

FINANCIAL ACCOUNTABILITY FOR DEVELOPMENTAL SERVICE ORGANIZATIONS

MODULE I - MCSS REPORTING



Overview

- Module I will give an overview of:
- Reporting requirements to the Ministry of Children and Youth Services (MCYS) and the Ministry of Community and Social Services (MCSS),
- Budgeting, quarterly reporting, and year end reconciliation using the Transfer Payment Budget Package, and
- The steps necessary to fulfill the reporting requirements for the package

Table of contents

- Getting started – where to find the rules to follow and which ones should be read before completing the budget package
- The Budget
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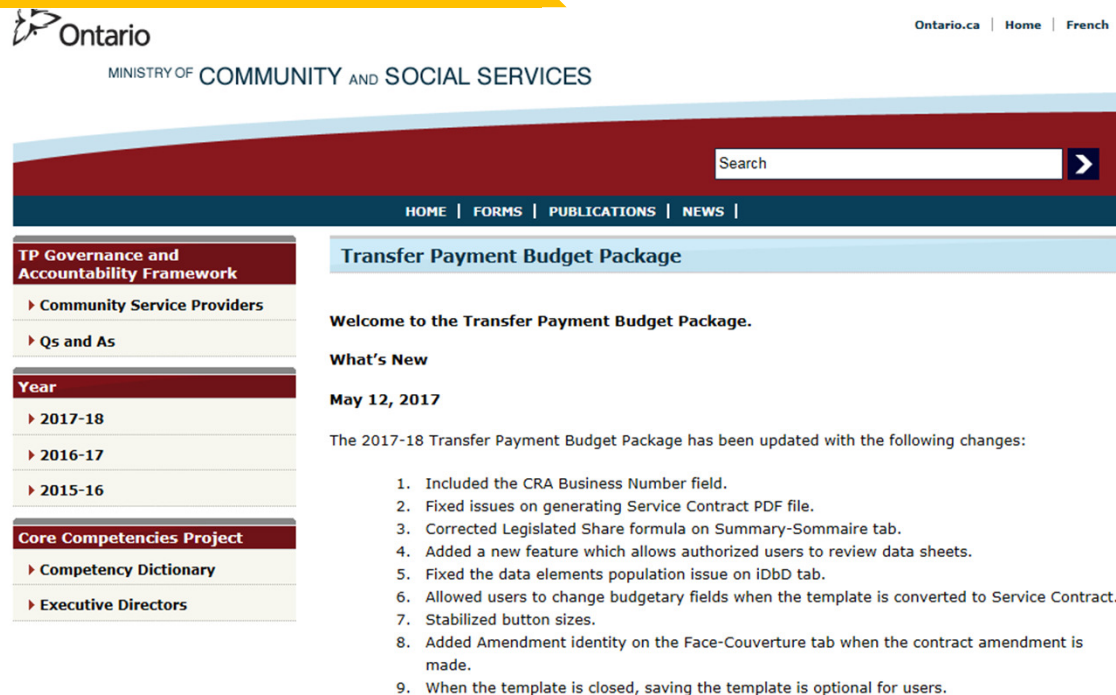
Getting Started

You will first need to become familiar with the Transfer Payment Budget Package which acts as:

- Your annual and fiscal budget,
- Your annual service target goal,
- The reporting tool for quarterly financial and service level reports, and
- Your year-end reconciliation of funding received from MCYS and MCSS.

Getting Started

- To access MCSS website :
<http://www.tpbp.mcass.gov.on.ca/>
- User name mcass-mcystpbp
- It is the responsibility of agencies to stay current.



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Year

- ▶ 2017-18
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Core Competencies Project

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Transfer Payment Budget Package

Welcome to the Transfer Payment Budget Package.

What's New

May 12, 2017

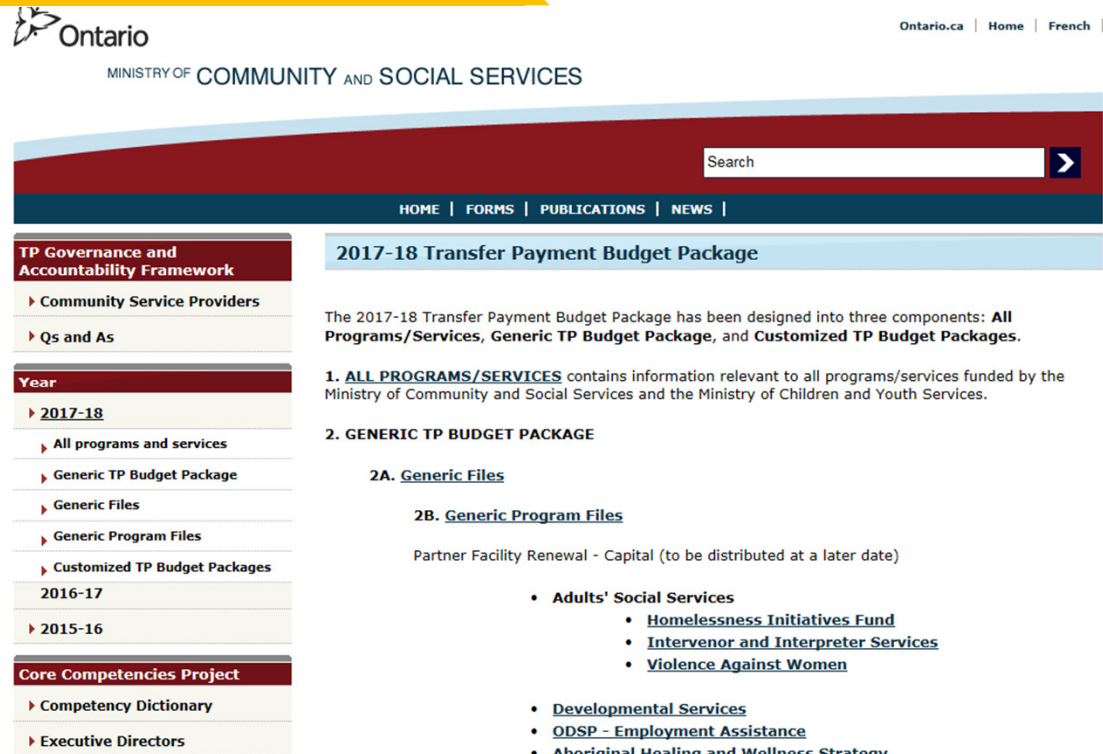
The 2017-18 Transfer Payment Budget Package has been updated with the following changes:

1. Included the CRA Business Number field.
2. Fixed issues on generating Service Contract PDF file.
3. Corrected Legislated Share formula on Summary-Sommaire tab.
4. Added a new feature which allows authorized users to review data sheets.
5. Fixed the data elements population issue on iDbD tab.
6. Allowed users to change budgetary fields when the template is converted to Service Contract.
7. Stabilized button sizes.
8. Added Amendment identity on the Face-Couverture tab when the contract amendment is made.
9. When the template is closed, saving the template is optional for users.

Getting Started

Click on the most recent year for options including:

- All programs and services – details on definitions, service data elements and additional items that must be submitted with your budget (Pay Equity, Governance, French Language Services Act.),
- Generic TP Budget Package, and
- Generic Files – includes a user guide, alphabetical listing of terms and NOC codes (among other items)



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2017-18 Transfer Payment Budget Package

The 2017-18 Transfer Payment Budget Package has been designed into three components: **All Programs/Services, Generic TP Budget Package, and Customized TP Budget Packages.**

1. ALL PROGRAMS/SERVICES contains information relevant to all programs/services funded by the Ministry of Community and Social Services and the Ministry of Children and Youth Services.

2. GENERIC TP BUDGET PACKAGE

2A. Generic Files

2B. Generic Program Files

Partner Facility Renewal - Capital (to be distributed at a later date)

- **Adults' Social Services**
 - [Homelessness Initiatives Fund](#)
 - [Intervenor and Interpreter Services](#)
 - [Violence Against Women](#)
- [Developmental Services](#)
- [ODSP - Employment Assistance](#)
- [Aboriginal Healing and Wellness Strategy](#)

TP Governance and Accountability Framework

- ▶ Community Service Providers
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Year

- ▶ **2017-18**
 - ▶ All programs and services
 - ▶ Generic TP Budget Package
 - ▶ Generic Files
 - ▶ Generic Program Files
 - ▶ Customized TP Budget Packages
- 2016-17
- ▶ 2015-16

Core Competencies Project

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Navigating the Site

Under Programs and Services, you will also find key Ministry policies including:

- Allocated Centralized Administration
- Admissible/Inadmissible Expenditures
- MCSS Executive and Allotment Controls
- Financial Flexibility
- Recoverable Subsidy/Funding
- Retainable and Non-Retainable Revenues
- Basis of Accounting
- Yearend Reconciliation

Navigating the Site

Explanation of Service Description Schedule for Pay Equity

The Pay Equity Act requires employers to make annual adjustments of a minimum of 1% of the previous year's payroll toward proxy pay equity targets until pay equity has been achieved.

The Service Description Schedule – Pay Equity has been developed to ensure that proxy pay equity Transfer Payment Organizations (TPOs) continue to meet their pay equity obligations under the *Pay Equity Act*, until such time as they have achieved pay equity.

Under the terms of the Pay Equity Memorandum of Settlement (MOS) reached between five unions (Canadian Union of Public Employees (CUPE), Ontario Nurses' Association, Ontario Public Service Employees' Union (OPSEU), Service Employees International Union (SEIU) and United Steelworkers of America) and the Ontario Government, eligible TPOs have received dedicated funding to assist them in meeting their proxy pay equity obligations. The MOS covered the period between January 1, 1999 and December 31, 2005. Although the MOS has ended, existing Pay Equity base funding under the MOS will continue to be made available to TPOs.

Also, under the Pay Equity Act, TPOs are required to continue to meet their pay equity obligations on an ongoing basis.

The Service Description Schedules are a **mandatory** provision for inclusion in all transfer payment service contracts/Child and Family Services Act (CFSA) approvals with designated agencies and municipalities.

Regional offices are to discuss the rationale for inclusion of this Service Description Schedule with service providers during their annual contract negotiation process. This will ensure that all parties understand its purpose and intent, as well as support the overall governance and accountability in service contracts.

You will also find the Ministry's expectations regarding pay equity including:

- The required pay equity adjustment under the Pay Equity Act,
- That transfer payment organizations continue to meet their pay equity obligations on an ongoing basis, and
- Only existing pay equity base funding will be provided

Submitting your Budget

When submitting your budget, you will likely need to submit more than simply the completed Transfer Payment Budget Package. You may need to submit:

- Service Descriptions,
- Information on Pay Equity, and
- French Language Services.

Be sure you plan to collect this information as well.

Navigating the Site

- New definitions & references are underlined and may be accessed by clicking. Those from prior years are accessed under the year they were last revised.
- MCSS periodically provides training for preparation of the transfer payment budget package - the most recent presentation can be found here (make this a hyperlink)
- The training provides detailed, line by line instructions on setting up your worksheet, transferring data, and filling in all of the lines.
- This module provides an overview of how to approach the preparation of the three main financial sections – Salaries, Expenditures, and Revenues

Submitting your Budget

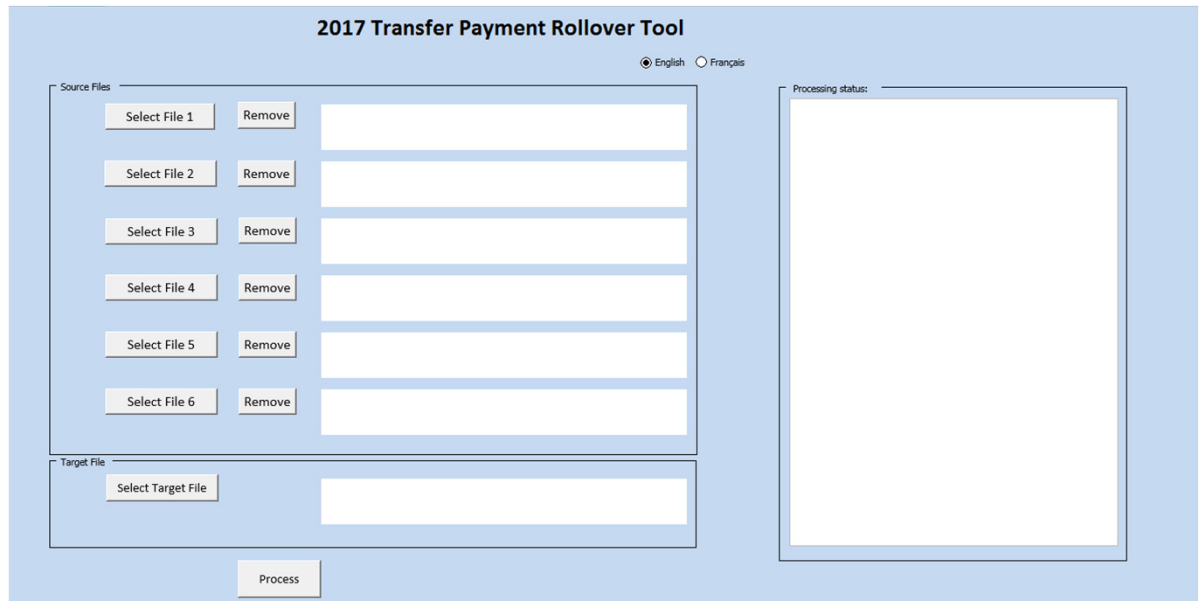
To complete the budget, there are three (3) main financial sections - Salaries, Expenditures, and Revenues

MCSS periodically provides training on the transfer payment budget package - the most recent presentation can be found here (make this a hyperlink)

The training provides detailed, line by line instructions on setting up your worksheet, transferring data, and filling in all of the lines.

Submitting your Budget

If you have not made any significant changes to your budget, you can use the data transfer, or “roll over” tool.



The screenshot displays the "2017 Transfer Payment Rollover Tool" interface. At the top, there are radio buttons for "English" (selected) and "Français". The interface is divided into two main sections: "Source Files" and "Target File".

The "Source Files" section contains six rows, each with a "Select File" button, a "Remove" button, and an empty text input field. Below this section is the "Target File" section, which includes a "Select Target File" button and an empty text input field. At the bottom center of the interface is a "Process" button. On the right side, there is a "Processing status:" label above a large, empty rectangular box.

Submitting your Budget

If there are significant changes, and you have to input the information manually, the following resources will assist:

- Standard Revenue and Expenditure Categories and definitions
- Guidelines for Matching Jobs to NOC Occupational Groups
- NOC Occupational Groups, Description and Related Information
- Alphabetical List of Terms (find definitions for compensated absences and other items)

Submitting your Budget - Staffing

The staffing worksheets require details about the position and financial information such as:

- Position name
- NOC classification (using a drop down list)
- Whether the position is union or non-union
- Employee Head Count and FTE Count
- Total Salaries
- Total Benefits

The Ministry doesn't require you to report the % of salary applied to compensated absences until the 4th Quarter.

Submitting your Budget - Staffing

You will need to be able to budget, and report on staffing costs by position (NOC), classification (Full Time vs. Part Time) and nature of cost (overtime, compensated absence).

This can be difficult after the fact. It is recommended that you have a system to track:

- Separate salary sub-accounts (Regular Salaries Worked, Overtime Premium, Training Salaries, Vacation Pay, Statutory Holidays Paid but not Worked, and Statutory Holiday premium),
- Benefit costs (both mandatory and non-mandatory),
- Staffing costs due to the timing of the service year (leap years and “moving” statutory holidays- Easter and Good Friday) that make staffing costs fluctuate from year to year.

Budget Step 3- Expenditures and Budget Step 4- Revenues

- Complete these schedules using the Standardized Revenue and Expenditure Categories and Definitions found in the Generic TP Budget Package – reproduced on the next five slides.
- It is helpful to prepare preliminary budgets on excel spreadsheets so that they can be approved/modified by appropriate managers
- The following templates can be modified as needed to assist in organizing the budget data:
 - Expenditure worksheet template (groups general ledger accounts according to ministry standardized definitions) - [link](#)
 - Global budget worksheet template (groups all MCSS programs and has columns for non-MCSS programs – [link](#))

Next two slides are pictures of the templates

And the Next five slides are standardized revenues and expenditures Preceded by two slides after that are the templates

Other Budget Comments

- Budgeted deficits are not allowed in the TPBP submission.
- If a deficit is being forecast, you will either need to use off-setting revenue or reduced expenses. Both are artificial and do not reflect the true cost of the service.
- It is easier to keep expenses true and use an off-setting revenue as a place holder.
- You may be able to attempt to negotiate MCSS increases to cover these shortfalls OR raise revenues from other sources to cover them
- If you have used the templates on the previous slide (modified to your own agency specifications), you might consider using them as a “map” to develop custom financial reports in your accounting software package.
- Alternatively, you can use the templates as a guide for year to date reporting for your quarterly reports, because when you get to the fourth quarter and the TPAR, you will need all that detail for your final reports of actual numbers.

Quarterly Reports

You must report back on year to date financial performance and service targets each quarter (June, September, December & March). Always check for updates before completing the quarterly report.

The first three quarterly reports will require YTD information on:

- Salaries and Benefits (Line C)
- Offsetting Revenues (Lines JI-K)
- Allocated central administration
- Other expenditures (Line H)
- Yearend Forecast (Lines 5, II)

Quarterly Reports

- You will get an error message if the Allocated Central Administration column shows a deficit – a number may need to be inserted in Line K to balance the column to NIL. (Do this column last while preparing the report)
- The Sheet will calculate a variance based on the proportional amount of the budget year passed (ie. In the first quarter, it will show the variance of actual from 25% of the budgeted MCSS revenue, in the second quarter, it will show the variance of actual from 50% of the budgeted MCSS revenue, and so on.
- A variance report must be prepared to explain significant variances which will be highlighted in pink. Sometimes the variance can be explained by timing since not all expenses are regularly occurring.

The 4th Quarter

The 4th Quarter Report acts as your year end report. The level of detail is identical to what was provided in the budget.

- The staffing worksheet also requires the same detail as the budget. Actual numbers must be reported for:
 - Head count
 - Total Salaries
 - Total Hours
 - Compensated Absences
- All quarterly information is automatically carried forward to the TPAR. If there are changes subsequent to the filing of the fourth quarter but prior to the filing of the TPAR, the fourth quarter must be redone.

The TPAR

The TPAR is prepared after your auditor has reviewed your accounts.

- As mentioned in a previous slide, the templates provided in this module in the budget section can facilitate the organization of actual data to complete the TPAR, and also to prepare the reconciliation schedule.
- Do Section II first.
- Section IV must be reconciled to the audited financial statements. It can be tricky, because the audited statements will include all of your programs, including non-MCSS, and some items are shown as offsetting revenues on Schedule II, which are actually costs that were picked up by other non-MCSS programs (ie. Administration). And the audited statements are prepared in accordance with GAAP (generally accepted accounting principles) and you will have to reconcile that here too. Plus you will need to have watched or read Module 2 of our MCSS Reporting project.
- The best advice we can give you on preparing the reconciliation schedule is to design a spreadsheet to work with – or modify this template - [link](#)
- - hint – watch the double-negatives!

The TPAR - Sample

To the Board of Directors of (name of org)

We have reviewed the attached segmented financial report by detail code of (name of org) for the year ended March 31, 2011. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on the supplementary information.

Based on our review, nothing has come to our attention that causes us to believe that the supplementary information is not, in all material respects, in accordance with the reconciliation policies set forth by the Ministry of Community and Social Services, and with the terms and conditions in the Ministry of Community and Social Services' service contract legal text.

<http://oasisonline.ca/wp-content/uploads/TPAR%20report.pdf>

TPAR and Your Auditor

- The auditor must report on the TPAR, but he or she must only review the information, not audit it.
- The report may actually refer to the TPAR schedules, or may refer to a schedule in your financial statements that provides the detail, or may have a supplementary schedule attached to the report.
- Wording varies, but since the information is **NOT** in accordance with GAAP, the report may say it is in accordance with Ministry guidelines. If so, the auditor should be provided with a the Ministry Reconciliation Policies (the slide “Important References” has the link)

Housing AIR and other Custom Reports

- Completing the Housing AIR and other customized reports is not included in the scope of this module
- However, accessing what you need to complete it is, because it is all on the MCSS website under Section 3 – Customized Reports