2006