

PUBLIC HEALTH LABORATORY

Population Health Branch
Department of Health and Community Services



ANNUAL REPORT 2011-2012



MESSAGE FROM THE DIRECTOR



On behalf of the Public Health Laboratory (PHL), I am pleased to submit the 2011-2012 Annual Report to the Minister of the Department of Health and Community Services (DHCS). In keeping with the *Transparency and Accountability Act*, the PHL has been assigned category 2 status and is expected to develop business plans and reports. This report focuses on the progress made on the key issues identified in the 2011-2014 Business Plan as part of our commitment to ensure best practices and the highest level of integrity of our services. Government's strategic directions have been considered in the development of this report.

This has been a year of change as we renewed our focus on quality and accountability, restructured operations of the laboratory to position ourselves with enhanced focus on surveillance and outbreak response while maintaining individual patient- and population health needs as a priority. The PHL made significant investments in quality assurance practices in our high complexity testing laboratory. We have improved performance of services to those patients in healthcare facilities and in communities throughout all four Regional Health Authorities. We have enhanced communicable disease surveillance- and outbreak response capacity to monitor the health of the people of our Province.

As Director, I acknowledge that on behalf of the PHL and the DHCS, I am accountable for the preparation of this report and the actual results or any variances reported in this document.

A handwritten signature in black ink that reads "Lourens Robberts". The signature is written in a cursive, slightly slanted style.

Lourens Robberts, PhD, D(ABMM), FCCM
Director

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1. INTRODUCTION

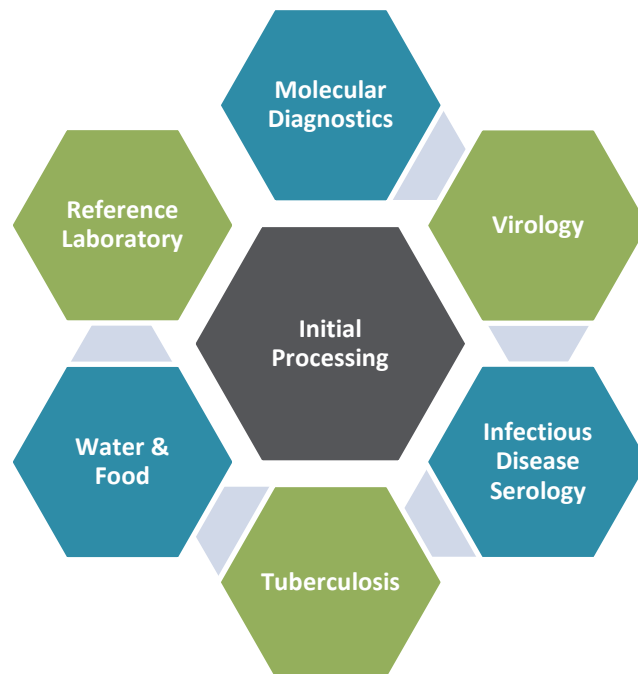
A large proportion of essential Public Health services are provided unbeknownst to those we serve. History provides evidence of its existence only in retrospect when considering lives saved and illness prevented during disease outbreaks. The future of Public Health on a global scale is committed to addressing Public Health risks at the interface of humans with the environment through a programmatic shift to a “One World One Health” concept where resources and focus is aimed at initiatives and programs bridging the fields of human, animal, and environmental health.

This report documents the progress made on key issues identified in the 2011-2014 Business Plan. The PHL Annual Report has been prepared under government’s accountability measures as defined in *The Transparency and Accountability Act* and is based on the 2011 - 2014 Business Plan. The 2011-2012 Annual Report demonstrates the commitment of the PHL to ensure the effective realization of its Core Functions and that all associated efforts reflect the values and principles of the organization while pursuing standards of excellence for all of its operations.

2.1 The Provincial Public Health Laboratory, Overview

The PHL is a Division of the Department of Health and Community Services with financial, human resources, payroll, purchasing and infrastructure support provided by Eastern Health. The mandate of the PHL is at the population health level, supporting other related Divisions within government protecting and promoting the health and wellbeing of Newfoundlanders and Labradorians. The integrated nature of the PHL with the Population Health Branch enables swift, efficient and effective response to health needs across the province. The PHL's organizational structure assures ability to respond to emerging threats from any community within our Province, to proactively monitor and coordinate outbreak support, and to generate critical surveillance data. In addition to the provincial protection functions, the PHL provides specialized testing for diseases where current RHA capabilities are not yet developed. This is to ensure equitable access for all communities through the province to sophisticated healthcare technology.

The PHL consists of the following specialized laboratories and departments:



The PHL laboratories are supported through the **Purchasing and Inventory** department. The **Client Services** department is responsible for interacting with all PHL clients from data entry operations to communications with healthcare providers and contacting physicians with critical results.

2.2 Ten Core Functions

The Provincial Public Health Laboratory is an integral component of Newfoundland and Labrador's public health system. Critically linked to all sectors of the public health infrastructure (e.g. disease control and prevention, environmental health, epidemiology, emergency preparedness and response), the PHL provides early detection of health risks associated with infectious agents, compiles data in support of outbreak investigations and identifies causes of disease to aid in treatment and prevention. As providers of essential services and leadership in the development of programs and policies, the PHL offers the science and resources needed to promote and protect the health of our communities.

Core Functions of Canadian Public Health Laboratories*

- 1 Communicable Disease Surveillance, Prevention and Control
- 2 Integrated Communicable Disease Data Management
- 3 Reference Testing, Specialized Screening and Diagnostic Testing
- 4 Environmental Health and Food Safety
- 5 Laboratory Improvement and Regulation
- 6 Public Health Policy Development and Evaluation
- 7 Biosafety, Containment, and Biohazard Spill Response Program
- 8 Outbreak and Emergency Response to Communicable Diseases
- 9 Public Health Related Research and Development
- 10 Training and Education of Health Care and Public Health Workers

* Canadian Public Health Laboratory Network (CPHLN)¹

¹ CPHLN consists of medical or scientific directors from the public health laboratories in each province. Federal stakeholders are the National Microbiology Laboratory, Centre for Infectious Disease Prevention and Control (CIDPC), Laboratory for Foodborne Zoonoses (LFZ), National HIV and Retrovirology Laboratories, Centre for Emergency Preparedness and Response (CEPR), Defence Research and Development Canada (DRDC), and Canadian Food Inspection Agency (CFIA). Other CPHLN members include Canadian Blood Services (CBS), Héma Québec and Council of Chief Medical Officers of Health (CCMOH). The CPHLN Secretariat reports to the CPHLN chair and is administered by the Scientific Director General of the NML. CPHLN supports the Water and Food Safety Subcommittee, Bioterrorism Response Subcommittee, and Laboratory Standardization Subcommittee.

2.3 Contributing to Public Health Services

Significant contributions to public health services are delivered exclusively by the PHL; these contributions are delivered through PHL core functions in support of the DHCS mandate. A summarized PHL services cross-walk is provided in Appendix A.

Public Health Services supported directly by the PHL

- 1 Monitor Health Status to Identify Community Health Problems
- 2 Diagnose and Investigate Health problems and Health Hazards in the Community
- 3 Inform, Educate and Empower People about Health Issues
- 4 Mobilize and Strengthen Community Partnerships to Identify and Solve Health Problems
- 5 Develop Policies and Plans that Support Individual and Community Health Efforts
- 6 Enforce Laws and Regulations that Protect Health and Ensure Safety
- 7 Link People to Needed Personal Health Services and Assure the Provision of Healthcare when Otherwise Unavailable
- 8 Assure a Competent Public Health Workforce
- 9 Evaluate Effectiveness, Accessibility, and Quality of Diagnostic Microbiology Services
- 10 Conduct research for new innovations

2.4 Mandate supported

The mandate of the DHCS² is supported by ten PHL services that are delivered through the ten Core Functions.

Mandates of the DHCS supported directly by the PHL

- 1 The Preservation and Promotion of Health
- 2 The Prevention and Control of Disease
- 3 Public Health and the Enforcement of Public Health Standards
- 4 Health Professional Education and Training Programs
- 5 The Control, Possession, Handling, Keeping and Sale of Food and Drugs

² Mandate sourced from the *Executive Council Act*, Regulation 82/03

2.5 Lines of Business

2.5.1 Public health surveillance

- Developing and executing communicable disease surveillance
- Antimicrobial resistance surveillance
- Communicable disease outbreak investigations, including strain typing
- Data analysis for policy development and provincial guidelines

2.5.2 Reference service & support to regional microbiology laboratories

- Centre of expertise in disciplines of bacteriology, virology, parasitology, molecular microbiology, serology, and mycobacteriology.
- Provide specialized testing for low-incidence, high-risk diseases
- Maintain the Biosafety level III laboratory for high-risk pathogen containment (e.g. tuberculosis, avian influenza, SARS, anthrax etc.) and bioterrorism preparedness
- Antimicrobial susceptibility testing reference service

2.5.3 Environmental health monitoring

- Monitoring of municipal, rural, private-well, and recreational water quality
- Investigating and surveillance of environmental microbial contamination events

2.5.4 Food and dairy safety

- Investigate food and food purveyor related disease outbreaks
- Monitoring of dairy product microbial safety

2.5.5 Federal-Provincial-Territorial representation

- Represents Newfoundland and Labrador at Federal-Provincial-Territorial public health laboratory committees, working- and advisory groups
- Represents Newfoundland and Labrador at public health networking groups involved with human, food, agriculture, veterinary and environmental health
- Acts as conduit for Provincial, National and International public health standards, committees and groups to regional microbiology laboratories; ensuring compliance and best practice in Newfoundland and Labrador

2.6 Resources

2.6.1 Human Resources

The services of the PHL during 2011-2012 fiscal year were provided by 32 full time employees, comprising 5 NAPE HS (Newfoundland & Labrador Association of Public and Private Employees, Hospital Support) staff, 20 NAPE LX (Laboratory and X-ray) staff, 5 Management, and 2 Non-union Non-management staff members.



2.6.2 Budget

Item	\$	Percent	Percent of Global
SALARIES AND BENEFITS	2,036,629	100%	
NAPE LX	1,226,369	60.2%	43.4%
Management	577,802	28.4%	
NAPE HS	232,458	11.4%	
DIRECT TESTING SERVICE COST	2,366,721	100%	
Specimen collection cost	1,327,331	56.1%	50.4%
Referred out testing	113,461	4.8%	
PHL direct test cost	870,829	36.8%	
Client Result Reporting	55,100	2.3%	
BUSINESS SUPPORT	63,600	100%	
Office supplies	30,750	48.3%	1.4%
Education and Training	32,850	51.7%	
MICROLABNET	227,150	100%	
Decentralized water safety testing, salaries	220,000	96.9%	4.8%
Network support	7,150	3.1%	
ANNUAL BUDGET	4,694,100		100%

3.0 SHARED PARTNERSHIPS

PHL and stakeholder partnerships assure continuity of the PHL's contributions to Provincial Government's strategic directions, aimed at improving population health, improving accessibility to priority services, and ensuring accountability and stability of health and community services. Through partnership with Eastern Health, the PHL receives support in the areas of Human Resources; Occupational Health, Safety and Rehabilitation; Infrastructure Support (Dr. L.A. Miller Centre); Purchasing Department and various other collaborations.

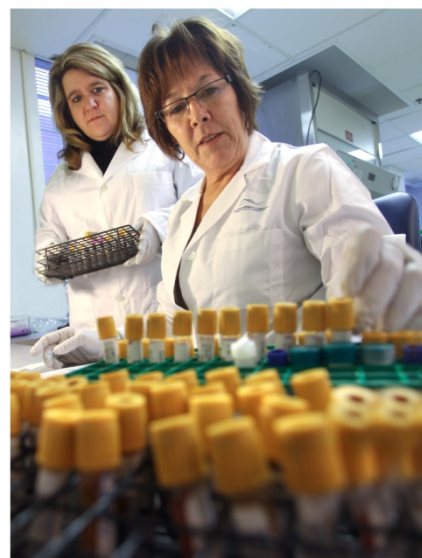
The laboratory relies on other organizations to set standards and regulations, enforce them, provide training for both the current and potential workforce, and to do the clinical and environmental work that results in requests for laboratory services. At a broader level, while the PHL play a vitally important role, it must interact with a range of other players in fulfilling the essential public health services as they relate to laboratory services. Many other organizations, whether formally recognized as part of Public Health Laboratory System or not, play important roles as well, particularly when one considers services and activities that must be performed to fulfill the essential services. Shared partnerships, then, can be thought of as consisting of all the participants involved in or supporting public health clinical and environmental health testing, ranging from those who identify the need for laboratory testing to those who ultimately use the test results. The PHL is partnered with many stakeholders to provide services, details can be found in **PHL Services Cross-walk (Appendix A)**.

4.0 HIGHLIGHTS AND ACCOMPLISHMENTS

The highlights and accomplishments during 2011/12 outlines PHL activities that support the Government's strategic directions aimed at improving population health, improving accessibility to priority services, and ensuring accountability and stability of health and community services.

4.1 Initial Processing

The Initial Processing laboratory (IP) was newly created during the year. The laboratory received all the clinical specimens; ensured they were entered correctly in the laboratory information system (LIS) and sorted according to tests, labeled and processed before being delivered to the specialized laboratories at the PHL. Processing included the pre-analytical steps in testing such as viral culture inoculation, nucleic acid extraction, serum and plasma sorting and processing, stool processing for ova and parasite exams, fungal culture and microscopy processing etc. The Initial Processing laboratory is staffed by 4 employees.



Together, the IP laboratory processed 83,692 individual samples in 2011-2012. This represents approximately 340 samples per day.

4.2 Virology



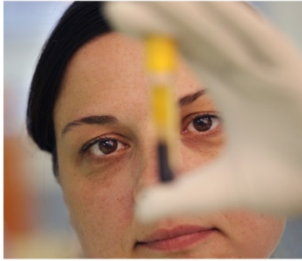
The Virology laboratory isolates and identifies viruses from various clinical specimens using specialized human cell lines and monoclonal antibodies to detect and identify viruses. In addition, the laboratory performs norovirus, rotavirus and verotoxin testing. The Virology laboratory is staffed by one bench technologist I

and a shared lead technologist II who oversaw quality and training. The virology laboratory performed 9,469 tests during the 2011-2012 year.

Major improvements in methodology were successfully implemented in the virology laboratory during the year. The laboratory validated an improved *Clostridium difficile* (significant infection control hazard) test and implemented the change in November 2011. This change in methodology significantly increased the average detection rate from 4.59% (April to October) to 11.4% (November to March). In addition, the laboratory processed 20% more specimens whilst reporting the results within 24 hours. As part of the Research and Development Core Function to the Province the PHL initiated technology transfer from the PHL to RHA microbiology laboratories; the PHL initiated a Province-wide *C. difficile* infection enhanced surveillance program whereby the PHL provided training to RHA microbiology laboratories to perform this rapid molecular detection test in-house. Rapid detection closer to the patient/healthcare facility allows infection control nurses to immediately identify those patients requiring isolation, and ward decontamination, to prevent the spread of infection in healthcare facilities. The PHL provides ongoing support for this initiative that builds local capacity.









The virology laboratory implemented an enhanced virus culture method that increased the variety of viruses detectable. Most notably the turnaround time (TAT) for adenovirus, parainfluenza virus and respiratory syncytial virus (RSV) was shortened from 17 days to 2.8 days. The change in methodology allowed the PHL to isolate human metapneumovirus by culture, a first for the Province.

4.3 Infectious Disease Serology



Infectious Disease Serology laboratory is staffed by two bench technologists and a lead technologist II and III. This laboratory performs testing for antibodies indicating acute or previous exposure of a person to a disease-causing organism. The laboratory performed 104,365 tests in 2011-12 including vital screening tests for vaccine preventable diseases, prenatal care, sexually transmitted, and blood borne infections to name a few. Critical services are provided including occupational exposure (viz. needlestick injury testing) and organ procurement/donor screening. Table 1 outlines a select few tests services provided for our clients.

Table 1. Example of critical services provided to clients.

Service	Client	Number of Tests
Occupational Exposure Screening [#]	 Eastern Health	6,749
	 Central Health	1,345
	 Western Health	1,578
	 Labrador-Griffith Health	2,153
Prenatal Screen	 Eastern Health	8,235
	 Central Health	1,998
	 Western Health	1,458
	 Labrador-Griffith Health	1,065

* TAT = Turnaround time, mean time received in laboratory to result reporting.

PHL provides this service 24 hours per day, 7 days per week.

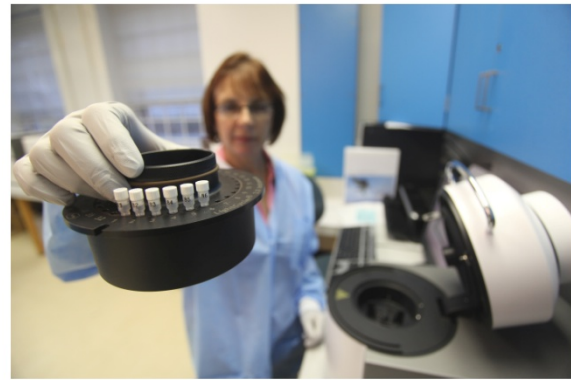


The laboratory validated 16 new and improved serological tests. Most notably the Serology laboratory validated and implemented a 4th generation HIV antibody/antigen assay able to detect early HIV infection, up to 2 weeks earlier than the previous 3rd generation assay. The Serology laboratory performed 29,050 HIV screening tests during the 2011-

2012 year, maintaining an average turnaround time (TAT) of 1.13 days.

4.4 Molecular Diagnostics

The Molecular Diagnostic Laboratory is a highly complex testing facility employing real-time DNA and RNA amplification, and other nucleic acid detection methods. The laboratory is staffed with two technologist I positions and a shared lead Technologist II and III. The laboratory performed 42,083 tests for diseases such as Human Immunodeficiency Virus viral load testing to



monitor treatment response, human papilloma virus (HPV) testing in support of the Cervical

Cancer Screening program in NL, hepatitis C virus, chlamydia and gonorrhea, and influenza testing. *Chlamydia trachomatis* (CT) and *Neisseria gonorrhoea* (NG) account for the majority of sexually transmitted infections in NL. The PHL has seen a steady increase in the demand for testing with a corresponding increase in detection rates over the 2011-2012 period. To better serve public health through early detection and prevention of



transmission, the Molecular Diagnostic laboratory significantly decreased the turnaround time (TAT) for NG from 8.89 to 2.81 days and for CT from 9.59 to 2.80 days.

4.5 Tuberculosis (Biosafety Level III)



The tuberculosis laboratory, a high security containment facility (biosafety level III), is staffed by a technologist I and shares a lead technologist II. The laboratory processed 2,060 specimens during the year.

4.6 Reference Laboratory

The PHL provides reference testing service for bacteriology to RHA microbiology laboratories; this includes assistance with identification of organisms and antibiotic resistance testing. In addition, the laboratory provides parasitology and mycology services to those RHA microbiology laboratories not currently capable of in-house testing. The laboratory is staffed by one bench



technologist I and shares a lead technologist II. The Reference laboratory performed 789 bacteriology tests, 799 parasitological tests, and 1,592 fungal investigations during the 2011-2012 year. The PHL provides support to dental surgeries in NL, assisting with infection prevention and control by monitoring sterilization effectiveness through performance of 843 spore tests.

4.7 Water and Food Laboratory



The Water and Food laboratory plays an important role in assuring safe and clean drinking water in the province by providing bacteriological water quality testing for municipalities and local service districts. In addition, private water well owners access this service free of charge to ensure safety of private water sources. The PHL performs water analysis for harbor and public pool facilities, supporting a safe and clean environment for all. The food testing service of the laboratory provides investigative support in cases of suspected food-borne diseases that might be traced back to retail or personal food items. Dairy production in NL is supported by the PHL by performing sterility testing on locally produced dairy products. The laboratory is staffed by a technologist I, sharing a lead technologist II. The laboratory performed 15,163 tests during 2011-2012, of which 211 comprised food and dairy tests. The PHL implemented a more rapid water quality method that significantly reduced processing workload and improved test performance.

4.8 Molecular Epidemiology Laboratory

The PHL successfully created a molecular epidemiology laboratory that perform genetic fingerprinting and analysis of diseases of public health significance, most notably food and water borne disease and healthcare associated infections. The PHL joined PulseNet Canada, participating in real-time national surveillance for early warning and source tracking of notifiable diseases.

4.9 MicroLabNet

MicroLabNet is a network of microbiology laboratories throughout the province that enables collaboration and sharing to happen. The PHL provides 0.5 FTE funding for 6 PHL Liaisons, appointed by RHAs, who are involved with PHL's satellite site water testing and provides a formalized agreement between the PHL and RHA microbiology laboratories to collaborate on surveillance, outbreak response and related efforts to serve patient care and public health functions. The PHL hosted a successful MicroLabNet face-to-face meeting, November 24-25, in St. John's. Teleconferences are held every two months, with an annual face-to-face meeting. To support the network the PHL created, with the assistance from the Public Health Agency of Canada, a web portal to share documents and communications.



Newfoundland & Labrador
PUBLIC HEALTH LABORATORY

5. REPORT ON PERFORMANCE 2011-12

Vision

The vision of the PHL is for a province-wide microbiology laboratory service that is coordinated, collaborative and supporting in achieving public health testing and surveillance that is of the highest quality.

Mission

Accurate and rational diagnostic microbiology laboratory services should be delivered through coordinated provincial leadership ensuring local and regional services fulfill provincial mandates, aligned with Canadian national guidelines and consistent with best practice recommendations. The leadership role of the PHL, through its established federal, provincial, territorial networks and expertise in diagnostic microbiology and public health surveillance, is needed to coordinate quality improvement throughout the province. The mission of the PHL will support the Provincial Government's strategic directions aimed at *population health* focusing on *communicable diseases*, improving *access to priority services*, and ensuring *accountability and stability of health and community services*.

By March 31 2017 the PHL will have enhanced its diagnostic microbiology services to improve patient care and public health surveillance by providing provincial leadership through specialized testing, collaborative support for routine testing and expert guidance to Regional Health Authority microbiology laboratories

- 1 Increased number of test available at the PHL
- 2 Improved assay performance characteristics, including turn-around-time and service accessibility
- 3 Expanded surveillance capabilities
- 4 Improved quality management system
- 5 Developed RHA microbiology laboratory capacity

5.1 ISSUE 1: ACCREDITATION

Accreditation helps to ensure that a laboratory facility meets the highest standards, quality and reliability. In 2010 a memorandum of understanding was signed between the Provincial Government of Newfoundland and Labrador and the Ontario Laboratory Accreditation (OLA) program. In May 2010, the Government of Newfoundland and Labrador mandated that all medical laboratories across the province be accredited by OLA to the ISO 15189 standard for medical laboratories. This was consistent with Government's strategic direction of accountability and stability of health and community services.

GOAL: By March 31, 2014, Public Health Laboratory will have implemented initiatives toward achieving ISO 15189 accreditation through OLA certification.

Objective: By March 31, 2012, Public Health Laboratory will have participated in an on-site audit by OLA inspectors.

Measure: Participated in on-site audit

Indicators Report:

Planned for 2011-12	Actual Performance for 2011-12
Completed inventory of current quality management tools	An inventory of current quality management tools was compiled as the PHL Quality Manual. This document served as an inventory of tools utilized, and serves as a manual for application of the quality management system at the PHL.
Started implementation of quality management system	The PHL started implementation of the Quality Management system, as described in the Quality Manual. Initial training of all staff on the processes and procedures has been completed. The quality management system has been activated and is being employed.
Completed on-site audit	Not completed. OLA inspection dates were scheduled according to OLA inspector availability. The on-site audit date has been confirmed by both parties to occur on June 18 – 19, 2012.

Discussion of Results

Although the on-site audit has not been completed due to scheduling, other relevant preparation have been completed. The quality management tools inventory, in the form of the Quality Manual, and the implementation of the quality management system was completed. The Progress made supports the achievement of the goal for 2014.

2013	By March 31, 2013 , Public Health Laboratory will have addressed issues identified in the on-site audit
Measure	Addressed issues identified
Indicators	<ol style="list-style-type: none"> 1. Completed on-site audit 2. Developed an action plan for identified deficiencies 3. Prepared a response to auditor’s report 4. Identified resources required to address deficiencies
2014 Objective	By March 31, 2014 , Public Health Laboratory will have implemented a continuous quality improvement program.

5.2 ISSUE 2: MICROBIOLOGY SERVICE ENHANCEMENT

In 2011-2012, services available at the Regional Health Authority (RHA) microbiology laboratories were to be reviewed and reconciled with those offered at the PHL. This would have identified service gaps and redundancies in the province. Testing that was traditionally sent to National or reference laboratories required review to determine if improved efficiencies and/or increased local demand warranted development of local capacity. Enhancement of diagnostic strategies was pursued through application of state-of-the-art technology *viz.* RHA *Clostridium difficile* detection enhancement program, respiratory virus detection enhancement, establishment of a molecular epidemiology laboratory and development of quantitative BK virus detection for organ donor recipients. Enhancement in microbiology laboratory services addressed the strategic direction of Access to Priority Services.

GOAL: By March 31, 2014, Public Health Laboratory will have addressed gaps identified in regional laboratory services to improve access to comprehensive microbiology laboratory services throughout the province.

Objective: By March 31, 2012, Public Health Laboratory will have determined the need for enhancement in provincial microbiology services

Measure: Determined the need

Indicators Report

Planned for 2011-12	Actual Performance for 2011-12
Developed survey instrument	The PHL developed a survey (Newfoundland and Labrador Infectious Disease Test Inventory) for determining current testing performed at RHA microbiology laboratories.
Administered survey	The PHL administered the survey through the MicroLabNet during the annual face-to-face meeting held at the PHL, November 24 2011.
Completed draft survey report	The draft survey could not be completed because the data sample PHL collected during the reporting period did not include findings from all necessary regions.
Reconciled regional findings with clinical laboratory standards	Not completed. Reconciliation of regional findings with clinical laboratory standards was dependent on completion of the survey analysis.
Discussion of Results	
<p>The PHL was not in a position to determine the full scope of testing currently performed by RHAs as the data sampling was incomplete. Therefore the PHL was not in a position to fully appreciate the extent of needs for enhancement on a provincial service level. Further collaboration would support a regionally representative analysis. It is not anticipated that this delay will prevent realization of the goal by 2014. The PHL identified the detection of <i>Clostridium difficile</i> as an infection prevention and control priority. This testing was historically performed for the province at the PHL in St. John's, Western Health being an exception. Rapid testing at the RHA level is necessary as long delays in transport across the province are detrimental to infection control measures. The PHL initiated a program enhancement whereby newer generation, lower complexity DNA testing for C. difficile is being rolled out to the RHAs. This will improve test turn around-time and improve infection prevention and control activities. Eastern Health (Health Sciences Centre) has started in-house testing and it is anticipated that the other RHAs will start soon. Respiratory viruses detection enhancement significantly improved scope of viruses detectable and improved turn around-time. BK virus infection, a significant disease in organ donor recipients, particularly kidney transplant recipients, was historically performed at the National Microbiology Laboratory (NML) in Winnipeg. As local demand increased it became</p>	

necessary for the PHL to develop in-house testing to support organ donor recipients in NL. Quantitative BK virus polymerase chain reaction is now available in-house at the PHL, providing a more efficient service to our clients.

2013 Objective	
2013	By March 31, 2013 , Public Health Laboratory will have identified gaps and redundancies on provincial microbiological services
Measure	Identified gaps and redundancies
Indicators	<ol style="list-style-type: none"> 1. Completed analysis of results 2. Completed final report on provincial survey findings 3. Published Provincial standards for diagnostic microbiology of notifiable diseases
2014	By March 31, 2014 , Public Health Laboratory will have improved access to comprehensive microbiology laboratory services throughout the province.

5.3 ISSUE 3: Antimicrobial Resistance Monitoring and Epidemiological Capacity

The threat of antibiotic resistant superbugs, such as methicillin resistant *Staphylococcus aureus* (MRSA) and other bacteria for which virtually no antibiotics are effective, warranted provincial monitoring to aid in public health policy and infection control practice. The World Health Organization (WHO) has made Antimicrobial Resistance (AMR) an organization-wide priority and the focus of World Health Day 2011, “Antimicrobial resistance: no action today, no cure tomorrow”.

Reference susceptibility testing to identify antibiotic resistant organisms is a highly specialized discipline that requires equipment, reagents and expertise. Outbreaks of AMR organisms, and food-borne diseases, such as Listeria and Salmonella, can be monitored through specialized technology. The successful commissioning of the molecular epidemiology laboratory now provides real-time foodborne disease surveillance for the province. This new service provided the Province with the capacity to detect and trace the spread of these diseases across the Province. Through the PulseNet Canada network of laboratories, Newfoundland and Labrador now actively contribute to national and international networks. This capacity enhancement supported the strategic direction of Population Health and the focus area of Communicable Diseases.

GOAL: By March 31, 2014, Public Health Laboratory will have created an Antimicrobial Resistance and Molecular Epidemiological Reference Service to improve public health surveillance and food-borne outbreak response capacity.

Objective: By March 31, 2012, Public Health Laboratory will have established laboratory capability to serve as the antimicrobial resistance reference center and molecular epidemiological laboratory for the Province.

Measure: Established laboratory capability

Indicators Report

Planned for 2011-12	Actual Performance for 2011-12
<p>Acquired infrastructure to provide the service</p>	<p>The PHL acquired genetic fingerprinting PFGE equipment to perform pulsed-field gel electrophoresis (PFGE) and analysis for molecular epidemiological testing and reference antimicrobial susceptibility testing. This new service will provide the province with the capacity to detect and trace the spread of diseases across the province.</p>
<p>Applied for membership with PulseNet Canada</p>	<p>The PHL joined PulseNet Canada as a participating site and started real-time networked national surveillance for food-borne diseases</p>
<p>Trained staff</p>	<p>Two technologists, at the PHL, received training, and have completed certification from PulseNet Canada. The PHL informatician received training and has been certified by PulseNet Canada</p>
<p>Collected antibiotic susceptibility data from RHA microbiology laboratories</p>	<p>Not yet completed due to the delay caused by ongoing discussion with respect the interpretation of the <i>Communicable Diseases Act</i>, as it pertains to data sharing concerns related to collection of antibiotic susceptibility data from RHAs. When resolved the PHL will be looking forward to working with RHA Laboratory Information System specialists to obtain data.</p>
<p>Received bacteria of interest from RHA microbiology laboratories</p>	<p>Discussion is ongoing with respect to interpretation of the <i>Communicable Diseases Act</i> as it pertains to transfer of bacteria of interest (notifiable disease specimens) to the PHL. While bacteria/specimens of interest have been received from some laboratories, this indicator is not considered complete until all bacteria of interest, and participation of all RHA microbiology laboratories, is occurring.</p>

Discussion of Results

The PHL was successful in the creation of the molecular epidemiology and antimicrobial reference testing laboratory. The PHL joined PulseNet Canada and is now actively participating in real-time Provincial and National enteric disease surveillance. Discussion with RHA laboratory information system administrators are underway; once concerns have been addressed it is anticipated that all RHAs will share regional antimicrobial resistance data for Provincial surveillance and monitoring. Diseases notifiable under the *Communicable Diseases Act* require confirmation and fingerprinting by the PHL for surveillance and monitoring. Ensuring all RHAs participate in Provincial surveillance activities will strengthen public health efforts.

2013 Objectives

2013	By March 31, 2013 , Public Health Laboratory will have become proficient in providing reference antimicrobial susceptibility testing and molecular epidemiological techniques
Measure	Become proficient in reference susceptibility testing and strain typing
Indicators	<ol style="list-style-type: none">1. Published regional and provincial antibiotic resistance profiles2. Published trend analysis on antibiotic resistance3. Published annual internal antimicrobial susceptibility report4. Received PulseNet Certification5. Received external proficiency test program positive assessment
2014	By March 31, 2014 , Public Health Laboratory will have established itself as the Provincial Reference Center for susceptibility testing and epidemiology

6.0 The Year Ahead, 2012-2013: Opportunities and Challenges

Challenges

Effective and timely public health responses depend upon the ability of health systems to provide reliable and timely information for action. The PHL will contribute to promoting awareness and the significance of monitoring in the province to maximize participation from all RHA microbiology laboratories.

Opportunities

The PHL built local capacity and expertise in laboratory methods of surveillance and genetic fingerprinting investigations. This created new opportunities to monitor and prevent the spread of disease and to aid in disease control and prevention. This enabled PHL to support testing/monitoring/surveillance that is of high quality for the entire province and contribute to ensuring individuals, families and communities having a healthier future.

APPENDIX A

PHL Services Cross-walk

Public Health Laboratory Services delivered through Core Functions

PHL SERVICE-1	MONITOR HEALTH STATUS TO IDENTIFY COMMUNITY HEALTH PROBLEMS	Prevention and control of disease
Core Function	COMMUNICABLE DISEASE SURVEILLANCE, PREVENTION AND CONTROL	
Client Groups	Regional Health Authorities: Infection prevention and control departments, communicable disease control nurses and medical officers of health, Diagnostic Laboratory Services; Primary care physicians; Municipalities and Local Service Districts; Service NL	
Service Description	Surveillance: Influenza and Respiratory viruses detection and characterization	
The PHL is the only clinical laboratory with the capability to isolate and identify viruses in NL. Viruses are isolated from specimens submitted by RHAs as part of routine acute care diagnostic testing in the Virology Laboratory of the PHL. Therefore all Provincial respiratory virus surveillance data is generated by the PHL and provided to the Provincial Epidemiologist in the Division of Disease Control. The PHL is the provincial laboratory contributing to FluWatch, the Federal Influenza Surveillance Program. PHL performs genetic characterization of influenza viruses in the Molecular Diagnostic Laboratory. Antigenic characterization of influenza viruses isolated in NL provides surveillance data that is utilized in determining vaccine effectiveness information for Provincial immunization programs.		
Service Description	Surveillance: Food and Waterborne Diseases	
The PHL receives bacteria isolated from diseased individuals from the RHAs that may be linked to food and water sources viz. E. coli O157, Listeria, Salmonella etc. The PHL is the only clinical laboratory with the capabilities to characterize these bacteria using serotyping and genetic fingerprinting to determine if cases seen in the Province across all the RHAs are linked to each other through a common source. Data generated in real time at the PHL provides the confirmatory and supportive evidence used by Environmental Health Officers and communicable disease control programs to identify sources of disease outbreaks. The PHL is a certified testing site of PulseNet Canada, the Federal Foodborne disease surveillance network that performs real-time National surveillance using genetic fingerprinting techniques to determine if disease cases seen in NL are linked to cases seen in other provinces and territories. PulseNet Canada is networked with PulseNet USA and other PulseNet partners across the globe to identify and track foodborne disease outbreaks globally. In addition to the laboratory techniques and capabilities the PHL is a key partner in Provincial and Federal Foodborne disease outbreak management systems (FIORP). The PHL generates, through its routine acute care diagnostic service, and serotyping- and genetic fingerprinting characterization surveillance data for the Provincial Epidemiologist in the Division of Communicable Disease Control as well as providing surveillance data to the Federal Food- and Waterborne disease surveillance program (NESP).		

Service Description Infection Prevention and Control

The PHL receives clinical specimens submitted by RHAs to detect and characterize disease causing agents that are of particular concern for infection prevention and control nurses and Departments in healthcare facilities, including hospitals, long term care facilities etc. The PHL plays an active role in identifying possible outbreak situations through the provision of Laboratory Testing Coordination service. Infection control practitioners are notified of laboratory testing results that have been deemed an infection control risk and are provided genetic fingerprinting services to aid in outbreak source tracking and identification.

Service Description Drinking water quality monitoring

The PHL provides water quality monitoring services for the Province in St. John's as well as six satellite testing sites across NL (Clarenville, Corner Brook, Gander, Grand Falls-Windsor, St. Anthony, Goose Bay). This service allows all cities, towns, municipalities and communities to monitor the safety and quality of their public water supplies. In addition, the PHL provides water quality and safety monitoring service to Service NL for all private water supply owners (private wells). Public swimming pool water and pools used in rehabilitation settings are monitored at the PHL.

PHL Service-2 **DIAGNOSE AND INVESTIGATE HEALTH PROBLEMS AND HEALTH HAZARDS IN THE COMMUNITY**

Core Function **OUTBREAK AND EMERGENCY RESPONSE TO COMMUNICABLE DISEASES**

Client Groups Medical Officers of Health; Communicable Disease Nurses; Infection Prevention and Control Practitioners for all Healthcare- and Long Term Care facilities; Regional Health Authorities.

Service Description **Outbreak Response**

The PHL is mobilized to lead laboratory investigations in the event of an outbreak extending beyond one RHA to provide Medical Officers of Health and Communicable Disease Control Programs with coordinated laboratory services. The PHL provides outbreak investigation testing for RHAs when specific tests are not available within a region. The PHL provides surge capacity for RHAs when routine diagnostic testing at the regional level is at risk of being affected by outbreak surge testing, and is available to RHAs in support of their business continuity plan. The PHL collects outbreak-related specimens and pathogens from the RHAs to characterize the cases to a more detailed level to determine if the genetic evidence supports the suspicion of active transmission in the community or in a healthcare/LTC facility. The PHL routinely subjects select agents from the Notifiable Disease List for genetic characterization to provide real-time monitoring for communicable disease programs in the RHAs to intervene before an outbreak emerges.

Core Function **ENVIRONMENTAL HEALTH AND FOOD SAFETY**

Client Groups Environmental Health Officers; Municipalities and Local Service Districts; Water treatment facilities; Private residential water well owners; Public and recreational pool facilities

Service Description **Water Quality Testing**

The PHL performs drinking water quality testing for Service NL to monitor public and semi-public water distribution. The PHL also performs water quality testing for private water well owners. These services are decentralized to six regional testing sites, under the authority and leadership of the PHL, for those clients outside the Avelon Peninsula (Clareville, Corner Brook, Gander, Grand Falls-Windsor, St. Anthony, Goose Bay). For those on the Avelon testing is performed at the PHL in St. John's. Recreational water quality testing of public pools is performed at the PHL. The PHL and the regional testing sites are mobilized in the event of a water-borne disease outbreak.

Core Function REFERENCE TESTING, SPECIALIZED SCREENING AND DIAGNOSTIC TESTING

Client Groups RHA Diagnostic Laboratory Services

Service Description Reference and esoteric testing service

The Reference Laboratory of the PHL performs esoteric and specialized testing for RHAs when disease causing agents cannot be accurately identified or characterized with local resources.

Specialized screening programs are provided by the Serology Laboratory of the PHL including prenatal infectious disease screening; sexually transmitted and blood borne pathogen screenings; tuberculosis and latent tuberculosis infection screening; screening for occupational needlestick injuries and other exposures; fertility clinic screening, organ procurement and donor screening, pre-employment screen, immigration screening etc. RHA laboratories lack the capacity to provide laboratory services in virology, tuberculosis, infectious disease serology, food testing and molecular diagnostics. The PHL provide these services to RHAs.

Core Function BIOSAFETY, CONTAINMENT AND BIOHAZARD SPILL RESPONSE PROGRAM

Client Groups Fire and Protection Services; First responders

Service Description Emergency Response

The PHL houses the only Biosafety Level III (BSL III) clinical laboratory in NL, this level of biosecurity is required to safely and legally isolate- and manipulate Level III pathogens causing diseases such as novel influenza, SARS, tuberculosis, brucellosis, tularemia, histoplasmosis etc. In addition to human testing the PHL BSL III laboratory service is available to the Chief Veterinary Officer should a need arise to investigate such pathogens. The BSL III laboratory provides laboratory testing services in the event of accidental or intentional release of bioterrorism agents in NL.

Core Function INTEGRATED COMMUNICABLE DISEASE DATA MANAGEMENT

**Client Groups Provincial Epidemiologist & Division of Disease Control
Medical Officers of Health, Communicable Disease Nurses, Infection Prevention and Control Practitioners for all Healthcare- and Long Term Care facilities**

Service Description Real-time communicable disease monitoring

Through surveillance and outbreak testing activities the PHL provides daily and weekly data to communicable disease prevention and infection control partners in the RHAs and Government to assist in the prevention of outbreaks by mitigation of communicable disease transmission through early detection and data sharing. Data sharing agreements with federal agencies forms part of National surveillance activities, including tracking of food borne pathogens using genetic fingerprinting.

PHL Service-3	INFORM, EDUCATE AND EMPOWER PEOPLE ABOUT HEALTH ISSUES
Core Function	Training and education of health care and public health workers
Client Groups	Public Health Officials Researchers Legislators and elected officials Health care professionals; Professional graduate education- and training programs Professional Organizations/Association
Service Description	Education and Training
<p>The PHL provides the only venue in NL for medical laboratory professionals to receive training and experience in the fields of diagnostic virology, infectious disease serology, tuberculosis, food and water testing, genetic fingerprinting of pathogens, outbreak investigations and surveillance testing. In addition the PHL plays a significant role in training students of public health, nursing and medicine. The particular expertise of the PHL contributes to professional organizations with links to public health and laboratory services.</p>	

PHL Service-4	MOBILIZE AND STRENGTHEN COMMUNITY PARTNERSHIPS TO IDENTIFY AND SOLVE HEALTH PROBLEMS
Core Function	TRAINING AND EDUCATION OF HEALTH CARE AND PUBLIC HEALTH WORKERS
Client Groups	MicroLabNet (provincial network of diagnostic microbiology laboratories) Communicable Disease Nurses Group Infection Prevention and Control Groups
Service Description	Networking and collaboration
<p>The MicroLabNet-generated partnership plays a significant role in recognizing and addressing gaps in microbiology diagnostic services (MicroLabNet is a PHL led initiative to strengthen collaboration and communication between RHA diagnostic laboratories, the PHL and other stakeholders).</p> <p>The PHL is networked in partnership with Communicable Disease Control, Infection Prevention and Control services and RHA microbiology services to ensure early detection of disease cases through effective communication and laboratory testing coordination.</p>	

Public health and the enforcement of public health standards

PHL Service-5	DEVELOP POLICIES AND PLANS THAT SUPPORT INDIVIDUAL AND COMMUNITY HEALTH EFFORTS
Core Function	PUBLIC HEALTH POLICY DEVELOPMENT AND EVALUATION
Client Groups	Physician/practise groups RHA Diagnostic Laboratories Services Public health programs Emergency/Protection Services Professional Organizations/Association
Service Description	Ensures utilization of best clinical- and laboratory practise guidelines
	<p>Canadian guidelines pertaining to infectious disease-related laboratory testing is typically developed as consensus documents representing and supported by federal, provincial and territorial stakeholders. As a member of the Canadian Public Health Laboratory Network (CPHLN), PHL provides NL's context and ensures that National guidelines are inclusive of our Province's perspective. In return, PHL is responsible, through CPHLN, for ensuring RHA public health related testing is aligned with National best practise guidelines and recommendations.</p> <p>Through CPHLN membership NL is represented on the following committees and working groups:</p> <p>Laboratory Preparedness and Response (LPR): The purpose of the LPR is to build laboratory response capabilities for public health events important to Canada. The LPR works to expedite detection, prevention, and intervention strategies to counteract threats against public health. Testing, data collection and dissemination, and research work provided by federal, provincial, regional and private laboratories across the country are critical to the success of the LPR.</p> <p>Water/Food safety and Enterics (WFSE): The WFSE was formed to address the fragmentation of responsibility for the microbiological safety of water and food in Canada. The purpose of the WFSE Issue Group is to continuously develop and maintain an integrated national network of laboratory experts. This network functions to develop methods for data and information sharing and assist in setting standards and developing protocols and policy.</p> <p>Laboratory Standardization: Many laboratories across Canada provide diagnostic and reference tests for reportable and communicable diseases. With no standardization in place the various public and private labs were using various testing methods to achieve a common goal. This created a complex set of results that were difficult to interpret. The purpose of the Laboratory Standardization Issue Group is to foster standards development based on best practices.</p> <p>Reference Centre Advisory Group: The National Microbiology Laboratory (NML) is responsible for providing</p>

microbiological reference services, laboratory surveillance and outbreak investigation support to Canadian public health laboratories. In 2004, the NML and the CPHLN agreed to establish the Reference Centre Advisory Issue Group (RCA) to make recommendations for a policy framework supporting the provision of microbiology reference centre laboratory external to the NML.

Pandemic Influenza Laboratory Preparedness Network (PILPN): PILPN's main charge is to ensure that public health laboratories are able to respond effectively to an Influenza pandemic. PILPN has addressed this charge by providing leadership in laboratory preparations for pandemic Influenza which have been proven effective through the response to pH1N1 (2009).

Human Papilloma Virus Task Group: The purpose of the HPV Task Group is to improve HPV detection for diagnostics through testing standardization and for surveillance and epidemiology.

Gonorrhoea and Chlamydia Task group: The purpose of the GC Task Group to standardize testing, specimen handling, and reporting criteria for gonorrhoea and chlamydia as well as to establish roles and responsibilities for these tasks.

Syphilis Task Group: Diagnosis of Syphilis is more complicated than other diseases as it requires more laboratory input and clinical judgment. This factor combined with the significant increase in infections over the last decade led CPHLN members to form the Syphilis Task Group in 2008. The Syphilis Task Group is working diligently to develop straight forward algorithms that can be used to develop accurate and comparable data. The purpose of the Syphilis task group is to develop guidelines for Syphilis testing in Canada.

Hepatitis B virus & Rubella Task Group: The external quality control monitoring program was initiated in 2006 to monitor diagnostic test behaviour in real-time. Anti-rubella IgG and anti-HBs analytes were chosen to pilot the program and the HBV-Rubella Task Group was formed to co-ordinate and lead the pilot.

Norovirus Task Group: The purpose of the Norovirus Task Group is to: develop an integrated national network of laboratory; develop methods and processes for sharing data and information; assist in setting laboratory standards and developing laboratory protocols and policy; develop laboratory support network in public health environmental microbiology; and work with partners in developing mechanisms for alerts/real-time surveillance for Norovirus.

PulseNet Canada: PulseNet Canada, created in 2000, is a virtual network which ties all provincial and two federal laboratories (the Public Health Agency of Canada's Laboratory for Foodborne Zoonoses and Health Canada's Bureau of Microbial Hazards) together by linking their computers and databases. The purpose of PulseNet Canada is to:

- Detect clusters of cases with matching DNA "fingerprints".
- Facilitate early identification and investigation of foodborne disease outbreaks

- Assist in epidemiological investigations to differentiate outbreak from sporadic cases and the identify the source of outbreaks
- Provide a rapid communications platform and link public health laboratories across the nation

Outside of CPHLN NL is represented on the following committees and working groups:

Canadian Association of HIV Laboratory Specialists (CACHLS): The goals of CACHLS are

- Share expertise on establishment and maintenance of good diagnostic laboratory practices.
- Encourage laboratory research and sharing of research information, as well as promoting research partnerships.
- Share tangible resources with other similar organization, laboratories.
- Promote continuing education and training of HIV laboratory technologists, nationally and internationally.
- Develop partnerships and working supportive relationships with AIDS Community organizations.

PHL Service-6 ENFORCE LAWS AND REGULATIONS THAT PROTECT HEALTH AND ENSURE SAFETY

Core Function BIOSAFETY, CONTAINMENT AND BIOHAZARD SPILL RESPONSE PROGRAM

Client Groups Fire and Protection Services, First responders, Federal partners

Service Description Emergency Response and Assistance Plan (ERAP)

Emergency Response Assistance Plans (ERAPs) are required by the Transportation of Dangerous Goods Regulations (TDGR) for certain very harmful Dangerous Goods that necessitate special expertise and response equipment. The PHL is the Provincial ERAP laboratory approved by Transport Canada to be mobilized the event of a transport accident involving a very harmful dangerous good. The ERAP assists local emergency responders by providing them with technical experts and specialized equipment at an accident site.

Core Function ENVIRONMENTAL HEALTH AND FOOD SAFETY

Client Groups Food Premises Regulators

Service Description Food Safety Program

Food Testing Laboratory at the PHL provides the laboratory support required by Environmental Health Officers of Service NL to effectively administer and enforce regulations for food, food handlers, food premises for compliance with the Food Premises Regulations under the Food and Drug Act.

Core Function ENVIRONMENTAL HEALTH AND FOOD SAFETY

Client Groups Public Pools and Regulators

Service Description Drinking and Recreational Water Quality

The Water Testing Laboratory at the PHL provides the laboratory support required by Environmental Health Officers of Service NL to effectively administer and enforce regulations for private, semi-public, and public drinking water supplies. In addition, the PHL provides testing in support of regulation of water safety of public recreational and hydrotherapy swimming and pool facilities.

Core Function	ENVIRONMENTAL HEALTH AND FOOD SAFETY
Client Groups	Department of Natural Resources, Service NL, Canadian Food Inspection Agency (CFIA), Health Canada, Public Health Agency of Canada (PHAC)
Service Description	Foodborne Illness Outbreak Response Protocol (FIORP)
	The PHL Food Testing Laboratory participates in the identification and response to multi-jurisdictional (National) food-borne illness outbreaks in order to enhance collaboration and coordination among partners, establish clear lines of communication, and improve the efficiency and effectiveness of response, thereby protecting the health of Canadians.

PHL Service-7	LINK PEOPLE TO NEEDED PERSONAL HEALTH SERVICES AND ASSURE THE PROVISION OF HEALTHCARE WHEN OTHERWISE UNAVAILABLE
Core Function	REFERENCE TESTING, SPECIALIZED SCREENING AND DIAGNOSTIC TESTING
Client Groups	Specialized physician practise groups RHA Diagnostic Laboratory Services
Service Description	Reference Testing
	The PHL functions as the reference laboratory to the RHA diagnostic laboratory services. If specialized testing is not available within the Province the PHL will send the specimen out of province or country, if needed. The more specialized testing required for rare, highly significant diseases is available to patients throughout the Province at the PHL. The PHL provides back-up service to any Regional Health Authority in the event of loss of functionality of a microbiology laboratory, or to serve a surge capacity role when resources become challenged during disease outbreaks etc.

The preservation and promotion of health

PHL Service-8	ASSURE A COMPETENT PUBLIC HEALTH WORKFORCE	Health professional education and training programs
Core Functions	TRAINING AND EDUCATION OF HEALTH CARE AND PUBLIC HEALTH WORKERS	
Client Groups	Professional organizations Laboratory professions' training programs	
Service Description	Training and Education	
<p>PHL provides the College of the North Atlantic training for laboratory technology students by serving as laboratory training site.</p> <p>PHL provides curriculum support for the Masters in Public Health (MPH) degree program at Memorial University.</p>		

PHL Service-9	EVALUATE EFFECTIVENESS, ACCESSIBILITY, AND QUALITY OF DIAGNOSTIC MICROBIOLOGY SERVICES	Public health and the enforcement of public health standards
Core Function	REFERENCE TESTING, SPECIALIZED SCREENING AND DIAGNOSTIC TESTING	
Client Groups	RHA Diagnostic Laboratory Services	
Service Description	Public Health Standards	
<p>The PHL provides, through MicroLabNet, provincial guidelines for diagnostic microbiology standards from a public health perspective to ensure RHA diagnostic services are capable of detecting those diseases considered significant, and included in the Provincial Notifiable Diseases list.</p> <p>The PHL continuously evaluate new and emerging technologies for potential deployment to RHA laboratories to improve effectiveness and accessibility to quality microbiology services.</p>		

APPENDIX B

Audited Financial Statements

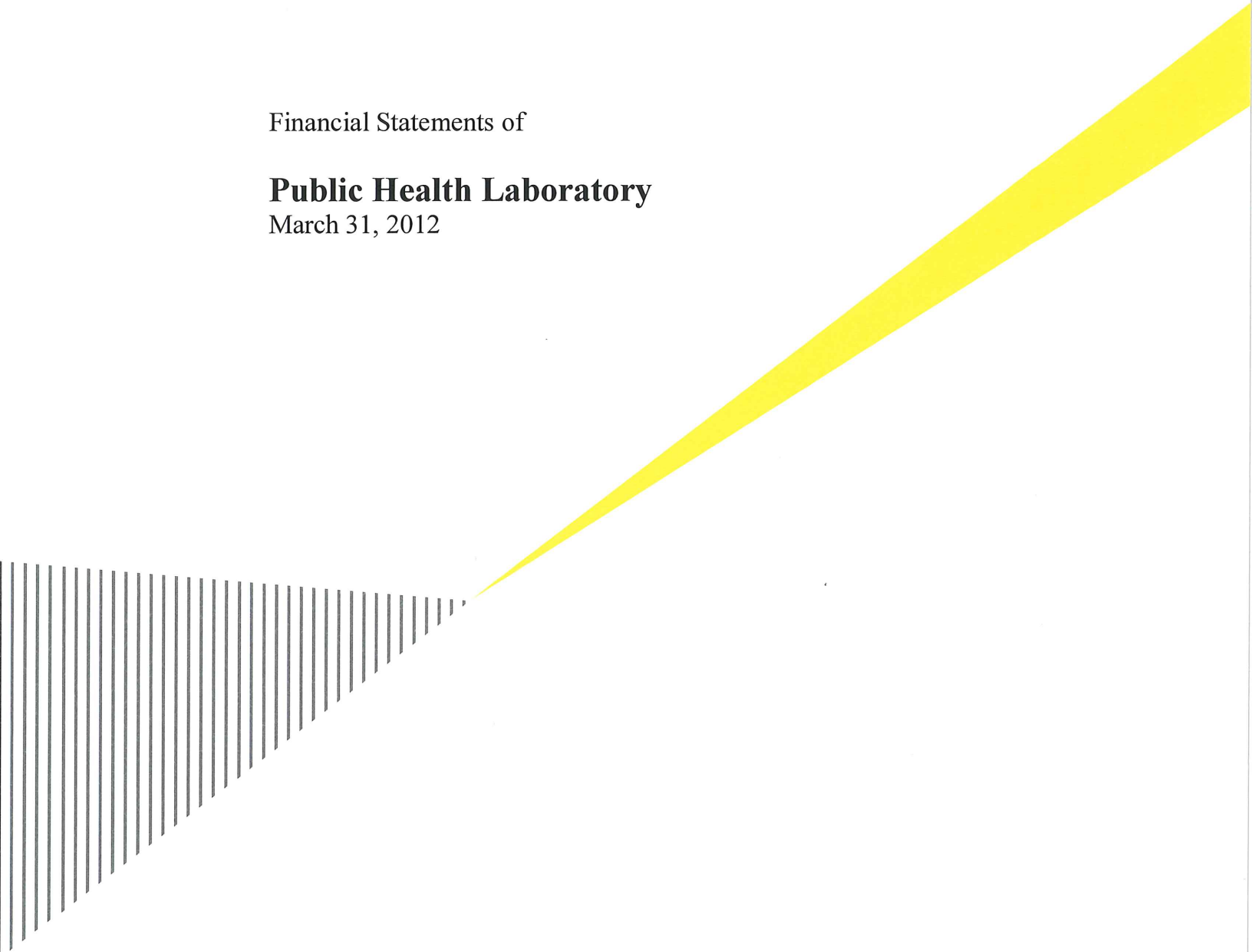
Newfoundland & Labrador Public Health Laboratory

2011/2012

Financial Statements of

Public Health Laboratory

March 31, 2012



INDEPENDENT AUDITORS' REPORT

To the Management Committee of
Public Health Laboratory

We have audited the statement of financial position of **Public Health Laboratory** as at March 31, 2012 and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Public Health Laboratory** as at March 31, 2012 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Comparative information

Without modifying our opinion, we draw attention to note 3 to the financial statements, which describes that the **Public Health Laboratory** adopted Canadian public sector accounting standards on April 1, 2011 with a transition date of April 1, 2010. These standards were applied retroactively by management to the comparative information in these financial statements, including the statements of financial position at March 31, 2011 and April 1, 2010, and the statements of operations, changes in net debt and cash flows for the year ended March 31, 2011, and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Other matter

The financial statements as at March 31, 2011 and for the year then ended, prepared in accordance with Canadian generally accepted accounting standards as promulgated in Part V of the Canadian Institute of Chartered Accountants Handbook, were audited by other auditors who expressed an unqualified opinion on those statements in their report dated August 15, 2011.

St. John's, Canada,
September 14, 2012.

Ernst & Young LLP

Chartered Accountants

Public Health Laboratory

STATEMENT OF OPERATIONS

Year ended March 31

	Budget \$	2012 \$	2011 \$
	<i>[unaudited]</i> <i>[note 15]</i>		<i>[unaudited]</i>
REVENUE			
Provincial plan	5,348,100	5,403,500	4,529,623
Provincial plan capital grants	-	194,862	45,537
Other income	-	30,812	36,949
	<u>5,348,100</u>	<u>5,629,174</u>	<u>4,612,109</u>
EXPENSES			
Wages and benefits	2,770,539	2,641,488	2,126,534
Laboratory supplies	2,080,000	2,048,087	1,699,625
Operating supplies	177,161	274,715	205,889
Professional fees	198,200	193,484	236,396
Amortization of tangible capital assets	-	111,344	85,068
Repairs and maintenance	20,000	105,636	80,643
Travel	40,000	65,828	48,205
Printing, stationary and office	36,100	39,231	44,884
Minor equipment	21,000	29,005	40,268
Telephone	5,100	15,185	7,398
Accrued vacation	-	(264,886)	56,006
Accrued severance	-	(169,758)	41,453
Accrued sick leave	-	(498)	(1,087)
	<u>5,348,100</u>	<u>5,088,861</u>	<u>4,671,282</u>
Surplus (deficiency) of revenue over expenses		540,313	(59,173)
Accumulated deficit, beginning of year		<u>(877,405)</u>	<u>(818,232)</u>
Accumulated deficit, end of year		<u>(337,092)</u>	<u>(877,405)</u>

See accompanying notes

Public Health Laboratory

**STATEMENT OF CHANGES IN
NET DEBT**

Year ended March 31

	Budget \$ <i>[unaudited]</i>	2012 \$	2011 \$ <i>[unaudited]</i>
Annual surplus (deficit) for the year	-	540,313	(59,173)
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(194,862)	(45,537)
Amortization of tangible capital assets	-	111,344	85,068
(Increase) decrease in net book value of tangible capital assets	-	(83,518)	39,531
Changes in other non-financial assets			
Net change in prepaid expenses	-	55,867	—
Decrease in other non-financial assets	-	55,867	—
Decrease (increase) in net debt	-	512,662	(19,642)
Net debt, beginning of year	-	(1,274,243)	(1,254,601)
Net debt, end of year	-	(761,581)	(1,274,243)

See accompanying notes

Public Health Laboratory

STATEMENT OF FINANCIAL POSITION

As at

	March 31, 2012 \$	March 31, 2011 \$	April 1, 2010 \$
		<i>[unaudited]</i>	<i>[unaudited]</i>
FINANCIAL ASSETS			
Cash	500	500	500
Accounts receivable <i>[note 4]</i>	25,236	32,652	34,747
Due from government/other government entities <i>[note 5]</i>	691,998	58,866	5,166
Due from Eastern Regional Health Authority	—	179,001	70,533
	<u>717,734</u>	<u>271,019</u>	<u>110,946</u>
LIABILITIES			
Accounts payable and accrued liabilities <i>[note 7]</i>	133,755	169,115	135,435
Due to Eastern Regional Health Authority	378,917	—	—
Deferred revenue <i>[note 8]</i>			
Deferred capital grants	190,033	89,395	39,732
Deferred operating	—	75,000	75,000
Accrued vacation pay	180,792	445,678	389,672
Accrued severance pay <i>[note 10]</i>	463,470	633,228	591,775
Accrued sick leave <i>[note 11]</i>	132,348	132,846	133,933
	<u>1,479,315</u>	<u>1,545,262</u>	<u>1,365,547</u>
Net financial debt	<u>(761,581)</u>	<u>(1,274,243)</u>	<u>(1,254,601)</u>
Non-financial assets			
Tangible capital assets <i>[note 6]</i>	402,414	318,896	358,427
Prepaid expenses	22,075	77,942	77,942
	<u>424,489</u>	<u>396,838</u>	<u>436,369</u>
Accumulated deficit	<u>(337,092)</u>	<u>(877,405)</u>	<u>(818,232)</u>

See accompanying notes

On behalf of the Board:

Director



Director



Public Health Laboratory

STATEMENT OF CASH FLOWS

Year ended March 31

	2012	2011
	\$	\$
		<i>[unaudited]</i>
OPERATING TRANSACTIONS		
Annual surplus (deficiency) of revenue over expenses	540,313	(59,173)
Adjustments for		
Amortization of tangible capital assets	111,344	85,068
Provincial plan capital grants	(194,862)	(45,537)
(Decrease) increase in severance pay accrual	(169,758)	41,453
Decrease in sick leave accrual	(498)	(1,087)
Net change in non-cash assets and liabilities related to operations <i>[note 9]</i>	(286,539)	(20,724)
Cash provided by operating transactions	—	—
CAPITAL TRANSACTIONS		
Provincial plan capital grants	194,862	45,537
Purchase of tangible capital assets	(194,862)	(45,537)
Cash used by capital transactions	—	—
Net change in cash during the year	—	—
Cash, beginning of year	500	500
Cash, end of year	500	500

See accompanying notes

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

1. NATURE OF OPERATIONS

The purpose of The Public Health Laboratory [the “Laboratory”] is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the Province of Newfoundland and Labrador [the “Province”].

The Laboratory is a not-for-profit organization and is exempt from income taxes.

The Laboratory coordinates with the Eastern Regional Health Authority [“Eastern Health”] to provide the reference laboratory centre. Eastern Health is responsible for the distribution of operating funds and capital grants, and providing certain services to the Laboratory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Laboratory considers itself to be an Other Government Organization [“OGO”]. Accordingly, the financial statements have been prepared in accordance with Public Sector Accounting Standards [“PSA”] as promulgated by the Canadian Institute of Chartered Accountants [“CICA”]. Previously, the Laboratory’s financial statements were prepared in accordance with Part V of the CICA Handbook [“Pre-changeover Accounting Standards” or “Previous GAAP”].

The significant accounting policies used in the preparation of these financial statements are as follows:

Basis of presentation

These financial statements include only the assets, liabilities, revenues and expenses relating to the operations carried on under the name of the Public Health Laboratory.

Revenue recognition

Provincial plan revenues without eligibility criteria and stipulations restricting their use are recognized as revenue when the transfers are authorized.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the Laboratory except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Other revenue is recognized in the period services are provided.

The Laboratory is dependent on funding from the Department of Health and Community Services [the "Department"] for the total of its operating costs, after deduction of specified revenues and expenses, to the extent of the approved budget. The final amount to be received by the Laboratory for a particular fiscal year will not be determined until the Department has completed its review of the Laboratory's financial statements. Adjustments resulting from the Department's review and final position statements will be considered by the Laboratory and reflected in the year of assessment.

Expense recognition

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver laboratory services, may be consumed in normal operations and are not for resale.

Cash

Cash consists of cash on hand.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Tangible capital assets

Tangible capital assets are recorded at cost. Rates and bases of amortization applied to write off the cost of tangible capital assets over their estimated useful lives are as follows:

Equipment	15% straight-line
Computer equipment	20% straight-line

Gains and losses on disposal of individual assets are recognized in operations in the year of disposal.

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Laboratory's ability to provide goods and services, or when the value of future economic benefits associated with tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Leases

Leases are classified as either capital or operating. Leases that transfer substantially all benefits and risks of ownership are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation to reflect the purchase and financing. All other leases are accounted for as operating wherein rental payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred capital grants when there are associated stipulations relating to the purchase of capital assets, resulting in a liability. These grants are recognized as revenue when the related assets are acquired and the liability is settled.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Accrued severance

Employees are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees with nine years of continual service with the Laboratory or another public sector employer. Severance is payable when the employee ceases employment with the Laboratory and the public sector. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are recognized immediately through the statement of operations.

Accrued sick leave

Employees of the Laboratory are entitled to sick leave benefits which accumulate but do not vest. In accordance with PSA for post-employment benefits and compensated balances, the Laboratory recognizes the liability in the period in which the employee renders service. The obligation is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are recognized immediately through the statement of operations.

Pension costs

Employees of the Laboratory are members of the Public Service Pension Plan and the Government Money Purchase Plan [the "Plans"] administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Laboratory. The annual contributions for pensions are recognized as an expense and amounted to \$118,535 for the year ended March 31, 2012 [2011 - \$118,747].

Financial instruments

Financial assets and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurement. The fair value of a financial instrument is the estimated amount to be received or paid to terminate the instrument's agreement at the reporting date. Various market value data and other valuation techniques are used as appropriate to estimate the fair value of each type of financial instrument.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Financial assets and liabilities are generally classified and measured as follows:

Asset/liability	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Due from government/other government entities	Loans and receivables	Amortized cost
Due from Eastern Regional Health Authority	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost

Use of estimates

The preparation of financial statements in conformity with PSA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Prior to the presentation of the March 31, 2012 financial statements, the Laboratory followed the recommendations of Pre-changeover Standards. In October 2009, the Public Sector Accounting Board ["PSAB"] finalized changes to accounting standards. As a result, for fiscal years ending on or after January 1, 2011, the Laboratory is required to reclassify themselves in accordance with PSA standards. In accordance with recommendations of the Public Sector Accounting Handbook, the Laboratory determined that it is an OGO and PSA is the most appropriate framework for reporting purposes. The Laboratory adopted PSA for its fiscal year beginning April 1, 2011, with a transition date of April 1, 2010 [the "Transition Date"].

The impact of the conversion to PSA on the accumulated deficit at the Transition Date and on the comparative annual surplus (deficiency) for the year ended March 31, 2012 is presented in the reconciliation below. These accounting changes have been applied retroactively with restatement of prior periods.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS [Cont'd]

Exceptions to retroactive application

The Laboratory ensured that the estimates reflected in the opening statement of financial position prepared in accordance with PSA were consistent with those in the statement of financial position as at the same date prepared under Previous GAAP adjusted, as needed, for any difference in accounting policy. Estimates required under PSA that were not required under Previous GAAP reflect the conditions that existed at the opening statement of financial position date prepared in accordance with PSA.

Exemptions applied

In accordance with Section PS 2125, *First-time Adoption by Government Organizations*, the Laboratory elected to apply the following exemptions:

Tangible capital asset impairment

As a result of applying this exemption, the Laboratory prospectively applied, as of the Transition Date, the impairment criteria and conditions for tangible capital assets set out in Section PS 3150, *Tangible Capital Assets*.

Retirement and post-employment benefits

As a result of applying this exemption, the Laboratory elected to recognize all cumulative actuarial gains and losses as at the Transition Date to PSA directly in accumulated deficit.

The Laboratory reviewed the first-time adoption standard and determined that none of the other exemptions were applicable.

Early adoption

Section PS 3410, *Government Transfers*, was amended by the PSAB in December 2010. The main changes pertain to recognition criteria for government transfers by the recipient. These amendments are effective for fiscal years beginning on or after April 1, 2012 and earlier adoption is encouraged. The Laboratory elected to early adopt the Section for the year ending March 31, 2012.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

**3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
[Cont'd]**

Section PS 3450, *Financial Instruments*, provides guidance for recognition, measurement and disclosure of financial instruments. The transitional provisions in the standard state that when a government organization applies this standard in the same period it adopts PSA for the first time, this standard cannot be applied retroactively. The Laboratory previously disclosed in its prior financial statements the various risks related to financial instruments as required by this standard. As a result, there were no significant impacts in the Laboratory's financial statements upon early adoption of this standard.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

**3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
[Cont'd]**

The following tables present the reconciliation of account balances from Previous GAAP to PSA:

Reconciliation of the April 1, 2010 statement of financial position:

Footnotes	Previous GAAP \$	Adjustments \$	PSA Standards \$
FINANCIAL ASSETS			
Cash	500	—	500
Accounts receivable	<i>a</i> 39,913	(5,166)	34,747
Due from government/other government entities	<i>a</i> —	5,166	5,166
Due from Eastern Regional Health Authority	70,533	—	70,533
	110,946	—	110,946
LIABILITIES			
Accounts payable and accrued liabilities	135,435	—	135,435
Employee future benefits			
Accrued sick leave	<i>b</i> —	133,933	133,933
Accrued severance pay	<i>c, d</i> 504,774	87,001	591,775
Accrued vacation pay	389,672	—	389,672
Deferred revenue			
Deferred capital contributions	<i>e</i> 358,427	(358,427)	—
Deferred capital grants	39,732	—	39,732
Deferred operating	75,000	—	75,000
	1,503,040	(137,493)	1,365,547
Net financial debt	(1,392,094)	137,493	(1,254,601)
Non-financial assets			
Tangible capital assets	358,427	—	358,427
Prepaid expenses	77,942	—	77,942
	436,369	—	436,369
Accumulated surplus (deficit)	<i>b, c, e</i> (955,725)	137,493	(818,232)

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS
[Cont'd]

Reconciliation of the March 31, 2011 statement of financial position:

	Footnotes	Previous GAAP \$	Adjustments \$	PSA Standards \$
FINANCIAL ASSETS				
Cash		500	—	500
Accounts receivable	<i>a</i>	91,518	(58,866)	32,652
Due from government/other government entities	<i>a</i>	—	58,866	58,866
Due from Eastern Regional Health Authority		179,001	—	179,001
		<u>271,019</u>	<u>—</u>	<u>271,019</u>
LIABILITIES				
Accounts payable and accrued liabilities		169,115	—	169,115
Employee future benefits				
Accrued sick leave	<i>b</i>	—	132,846	132,846
Accrued severance pay	<i>c, d</i>	546,908	86,320	633,228
Accrued vacation pay		445,678	—	445,678
Deferred revenue				
Deferred capital contributions	<i>e</i>	318,896	(318,896)	—
Deferred capital grants	<i>e</i>	102,695	(13,300)	89,395
Deferred operating		75,000	—	75,000
		<u>1,658,292</u>	<u>(113,030)</u>	<u>1,545,262</u>
Net financial debt		<u>(1,387,273)</u>	<u>113,030</u>	<u>(1,274,243)</u>
Non-financial assets				
Tangible capital assets		318,896	—	318,896
Prepaid expenses		77,942	—	77,942
		<u>396,838</u>	<u>—</u>	<u>396,838</u>
Accumulated surplus (deficit)	<i>b, c, e</i>	<u>(990,435)</u>	<u>113,030</u>	<u>(877,405)</u>

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS [Cont'd]

Resulting adjustments to annual deficiency for the year ended March 31, 2011:

	\$
Deficiency, March 31, 2011 – Previous GAAP	(34,710)
Reversal of amortization of deferred capital contributions [e]	(85,068)
Provincial plan capital grants [e]	45,537
Operating grants [e]	13,300
Change to accrued severance [c]	681
Accrued sick leave [b]	1,087
Deficiency, March 31, 2011 – PSA	<u>(59,173)</u>

- [a] Under Previous GAAP, the Laboratory presented amounts due from and to government and other government entities within the respective accounts receivable and accounts payable balances on the statement of financial position. Section PS 1200, *Financial Statement Presentation*, suggests that amounts due from and to government and other government entities should be presented separately on the statement of financial position. As a result, the Laboratory has reclassified these amounts and presented them separately.
- [b] Each employee of the Laboratory is entitled to a number of days of sick leave per fiscal year. Earned but unused sick leave is accrued and deferred. Under Previous GAAP, the Laboratory was not required to recognize a liability in respect of sick leave to the extent that the incapacity to work arising from injury or illness had not occurred. Under Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*, sick leave benefits that accumulate but do not vest are considered obligations. As a result, the Laboratory recorded an employee future benefit obligation related to sick leave, which resulted in an increase in the accumulated deficit at the Transition Date and an increase to the related expense in the statement of operations for 2011 and 2012.
- [c] Under Previous GAAP, the Laboratory recognized an accrued severance pay, calculated based upon years of service and current salary levels. Under Section PS 3250, *Retirement Benefits*, the accrued severance pay would be classified as a retirement benefit and would follow the accrued benefit method, which is used to attribute the cost of the retirement benefit to the periods of employee service, through an actuarial valuation. As a result, the Laboratory recorded a change to the value of the accrued severance pay, which increased the accumulated deficit at the Transition Date and resulted in an increase to the related expense in the statement of operations for 2011.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

3. TRANSITION TO PUBLIC SECTOR ACCOUNTING STANDARDS [Cont'd]

- [d] Under Previous GAAP, the Laboratory presented a current portion of accrued severance pay on the statement of financial position. Under PSA, current assets and liabilities are not presented separately. As a result, the current portion classification was removed upon the Transition Date and the total associated obligations are presented within one line on the statement of financial position.
- [e] Under Previous GAAP, government transfers received and used for the purchase of capital assets were deferred and amortized into operations at the same rate the related assets were amortized. Under Section PS 3410, *Government Transfers*, funds received from the government and used for the purchase of capital assets are recognized as revenue when no stipulations exist and the related liability has been settled. As a result, the Laboratory removed the balance of deferred capital contributions upon the Transition Date of \$358,427 which resulted in a decrease in deferred capital contributions and a corresponding decrease in the accumulated deficit. This also resulted in a net increase to the annual deficit for the year ended March 31, 2011 of \$26,231.

4. ACCOUNTS RECEIVABLE

	March 31, 2012 \$	March 31, 2011 \$	As at April 1, 2010 \$
		<i>[unaudited]</i>	<i>[unaudited]</i>
Payroll advance	17,065	32,652	34,747
Patient research recoveries	8,171	—	—
	<u>25,236</u>	<u>32,652</u>	<u>34,747</u>

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

5. DUE FROM GOVERNMENT/OTHER GOVERNMENT ENTITIES

	March 31, 2012 \$	March 31, 2011 \$	As at April 1, 2010 \$
		<i>[unaudited]</i>	<i>[unaudited]</i>
Government of Newfoundland and Labrador	654,000	—	—
Other government entities	37,998	58,866	5,166
	691,998	58,866	5,166

The amount due from the Government of Newfoundland and Labrador is a one-time budget adjustment regarding severance payouts incurred during the year ended March 31, 2012.

6. TANGIBLE CAPITAL ASSETS

	March 31, 2012			
	Equipment \$	Computer equipment \$	Leased equipment \$	Total \$
Cost				
Opening balance	1,800,105	50,572	821,225	2,671,902
Additions	178,282	16,580	—	194,862
Closing balance	1,978,387	67,152	821,225	2,866,764
Accumulated amortization				
Opening balance	1,481,209	50,572	821,225	2,353,006
Amortization	108,028	3,316	—	111,344
Closing balance	1,589,237	53,888	821,225	2,464,350
Net book value	389,150	13,264	—	402,414

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

6. TANGIBLE CAPITAL ASSETS [Cont'd]

	March 31, 2011			
	Equipment	Computer	Leased	Total
	\$	\$	\$	\$
	<i>[unaudited]</i>			
Cost				
Opening balance	1,754,568	50,572	821,225	2,626,365
Additions	45,537	—	—	45,537
Closing balance	1,800,105	50,572	821,225	2,671,902
Accumulated amortization				
Opening balance	1,396,141	50,572	821,225	2,267,938
Amortization	85,068	—	—	85,068
Closing balance	1,481,209	50,572	821,225	2,353,006
Net book value	318,896	—	—	318,896
	As at April 1, 2010			
	Equipment	Computer	Leased	Total
	\$	\$	\$	\$
	<i>[unaudited]</i>			
Cost				
Opening balance	1,628,999	50,572	821,225	2,500,796
Additions	125,569	—	—	125,569
Closing balance	1,754,568	50,572	821,225	2,626,365
Accumulated amortization				
Opening balance	1,304,101	50,572	821,225	2,175,898
Amortization	92,040	—	—	92,040
Closing balance	1,396,141	50,572	821,225	2,267,938
Net book value	358,427	—	—	358,427

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2012 \$	March 31, 2011 \$	As at April 1, 2010 \$
		<i>[unaudited]</i>	<i>[unaudited]</i>
Accounts payable and accrued liabilities	116,956	42,782	35,870
Salaries and wages payable	16,799	126,333	99,565
	133,755	169,115	135,435

8. DEFERRED REVENUE

Deferred revenue is set aside for specific purposes as required by legislation, regulation or agreement. The Laboratory reported the following deferred revenue balances at:

	March 31, 2012 \$	March 31, 2011 \$	As at April 1, 2010 \$
		<i>[unaudited]</i>	<i>[unaudited]</i>
Deferred capital grants [a]			
Balance, beginning of year	89,395	39,732	—
Receipts during year	275,900	108,500	165,300
Adjustments [c]	30,000	—	—
Recognized in revenue during year	(205,262)	(58,837)	(125,568)
Balance, end of year	190,033	89,395	39,732
Deferred operating revenue [b]			
Balance, beginning of year	75,000	75,000	75,000
Adjustments [c]	(30,000)	—	—
Recognized in revenue during year	(45,000)	—	—
Balance, end of year	—	75,000	75,000

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

8. DEFERRED REVENUE [Cont'd]

- [a] Deferred capital grants represent government transfers received with associated stipulations relating to the purchase of capital assets, resulting in a liability. These grants will be recognized as revenue when the related assets are acquired and the liability is settled.
- [b] Deferred operating revenue represents externally restricted government transfers with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized in the period in which the resources are used for the purposes specified.
- [c] An amount of \$30,000 was reclassified from deferred operating revenue to a deferred capital grant and recognized as revenue in the year ended March 31, 2012, as these funds were used to purchase capital equipment.

9. CHANGES IN NON-CASH ASSETS AND LIABILITIES RELATED TO OPERATIONS

	2012	2011
	\$	\$
		<i>[unaudited]</i>
Accounts receivable	7,416	2,095
Due from government/other government entities	(633,132)	(53,700)
Due from Eastern Regional Health Authority	179,001	(108,468)
Accounts payable and accrued liabilities	(35,360)	33,680
Due to Eastern Regional Health Authority	378,917	—
Deferred revenue – operating	(75,000)	—
Deferred revenue – capital grants	100,638	49,663
Accrued vacation pay	(264,886)	56,006
Prepaid expenses	55,867	—
	<u>(286,539)</u>	<u>(20,724)</u>

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

10. ACCRUED SEVERANCE PAY

The Laboratory provides a severance payment to employees upon retirement, resignation or termination without cause. The actuarial valuation for accrued severance pay was performed effective April 1, 2010, and an extrapolation of that valuation has been performed to March 31, 2011 and March 31, 2012.

	2012 \$	2011 \$
		<i>[unaudited]</i>
Accrued benefit obligation, beginning of year	633,228	591,775
Benefit expense		
Current service cost	21,617	19,916
Interest cost	24,574	30,763
Actuarial loss	15,163	11,056
	<u>694,582</u>	<u>653,510</u>
Benefits paid	<u>(231,112)</u>	<u>(20,282)</u>
Accrued benefit obligation, end of year	<u>463,470</u>	<u>633,228</u>

The significant actuarial assumptions used in measuring the accrued severance pay and benefit expense are as follows:

	2012	2011	2010
Discount rate – benefit cost	3.85%	4.65%	5.20%
Rate of compensation increase	4.00%	4.00%	4.00%

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NOTES TO FINANCIAL STATEMENTS

March 31, 2012

11. ACCRUED SICK LEAVE

The Laboratory provides sick leave benefits to employees which accumulate but do not vest. The actuarial valuation for accrued sick leave was performed effective April 1, 2010, and an extrapolation of that valuation has been performed to March 31, 2011 and March 31, 2012.

	2012	2011
	\$	\$
		<i>[unaudited]</i>
Accrued benefit obligation, beginning of year	132,846	133,933
Benefit expense		
Current service cost	16,162	15,179
Interest cost	5,926	6,685
Actuarial loss	4,372	2,970
	<u>159,306</u>	<u>158,767</u>
Benefits paid	<u>(26,958)</u>	<u>(25,921)</u>
Accrued benefit obligation, end of year	<u>132,348</u>	<u>132,846</u>

The significant actuarial assumptions used in measuring the accrued sick leave and benefit expense are as follows:

	2012	2011	2010
Discount rate - benefit cost	3.85%	4.65%	5.20%
Rate of compensation increase	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>

12. RELATED PARTY TRANSACTIONS

The Laboratory had the following transactions with the Government and other government controlled entities:

	2012	2011
	\$	\$
		<i>[unaudited]</i>
Grants from the Province	5,699,000	4,624,823
Transfers from other government entities	55,788	236,871
Transfers to other government entities	<u>(185,682)</u>	<u>(238,108)</u>
	<u>5,569,106</u>	<u>4,623,586</u>

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

13. CAPITAL MANAGEMENT

The Laboratory's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Laboratory is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Laboratory has exposure to credit risk and liquidity risk. The Laboratory's Management Committee has overall responsibility for the oversight of these risks and reviews the Laboratory's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Laboratory's credit risk is primarily attributable to accounts receivable. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Laboratory will not be able to meet its financial obligations as they become due. The Laboratory is dependent on funding from the Department.

Fair value

The fair value of the Laboratory's short-term financial instruments approximates the carrying value due to the short-term maturity and normal credit terms of those instruments.

Public Health Laboratory

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

15. BUDGET

The Laboratory prepares an initial budget for a fiscal period that is approved by the Management Committee and the Department [the “Original Budget”]. The Original Budget may change significantly throughout the year as it is updated to reflect the impact of all known service and program changes approved by the Department. Additional changes to services and programs that are initiated throughout the year would be funded through amendments to the Original Budget and an updated budget is prepared by the Laboratory. The updated budget amounts are reflected in the unaudited budget amounts as presented in the statement of operations [the “Budget”].

The Original Budget and Budget do not include amounts relating to certain non-cash and other items including capital asset amortization, the recognition of provincial capital grants and other capital contributions, adjustments required to the accrued benefit obligations associated with severance and sick leave, and adjustments to accrued vacation.



Public Health Laboratory

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