Budget and Expenditure Policy

Bylaw Number	*BOH118*	**Approved Date**	*February 20, 2019*

REVISION HISTORY

Reviewed		**Amended:**	

Purpose

In accordance with the *Ontario Public Health Standards: Requirements for Programs, Services and Accountability*, this policy establishes the guidelines and procedures with respect to budgeting and making expenditures.

Scope

This policy applies to the preparation of the annual budget by the board of directors of the Corporation (the "**Board**") and to all expenditures approved by the Board.

Regulation

a) Budget

The Board shall approve the Corporation's annual operating and capital budget by conducting appropriate review and analysis, communicating with relevant stakeholders, and ensuring that the Corporation's objectives are met.

Management must monitor expenditures in relation to the budget on a quarterly basis and prepare quarterly reports to be reviewed by the Board comparing actual expenditures to estimated expenditures, including an analysis of major variances. The Board must ensure that appropriate processes are in place to ensure that budget variances are quickly identified and investigated.

b) Financial Administration Act Considerations

In accordance with the *Financial Administration Act*, the Board must use provincial funds allocated under the Accountability Agreement for the purpose for which they were allocated. The Board may not enter into any agreement or undertaking that would result in an obligation in excess of the allocation provided under its Accountability Agreement with the Ministry of Health and Long-Term Care (the "**Accountability Agreement**").

The Board must additionally ensure that appropriate management systems are in place to measure the efficiency and effectiveness of its programs and services, and to maintain budgetary control so that expenditures do not exceed the Corporation's allocation of funds under its Accountability Agreement or municipal funding.

c) Surpluses and Deficits

i. Surplus Position

Where any funds allocated under the Accountability Agreement have not been expended by the Corporation's fiscal year end, the allocation will lapse and such funds must be returned to the

Ministry of Long-Term Health and Care, unless otherwise permitted. Surplus municipal funds shall be carried forward to the following year.

ii. Reserve Funds

The Board shall maintain a sick leave reserve fund, contingency reserve fund and capital reserve fund in accordance with applicable laws and at its discretion. The total value of the contingency reserve fund at the end of any one year is to be no more than 5% of the Corporation's annual approved public health budget and the value of the capital reserve fund shall not exceed $750,000, unless otherwise authorized by resolution of the Board. In accordance with the *Municipal Act*, the Board may establish additional reserve funds for any purpose for which it has the authority to spend money. Each reserve fund is to be accounted for separately in the general ledger of the Corporation and is subject to a yearly audit.

iii. Emergency Situations

In emergency situations where the Board incurs additional expenses for which it did not provide for in its budget and for which it has not established or maintained an adequate reserve fund, the Board may:

- send out written notice to obligated municipalities to request additional funding or request a grant at the discretion of the Ministry of Health and Long-Term Care, as permitted under the *Health Protection and Promotion Act*;
- borrow funds in accordance with the Board's Borrowing Policy.

d) Financial Management and Oversight Processes

The Board shall manage the funds received from the Ministry of Long-Term Health and Care in accordance with the terms and conditions of the Accountability Agreement. The Board shall conduct ongoing risk assessments to identify potential gaps in funding and any other financial risks in connection with the management and use of such funds. In addition, the Board shall establish mitigation strategies to address any risks identified in accordance with the Board's Risk Management Policy.

Amendment

This policy shall be reviewed and approved by the Board every two years, and may be amended from time to time as the Board deems necessary.