

Appendix A

FHT Expenditure Guidelines

Updated 2018-2019

1. Overview

To help FHTs adapt to evolving provincial and local priorities and to patient need and in recognition of FHTs' growing organizational maturity, beginning April 1, 2018, the budget flexibility features previously associated with the Accountability Reform Initiative (ARI) are being extended to all FHTs. This will assist FHTs in supporting the needs of their patients and communities in a more flexible and efficient manner.

Each FHT's budget is now allocated across five* semi-global budget categories:

- Operating Overhead
- Salaries and Benefits
- Specialist Sessionals
- Physician Consulting
- One-Time Funding

**NOTE: The ministry may choose to preserve a budget line outside of these five categories (e.g. premises costs) in select circumstances where unique reporting requirements are needed.*

FHTs are expected to manage funding within each category in accordance with the following guidelines:

- Funds must be expended according to terms and conditions stipulated in the funding agreement. Schedule B, and its amendments, form the basis of quarterly financial reports. **Financial reporting, as outlined in Schedule D, remains unchanged: FHTs must report expenditures on a line-by-line basis in their quarterly reports.**
- Any funding (or any part of funding) advanced and not spent in accordance with the terms of the Funding Agreement, **must be reported** and may be dealt with by any one or combination of the following:
 - Will be offset by the ministry against any money owed by, or to become due from, the ministry to the FHT
 - Will be repaid to the ministry by the FHT within four weeks of the FHT's receipt of written notice from the ministry

- Is in accordance with the terms of the ministry's additional written instructions to the FHT.

2. Reallocation

- FHTs are eligible to reallocate funds equaling the lesser of up to 10% of the total annual budget or \$10,000 (the "tolerance threshold") between semi-global budget categories **without written ministry approval, except:**
 - From any category to the Physician Consulting category
 - From any category to Physician Compensation, including Specialist Sessionals
- Requests to reallocate funds in excess of the tolerance threshold **must be submitted to the ministry in writing, and the FHT must obtain written ministry approval before proceeding.** The ministry will consider the reallocation request according to the following criteria:
 - The FHT is in good standing
 - The FHT has made progress in accordance with the goals and objectives as set out in Schedule A
 - The reallocation request aligns with program/service expectations of the FHT as per Schedule A
- Funding may be reallocated to any Interprofessional Health Provider (IHP) that the FHT identifies as necessary for appropriate patient care, and compensation must align with the organization's approved compensation plan.
- Funding reallocations to IHPs must not result in reductions to front-line care (staffing commitments as captured in Schedule A).
- The ministry is not liable for any unapproved expenditure or reallocation.
- Ineligible reallocations will be recovered at a time stipulated by the ministry.

3. Human Resources

- No single IHP category may account for more than 50% of the total IHP complement, **unless prior ministry approval is provided in writing.** If a FHT has a single profession accounting for more than 50% of the total complement at the onset of the initiative, the previously approved ratio will be honored, but going forward it may not be surpassed without ministry approval. The Nursing profession includes all funded nursing positions, including Nurse Practitioners, Registered Nurses and Registered Practical Nurses.

- If a FHT wishes to make minor changes to their staffing complement during the course of the year they may do so without seeking ministry approval, **provided that such changes are cost neutral.**
- If a FHT wishes to permanently change their staffing complement, **they must request ministry approval through the Annual Operating Plan process.** The corresponding changes must be reflected in the FHT's Schedule A - Programs and Services and Schedule B – Budget.
- If a FHT wishes to use contracted services, they must ensure that they have been granted a ministry exemption to the Funding Agreement requirement that all FHT interdisciplinary and administrative staff must be employees of the FHT.
- A FHT may allocate Specialist Sessional funding to any registered specialist physician within their FHT.

4. HST Rebates

FHTs qualify as not for profit organizations since they receive over 40% of their funding from the provincial government. This makes them eligible to claim rebates for the provincial and federal components of the HST paid or payable on most inputs used to provide exempt supplies. When providing financial statements, FHTs should report actual costs **net** of the rebate and book the projected rebate as a receivable so that their financial statements reflect actual expenditures. FHTs who choose not to book expenses net of the rebate **must first seek approval to reallocate the rebate** toward operational costs. FHTs should contact the Canada Revenue Agency for information and forms.

5. Blended Salary Model physicians

The ministry does not include estimates for Blended Salary Model (BSM) physician salaries, benefits and locum funding in the annual operating budget. These details are **NOT** required as BSM physician salaries and locum funding are funded separately from the FHT agreement and are calculated on a monthly basis based on actual enrolment and FTE status. Actual Expenditures for BSM physicians (**excluding OHIP Remittance Advice funding**) must be reported in quarterly financial reports and the Audited Statement of Revenues and Expenditures (ASRER).