

GOVERNMENT TRANSFERS TO SOCIETIES – YUKON
COMMUNITY SERVICE STATUS REPORT
JUNE 2017

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INTRODUCTION

The purpose of this report is to provide a status report for the Department of Community Services' progress on the 2017 March Report of the Auditor General of Canada on Government Transfers to Societies.

The audit contained three recommendations for Community Services. Community Services' responses were included in the final audit report which contained commitments that would be in place by April 1st, 2017. In all cases, the Department has met the commitments and addressed the recommendations in the audit.

THE POLICIES FOR MANAGING GOVERNMENT TRANSFERS CONTAINED CONTRADICTIONS AND UNDEFINED CONCEPTS

OFFICE OF AUDITOR GENERAL REPORT:

What we found

20. We found that the policies for managing government transfers to societies contained concepts that were contradictory or undefined.

21. Our analysis supporting this finding presents what we examined and discusses

- core versus operational funding, and
- Good standing.

25. **Core versus operational funding.** Department officials must consult both the 1998 NGO Funding Policy and the 2008 Government Transfers Policy when deciding to fund a society. According to both policies, the government can provide operational funding to societies. However, we found that the policies described different activities that qualified for operational funding. The 1998 policy states that to receive government funding for general or “operational” purposes, societies must specify the project, service, or function that will be performed as a result. The 2008 policy defines operational funding more broadly—as funding that is directed to an organization’s operations as a whole rather than to particular projects, or that supports a particular program, department, or division within an organization. The discrepancy between the narrow definition in the 1998 policy and the broader definition in the 2008 policy may cause confusion about the types of activities that operational funding can support.

31. Recommendation. The **Department of Finance** and the **Executive Council Office** should work together—and consult with other departments, as necessary—to review the 1998 NGO Funding Policy in the General Administration Manual and the 2008 Government Transfers Policy in the Financial Administration Manual. They should resolve contradictions in the policies and define key policy concepts.

COMMUNITY SERVICES UPDATE:

25 Core versus operational funding:

Although the recommendation didn’t specifically address Community Services within the recommendation; our department has addressed “Core versus operational funding”.

In practice Community Services follows chapter 5.9, Government Transfers, of the Financial Administration Manual when creating and managing Transfer Payment Agreements (TPAs). The term “Operational Funding” is used more often than “core funding”. Although, there were some older agreements with the term “core funding”, all new agreements are creating using the term “operational funding”.

A four month review process (June – September 2016) of all new TPAs was conducted to identify whether the agreements captured the correctly scope of work to meet the definition of operational funding needs (versus project funding).

Community Services has newly created a SharePoint site to assist officers within the Department with financial, contracting and administration operations. Standardized templates, forms, tips and tricks, and processes are found there which provides staff with a consistent resource when creating and administering TPAs (among a myriad of other things.) Additionally, a systematic review of TPAs will be implemented department wide.

DEPARTMENTS DID NOT ALWAYS COMPLY WITH KEY POLICY REQUIREMENTS

OFFICE OF AUDITOR GENERAL REPORT:

What we found

32. We found that the departments did not always comply with key policy requirements.

33. Our analysis supporting this finding presents what we examined and discusses

- installments and advance payments,
- verification of legal reporting requirements,
- outstanding debt,
- government transfers versus contracts, and
- other expense” classification.

37. **Installments and advance payments.** The 2008 Government Transfers Policy states that government transfers are to be made with due regard for both the government’s cash management practices and the recipient’s cash flow requirements. This means that departments cannot always pay a society the full amount of the transfer up front, but must instead follow the policy guidelines, which can require multiple payments.

39. The sample included 31 government transfers in which advance payments were considered necessary to fund a specific project. We found that in 28 of these cases, the advance payments complied with policy or program guidelines. We found that advance payments did not meet the relevant guidelines in 1 government transfer provided by the Department of Economic Development, and in 2 government transfers provided by the Department of Community Services.

40. **Verification of legal reporting requirements.** The 2008 Government Transfers Policy states that before deciding to fund a society, a department should consult the Registrar, verify the organization’s correct legal name, and ensure that the organization is in good standing. However, as noted in paragraph 30, the policy does not define the term “good standing.” The Department of Finance told us that being in good standing means that a society is in compliance with all reporting requirements laid out under the Societies Act and its regulations.

42. For 38 of the 53 government transfers we sampled, we found no documentation indicating that before the departments decided to provide the transfers, they had verified with the Registrar that societies were in compliance with legal reporting requirements:

For the Department of Community Services, we found no evidence for any of the 34 government transfers we examined that the Department had verified that the societies were in compliance with their legal reporting requirements.

44. **Outstanding debt.** The 2008 Government Transfers Policy states that departments must determine whether prospective recipients of government transfers owe any money to the Government of Yukon and that an organization with outstanding debts to the government should not receive funding from the government.

45. We examined whether the government transfers in our sample included affirmations that the prospective recipients did not owe money to the government:

- For the Department of Community Services, we found no evidence in 9 of the 34 government transfers in our sample that societies had affirmed that they did not owe money to the Government of Yukon.

46. **Government transfers versus contracts.** The 2008 Government Transfers Policy states that departments must examine all potential funding agreements and decide whether a government transfer is

the right funding mechanism to use, or whether another vehicle, such as a goods and services contract, would be more appropriate. According to the policy, if the government is acquiring goods, services, or an asset directly in return for resources, the agreement must be classified as a goods and services contract. The 2008 policy also states that the use of contracts may sometimes be necessary if the government acquires goods or services as a by-product of the agreement.

47. We found that in 8 of the 53 government transfers sampled—5 from the Department of Community Services and 3 from the Department of Energy, Mines and Resources—the funding provided to societies resulted in the government's acquiring a direct benefit, such as goods or services. For example, one society received about \$5,000 to install signs and perform maintenance for pools owned by the Government of Yukon. In our opinion, contracts rather than government transfers might have been the appropriate mechanism.

50. **“Other expense” classification.** In 2011, the Mountain View Golf Club received a \$750,000 payment through an agreement from the Government of Yukon. This payment was originally classified as a government transfer. At the end of the 2010–11 fiscal year, the payment was reclassified as an “other expense.” Although we found that the payment was properly authorized from a financial perspective, we could not determine which other policy requirements were met for this transaction. Departments need to follow rules when spending public funds, so that they manage them with appropriate accountability and control.

51. **Recommendation.** The Department of Community Services and the Department of Energy, Mines and Resources should comply with policy requirements for government transfers, including verifying a society's compliance with its legal reporting requirements, determining that a society does not have any outstanding debts to the government, and determining when to use a government transfer instead of a goods and services contract.

The Department of Community Services' response. Agreed. The Department of Community Services will better comply with policy requirements related to government transfers by

- ensuring that documentation is saved in the agreement file demonstrating the society's compliance with the Societies Act,***
- including a statement from the society that there are no outstanding debts to the Government of Yukon by either revising the application form for the funding programs or by adding a clause into the transfer agreement attesting to that fact, and***
- Developing guidelines that will be available to all staff by publishing on the internal website and offering training sessions to target groups on how to decide whether to use a government transfer or a contract.***

This work will be completed by 1 April 2017.

COMMUNITY SERVICES UPDATE:

37 Installments and advance payments:

Under the Financial Administration Manual, advance payments and cash management requirements for TPAs differ between agreements that are deemed “operational funding” and “project funding”. Community Services' SharePoint site includes information to assist officers on how to interpret the difference between operational and project funding which will help them to determine when advance payments can be made in accordance with the policy.

A newly created reference/checklist document is now a mandatory requirement for all TPAs generated within the Department. This screen shot below is part two of the "Contribution/Transfer Payment Agreement Checklist" document which must be filled out and put on the the TPA file. (see checklist below)
The terms of payment (Schedule C) of low risk and med/high risk transfer payment templates have also been revised to capture the requirement of substantiated funding needs; by way of cash flow reporting identified within the FAM. See below for a screen shot of the new initial advance and subsequent payment working.

CS Collab Home

Search

Transfer Payment Agreements - Budgets and Cashflows

[Need some help understanding how to incorporate Budgets and Cashflow into your Transfer Payment Agreement??](#)

The chart below will assist with determining if your TPA is operational or project based and then how you should layout your payment terms (Schedule C within the Transfer Payment Agreement)

OPERATIONAL FUNDING				PROJECT FUNDING				
Funding directed to an organization's operations as a whole rather than to particular projects. If an organization has separate programs, departments or divisions, support for a particular program is also considered to be operational funding.				Funding support directed to a specific project which has a start and an end date.				
Operational funding must be paid in installments corresponding to the estimated cash flow requirements of the recipient. The minimum number of installment payments is determined according to the total value of the operational funding and risk.				Project funding is normally paid on the basis of performance or as reimbursement of expenditures incurred. Where advance payments are necessary, they should be limited to the immediate cash flow requirements of the recipient and must not exceed the following percentage of total value of the funding and risk matrix.				
Total Value of Annual Funding	Minimum Number of Payments	Initial Advance	Subsequent Advances/Payments	Total Value of Funding	DURATION OF AGREEMENT (Project Phase)			
					Less than 4 months		4 months or longer	
					Initial Advance	Subsequent Advances/Payments	Initial Advance	Subsequent Advances/Payments
Up to \$75,000	At least One Payment	Payment made upon signature of TPA and required documents listed in TPA		Up to \$10,000	Up to 100%	n/a	Up to 80%	Balance payable upon receipt and acceptance of final report
\$75,001 to \$150,000	At least Two Payments	Estimated cash flow requirements of the recipient Recipient to provide an estimated cash flow substantiating need	Interim payments not to exceed 90% of funding approved and interim financial summary of expenditures from previous advance(s) required	\$10,001 to \$100,000	Up to 75%			Every 4 months based on estimated cash flow requirement for the following 4 months. • interim payments not to exceed 50% of funding approved and interim financial summary of expenditures from previous advance(s) required • final payment to be payable upon submission of final report (high risk TPA) • payment amount is based on amount of estimated cash flow
Over \$150,000	At least Four Payments		Final payment to be payable upon submission of final report (high risk TPA)	Over \$100,001	Up to 50%	Balance payable upon receipt and acceptance of final report	Estimated cash flow requirement for the first 4 months • payment amount is based on amount of estimated cash flow for first 4 month period	



TERM OF AGREEMENT

The term of the agreement is to include the program/project term as well as the reporting term
(Example: April 1, 2017 to May 31, 2018)

Project Phase • Represents the period of time which all eligible expenditures for the program/project may be accepted
(Example: April 1, 2017 to March 31, 2018)

Reporting Phase • Represents the time given to allow the recipient to submit their final (financial and/or project) report. This given times in based on what the project manager feels is appropriate for the recipient
(Example: April 1, 2018 to May 31, 2018)

[See below for more information on how the budget and cash flow should look and include within the Transfer Payment Agreement](#)

Low and
Schedule

Schedule C Terms of Payment

Med/High Risk
C template

C1.0 Funds

- C1.1 First payment to the recipient upon signature of the Agreement supported by a projected cash flow from the recipient as outlined in Schedule B (B1.1.2) substantiating need for the funding and a written statement that there are no monies owed to Yukon Government.
- C1.2 Interim payment to the recipient upon receipt of interim report and deliverables as outlined in;
 1. Section 6.0 Financial Accountability Reporting
 2. Section 8.0 Project Reporting
 3. Schedule B (B1.1.2 & B1.1.3) Cash Flow; substantiating need for further payment

Insert if high risk TPA / remove if medium risk

- C1.3 Final payment to the recipient; whichever is lessor, minus amounts paid in C1.1 and C1.2 on recipient of all final reports as outlined in;
 1. Section 6.0 Financial Accountability Reporting; substantiating all payments
 2. Section 8.0 Project Reporting

Contribution/Transfer Payment Checklist Document / Payment Schedules



CONTRIBUTION/TRANSFER PAYMENT AGREEMENT CHECKLIST (Mandate and Risk Assessment)

PAYMENT SCHEDULE AND CASH FLOW REQUIREMENTS (minimum requirements)

NO advance payment in excess of \$10,000 shall be made to a recipient in one fiscal year when the related expenditures of the recipient are not likely to be incurred until the following fiscal year. Advances required for the expenditures that are to be incurred in the following fiscal year must be issued as of April 1 and charged to an appropriation in the new fiscal year.

Operational Funding is funding directed to an organization's operations as a whole rather than to particular projects. If an organization has separate programs, departments or divisions, support for a particular program is also considered to be operational funding.

Note: Operational funding must be paid in installments corresponding to the estimated cash flow requirements of the recipient. The minimum number of installment payments is determined according to the total value of the operational funding and risk matrix. **It is encouraged to include a holdback on all TPA's which fall into the high risk category**

Check one ↓	Total Value of Annual Funding	Minimum Number of Payments	Initial Advance	Subsequent Advances/Payments
<input type="checkbox"/>	Up to \$75,000	At least One Payment	Payment made upon signature of TPA and required documents listed in TPA	
<input type="checkbox"/>	\$75,001 to \$150,000	At least Two Payments	Estimated cash flow requirements of the recipient <i>Proponent to provide an estimated cash flow substantiating need</i>	Interim payments not to exceed 90% of funding approved and interim financial summary of expenditures from previous advance(s) required
<input type="checkbox"/>	Over \$150,000	At least Four Payments		Final payment to be payable upon submission of final report (High Risk TPA)

Project Funding is support directed to a specific project which has a start and an end date.

Note: Project funding is normally paid on the basis of performance or as reimbursement of expenditures incurred. Where advance payments are necessary, they should be limited to the immediate cash flow requirements of the recipient and must not exceed the following percentage of total value of the funding and risk matrix.


It is encouraged to include a holdback on all TPA's which fall into the high risk category

Check one ↓	Total Value of Funding	↓ DURATION OF AGREEMENT			
		Less than 4 months (Project Phase)		4 months or longer (Project Phase)	
		Initial Advance	Subsequent Advances/Payments	Initial Advance	Subsequent Advances/Payments
<input type="checkbox"/>	Up to \$10,000	Up to 100%	n/a	Up to 90%	Balance payable upon receipt and acceptance of final report
<input type="checkbox"/>	\$10,001 to \$100,000	Up to 75%	Balance payable upon receipt and acceptance of final report	Estimated cash flow requirement for the first 4 months <i>Notes:</i> - payment amount is based on amount of estimated cash flow for first 4 month period	Every 4 months based on estimated cash flow requirement for the following 4 months. <i>Notes:</i> - interim payments not to exceed 90% of funding approved and interim financial summary of expenditures from previous advance(s) required - final payment to be payable upon submission of final report (high risk TPA) - payment amount is based on amount of estimated cash flow
<input type="checkbox"/>	Over \$100,001	Up to 50%			

Form of Agreement: The form of the agreement is to include the agreed-upon terms as well as the operating phase of the agreement.

40 Verification of legal reporting requirements:

It has been a long-standing practice of Community Services to check the Corporate Registry System prior to entering into an agreement with recipients; however this was done visually and documentation wasn't previously included in the agreement file. As of April 1st 2017, it is now a requirement to save a copy of the certificate from the Yukon Corporate Online Registry (YCOR) showing the society is in compliance with the Societies Act in the file. (See example of the instructions from the Sharepoint site)

	DOCUMENTS TO UPLOAD IN FRONTEND FINANCIAL SYSTEM
TRANSFER PAYMENT AGREEMENT	
<ul style="list-style-type: none">• TPA Mandate and Risk Assessment (signed)• Final working copy of TPA agreement (Long Form, Short Form with Schedules)• Work plan if added as an appendix to the TPA• Budget if added as an appendix to the TPA• Any other supporting documentation which is referenced in the TPA• Signed Section 24• YCOR – if Yukon Business, or proof of business status if out of territory (Federally or within their own jurisdiction)• Signed complete TPA (entire package not just the signed page)	
AMENDMENT/ADDENDUM	
<ul style="list-style-type: none">• Documented communication (between recipient and YG) of need for amendment/addendum• Final working copy of Amendment TPA agreement• Signed Section 24• YCOR – if Yukon Business, or proof of business status if out of territory (Federally or within their own jurisdiction)• Signed complete Amendment TPA (entire package not just the signed page)	

44 Outstanding debt:

Community Services has modified the TPA templates to include a clause which the recipient must provide written documentation (email) to CS identifying if they owe money to YG before they receive first payment. This also includes funding program agreements the sport and recreation agreements for Yukon Recreation Advisory Council (YRAC) funding, High Performance (HP) funding and Yukon Sport for Life (YS4L) funding.

As of January 2017 Community Services has required all officers to contact in writing the Department of Finance (Manager, Accounts Receivable) to confirm debt owed of recipient. This confirmation is then added to the TPA.

TPA Schedule C

Schedule C	
Terms of Payment	
C1.0 Funds	
C1.1	First payment to the recipient upon signature of the Agreement supported by a projected cash flow from the recipient as outlined in Schedule B (B1.1.2) substantiating need for the funding and a written statement that there are no monies owed to Yukon Government.

Screen shot of YRAC, YS4L and HP letter/TPA from Sport and Rec identifying outstanding debt.


The **RECIPIENT** agrees to use the funding provided for the specified purpose, and in accordance with the terms and conditions set out in this Application/Agreement

- a) The Recipient hereby certifies that there are no monies currently owed to Yukon Government from this Organization.
- b) The Recipient's performance under this Application/Agreement may be used by YG in evaluating future requests for funding.

Note: Page 1 and 2 must be signed and returned to the Sport and Recreation Branch Office

SIGNATURE OF RECIPIENT OR OFFICER	PRINT NAME/POSITION	DATE

YUKON GOVERNMENT (Certified pursuant to section 23 (contracting authority) of the *Financial Administration Act*)

	Karen Thomson, Director YG Sport and Recreation Branch	[INSERT DATE OF LETTER]
SIGNATURE OF PUBLIC OFFICER	PRINT NAME/POSITION	DATE

STANDARD TERMS AND CONDITIONS

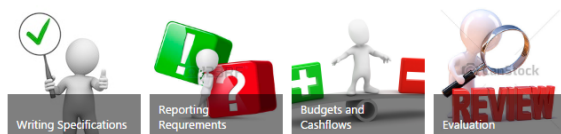
46 Government transfers versus contracts

Community Services has created a decision tree (also on the SharePoint site) to assist officers in identifying the difference between using a transfer payment agreement or a contract. Below is a screen shot of the information provided on the Procurement and Transfer Payment Agreement page of the site.

Community Services has held strategic procurement sessions with several branches, taking the opportunity to educate them on some of the new changes and requirements going forward and as a result of this audit. Further training sessions are planned throughout the 2017/18 fiscal year. The portion is only one area of a larger training plan for the department.

Procurement and Transfer Payment SharePoint site page

TRANSFER PAYMENT AGREEMENTS (TPA)



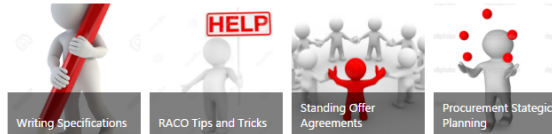
Use a TPA in the following circumstances:

- transfer funds to recipient from a funding program which may be application based
- transfer funds to recipient which is generally a non-profit organizations in which we are contributing to expenditures and such contributions is "reasonable"
- There is no direct exchange of goods/services (YG doesn't receive anything other than a "token")
- YG is contributing to a venture with identifiable "direct/relevant/opportunity/marginal" costs (NOT indirect or costs/overhead)
- Subsidy, incentive, contribution to a capital project, something "special" that YG wants to see happen for the benefit of Yukon
- Capacity : Non-profit has its own capacity to manage the project and will not contract out a "significant" part of the project to a 3rd party

Examples of TPA:

Sporting Games Funding, Funding Programs (Gas Tax, Yukon Recreation Assistance Grant), Operational Funding (Community Libraries Funding, Recycling Depot Funding)

CONTRACTS/REQUISITIONS



Use a contract in the following circumstances:

- Generally for "profit" (with exceptions)
- YG receives the best value for money spent on contracts.
- YG receives equal value of goods/services in exchange for the money provided even if the transaction may benefit the contracting 3rd party.
- YG directly receives goods and services
- quote or proposal needed
- invoicing by the contracting party can be assumed to include a profit margin for the entity

Examples of Contracts:

Tangible Goods for YG, Studies or Reports, Project Management, Advertising, Products which display YG logo

Contracting Tools: Acquisition Card, Convenience Contract, Local Purchase Order, Contract, Requisition

TIPS / SPEC WRITING

50: "Other expense" classification

Contracts and Transfers payments agreements are the two most common vehicles for flowing expenditures. On rare occasions, there are transactions that don't neatly fit into either definition. The Mountain View Golf Course transaction is one of the rare exceptions. Community Services required the land for future bioswale and the potential for an additional 200 lots for development and sale. Department of Energy Mines and

Resources (EMR) determines the prices and land tenure. This transaction and agreement was reviewed and approved by legal services and all signing authorities were complied with.

This transaction was picked up in this audit because a clerical error had been made originally coding the transaction to a TPA code looking at the format of the agreement rather than the substance of it. The coding error was later corrected in the year.

DEPARTMENTS DID NOT CONSISTENTLY USE A RISK-BASED APPROACH IN MANAGING GOVERNMENT TRANSFERS

OFFICE OF AUDITOR GENERAL REPORT:

What we found

52. We found that a risk-based approach was not always used in managing government transfers.

53. Our analysis supporting this finding presents what we examined and discusses

- Risk assessment.

57. **Risk assessment.** The 2008 Government Transfers Policy states that departments must use a risk-based approach to managing government transfer requests. Risk assessments should measure the risks associated with a particular project or funding proposal. They also determine the capacity of the recipient to fulfill the requirements of the agreement. Completed and documented assessments of both project and capacity risks are intended to help determine the nature and extent of a funding agreement's terms and conditions, and to help determine the level of monitoring needed throughout the funding period.

58. Most of the government transfers we examined had not had assessments carried out for both project and capacity risks. We found that across the three departments, 32 of the 53 government transfers (60 percent) had no documented risk assessments:

- The Department of Community Services had no documented risk assessment for 21 of 34 government transfers (62 percent). The 21 transfers without a documented risk assessment had a total value of about \$2 million in approved funds. For the 13 risk assessments conducted, we found that all 13 were assigned a low risk level.

62. **Recommendation.** The Department of Community Services, the Department of Economic Development, and the Department of Energy, Mines and Resources should consistently use a risk-based approach in their assessments of all funding requests. The departments should adequately document both project and capacity risk for government transfers and include funding agreement provisions, monitoring requirements, and other elements that reflect the level of risk identified.

The Department of Community Services' response. Agreed. When considering a funding agreement, the Department of Community Services will more methodically apply a risk-based approach that is consistent with the 2008 Government Transfers Policy in the Financial Administration Manual. Specifically, the Department of Community Services will implement a risk assessment with an overall score for both project risk and recipient risk. Scores of low, medium, or high risk will be reflected in the terms and conditions of the agreement to ensure that issues of risk are identified, and that deliverables are monitored as the project unfolds. This documentation will be saved in each agreement file and will be implemented by 1 April 2017.

COMMUNITY SERVICES UPDATE:

The newly created TPA checklist also includes a risk assessment matrix. It forces program officers to document the assessed risk for both funding levels: amount; complexity; sensitivity as perceived by the public and recipient capacity: credibility and track record; size, capacity and sophistication; community support; skills, experience and expertise in achieving goals; project management skills; accounting and record keeping skills and any foreseeable constraints. Once the risk matrix is completed, it leads the officer to which TPA template to use (low risk or med/high risk). Again, this form must be included in the TPA file. This form is available on the SharePoint site in a PDF fillable format. This document is filled out by the officer and then signed by two public officers (officer and their supervisor).

The med/high risk TPA template will be designed to commensurate, mitigate and address the identified risks.

Documentation of Risk Assessment / Decision making

RISK ASSESSMENT MATRIX											
Risk level↓	PART A - FUNDING			PART B – RECIPIENT CAPACITY							ADD EACH ROW ↓
	Money Involved	Complexity	Sensitivity as perceived by the public	Credibility and Track record	Size, Capacities, Sophistication	Community Support	Skills, Experience, Expertise for achieving project goals	Project management skill	Accounting and Record management skills	No events could prevent achieving project's objectives	
Low											0
Med											0
High											0
Low = 1 point per check mark 10-15 points = LOW RISK			Med = 5 points per check mark 16-50 Points = MEDIUM RISK			High = 10 points per check mark 51-100 points= HIGH RISK			TOTAL POINTS (A+B)		0
PART C – ASSESSMENT RESULT BASED ON PART A+B											
<input type="checkbox"/>	Low Risk [Short Form TPA] Up to \$50,000		Low risk – Low risk funding agreements would entail standard terms and conditions that apply to all agreements with minimal reporting requirements.							<ul style="list-style-type: none"> Established clientele Small Projects 	
<input type="checkbox"/>	Low to Medium Risk \$50,001 - \$100,000 (guideline)		<u>Low risk</u> – Low risk funding agreements would entail standard terms and conditions that apply to all agreements with minimal reporting requirements. <u>Medium risk</u> – At this level of risk, the outputs are measurable and the reporting requirements are aimed at providing evidence that funds were expended on the tasks. Certain interim terms and conditions may have to be met during the life of the project and before the final payment is made.							<u>Short Form</u> – <ul style="list-style-type: none"> Minimum 3 consecutive years of previous TPA's with branch; with objectives fully met. If annual funding amount in multi-year TPA is less than \$30,000 <u>Long Form</u> – <ul style="list-style-type: none"> Less than 3 consecutive years of previous TPA's with branch No previous TPA with branch If annual funding amount in multi-year TPA is more than \$30,000 	
<input type="checkbox"/>	High Risk [Long Form TPA] Over \$100,000 (guideline)		<u>Medium to high risk</u> – The concerns for this level of funding should be the identification of the performance measures, expected results and outcomes. The programming may be more complex and performance information requirements more extensive. In some cases, non-audited financial statements prepared by an independent accountant and/or audited financial statements of the project would be required after project completion. <u>High risk</u> – The concerns at this level should be the execution of the project and its evaluation upon completion. A high risk project and high risk recipient should be monitored closely, e.g. frequent accounting and reporting requirements, monthly progress reports, on-site inspection by program officers, etc.								

DEPARTMENTS DID NOT FULLY IMPLEMENT A RESULTS-BASED APPROACH

OFFICE OF AUDITOR GENERAL REPORT

What we found

75. We found that the Department of Economic Development and the Department of Energy, Mines and Resources assessed and documented whether the objectives of government transfers had been met. We found that the Department of Community Services did not always assess and document whether the objectives of government transfers had been met. We also found that the Executive Council Office had not developed a corporate evaluation policy to allow departments to measure results at the program level.

76. Our analysis supporting this finding presents what we examined and discusses

- program-level results, and
- Funding-agreement-level results.

Analysis to support this finding

85. **Funding-agreement-level results.** The 2008 Government Transfers Policy states that the results-based approach must also be considered at the funding-agreement level. Departments must demonstrate that results of both program and single-recipient government transfers have been achieved.

87. At the Department of Community Services, we found that of the 23 government transfers for the Yukon Recreation Advisory Committee and Yukon Sport for Life programs, 3 government transfers did not include documentation provided by the recipient on whether the objectives were met. We also found that 11 of the 23 government transfers did not include a program officer's documented assessment of whether the project's objectives had been met. For 1 of these government transfers, neither the recipient nor the program officer had documented whether the objectives had been met.

88. Of 17 government transfers made outside funding programs across all three departments, 4 did not include evidence of review by a program officer to determine whether the project's objectives had been met. Of these 4 government transfers, which were single-recipient funding agreements, 3 were funded by the Department of Community Services and 1 was funded by the Department of Economic Development. Without a review by a program officer, a department does not know whether the society met the key deliverables required to achieve the objectives of the government transfer.

90. **Recommendation.** The Department of Community Services should put mechanisms in place to systematically review government transfers to determine and document whether their goals and objectives have been met.

The Department of Community Services' response. Agreed. The Department of Community Services will require recipients to complete a final evaluation to document whether the objectives of the program or project have been met as part of the agreement's final deliverables. The Department will also require program officers to complete a post-assessment report to confirm that the objectives of the program or project have been met. This requirement will be in place by 1 April 2017.

COMMUNITY SERVICES UPDATE:

An accountability reporting form was created for officers to document and assess whether or not objectives were met at the end of the agreement. To assist officers in evaluating the results, the TPA checklist includes identifying these goals so branches can link specific mandate goal(s) to the purpose of the funding prior to creating the agreement. The TPA templates were also revised to clearly identify the mandate and goals at the outset.

Community Services is currently analyzing the department's transfers and working on creating a systematic review process to determine whether goals and objectives have been met. A template form will be created to provide a consistent approach department wide and include evaluation criteria. As most agreements have a April 1-March 31 term evaluations following the new process will be conducted in 2018.

It is Community Services' practice to require recipients to complete a final report which is saved in the agreement file.

Documentation of Business Plan/Mandate which will be identified in TPA





CONTRIBUTION/TRANSFER PAYMENT AGREEMENT CHECKLIST (Mandate and Risk Assessment)

This checklist must be provided with each new TPA; a signed copy should be included in the paper file of the TPA and it should also be uploaded in Front End

RECIPIENT / FRONT END INFORMATION				
Recipient:			Funding Amount	
<input type="checkbox"/> Capital <input type="checkbox"/> O&M	<input type="checkbox"/> Operational <input type="checkbox"/> Project	Term Dates <small>(include reporting phase)</small>	From:	To:
Title:				
Financial Coding:				
Submitted by: (Consultant):			Date:	
BRANCH BUSINESS PLAN / MANDATE				
<small>Indicate what areas of the branch mandate will be addressed with this TPA</small>				
Corporate - these mandate goals should be identified specifically in the TPA background/description for the funding. Look at your mandate and list which mandate goals the TPA will identify/address				
<input type="checkbox"/>				
<input type="checkbox"/>				

Appendix A - Community Services new Financial SharePoint Site

Link: <https://yukonconnect.gov.yk.ca/collab/cs-c1/finance/ layouts/15/start.aspx#/SitePages/Home.aspx>



CS Collab Home

CS - Corporate Finance (C-3)

Home

About CS Finance

Acronyms and Glossary

Finance Events

Forms and Links

Info for New Employees

Memo Tips & Tricks


Routing Documents to ADM/DM/Minister

Standing Offer Agreements


EDIT LINKS

Providing branches within Community Services direction, guidance and support with financial systems and operations.


Please note: this SharePoint site is Internet Explorer supported. The use of Chrome may limit your view or accessibility to resources within the site.



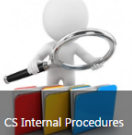
Procedures on Travel, Visa, A/R, A/P, Signing




Common Forms and Templates




Budget Information and Cycles




CS Internal Procedures



Procurement and Transfer Payment



Space Planning & Assets



Frequently Asked Questions

If at any time you notice a link is broken or information is incorrect please let us know so we can fix it !

DUE DATES, DEADLINES AND DON'T FORGET!

Calendars in View

Finance Events

Year End

Variance Reporting


Budget Cycle

InfoEXCHANGE ! - Keeping up with the latest information from C-3

InfoExchange

Appendix B – Transfer Payment Agreement Checklist

Front side:



CONTRIBUTION/TRANSFER PAYMENT AGREEMENT
CHECKLIST (Mandate and Risk Assessment)

This checklist must be provided with each new TPA; a signed copy should be included in the paper file of the TPA and it should also be uploaded in Front End

RECIPIENT / FRONT END INFORMATION														
Recipient:						Funding Amount								
<input type="checkbox"/> Capital <input type="checkbox"/> O&M		<input type="checkbox"/> Operational <input type="checkbox"/> Project		Term Dates <small>(Include reporting phase)</small>		From:		To:						
Title:														
Financial Coding:														
Submitted by: (Consultant):						Date:								
BRANCH BUSINESS PLAN / MANDATE														
Indicate what areas of the branch mandate will be addressed with this TPA														
Corporate - these mandate goals should be identified specifically in the TPA background/description for the funding. Look at your mandate and list which mandate goals the TPA will identify/address														
<input type="checkbox"/>														
<input type="checkbox"/>														
<input type="checkbox"/>														
<input type="checkbox"/>														
RISK ASSESSMENT MATRIX														
Risk level	PART A - FUNDING				PART B - RECIPIENT CAPACITY						ADD EACH ROW ↓			
	Money Involved	Complexity	Sensitivity as perceived by the public	Credibility and Track record	Size, Capacities, Sophistication	Community Support	Skills, Experience, Expertise for achieving project goals	Project management skill	Accounting and Record management skills	No events could prevent achieving project's objectives				
Low											0			
Med											0			
High											0			
Low = 1 point per check mark 10-15 points = LOW RISK											Med = 5 points per check mark 16-50 Points = MEDIUM RISK	High = 10 points per check mark 51-100 points= HIGH RISK	TOTAL POINTS (A+B)	0
PART C - ASSESSMENT RESULT BASED ON PART A+B														
<input type="checkbox"/>	Low Risk [Short Form TPA] Up to \$50,000		Low risk – Low risk funding agreements would entail standard terms and conditions that apply to all agreements with minimal reporting requirements.						• Established clientele • Small Projects					
<input type="checkbox"/>	Low to Medium Risk \$50,001 - \$100,000 (guideline)		Low risk – Low risk funding agreements would entail standard terms and conditions that apply to all agreements with minimal reporting requirements. Medium risk – At this level of risk, the outputs are measurable and the reporting requirements are aimed at providing evidence that funds were expended on the tasks. Certain interim terms and conditions may have to be met during the life of the project and before the final payment is made.						Short Form – • Minimum 3 consecutive years of previous TPA's with branch; with objectives fully met. • If annual funding amount in multi-year TPA is less than \$30,000 Long Form – • Less than 3 consecutive years of previous TPA's with branch • No previous TPA with branch • If annual funding amount in multi-year TPA is more than \$30,000					
<input type="checkbox"/>	High Risk [Long Form TPA] Over \$100,000 (guideline)		Medium to high risk – The concerns for this level of funding should be the identification of the performance measures, expected results and outcomes. The programming may be more complex and performance information requirements more extensive. In some cases, non-audited financial statements prepared by an independent accountant and/or audited financial statements of the project would be required after project completion. High risk – The concerns at this level should be the execution of the project and its evaluation upon completion. A high risk project and high risk recipient should be monitored closely, e.g. frequent accounting and reporting requirements, monthly progress reports, on-site inspection by program officers, etc.											



CONTRIBUTION/TRANSFER PAYMENT AGREEMENT
CHECKLIST (Mandate and Risk Assessment)

PAYMENT SCHEDULE AND CASH FLOW REQUIREMENTS (minimum requirements)					
NO advance payment in excess of \$10,000 shall be made to a recipient in one fiscal year when the related expenditures of the recipient are not likely to be incurred until the following fiscal year. Advances required for the expenditures that are to be incurred in the following fiscal year must be issued as of April 1 and charged to an appropriation in the new fiscal year.					
Operational Funding is funding directed to an organization's operations as a whole rather than to particular projects. If an organization has separate programs, departments or divisions, support for a particular program is also considered to be operational funding.					
Note: Operational funding must be paid in installments corresponding to the estimated cash flow requirements of the recipient. The minimum number of installment payments is determined according to the total value of the operational funding and risk matrix. It is encouraged to include a holdback on all TPA's which fall into the high risk category					
Check one ↓	Total Value of Annual Funding	Minimum Number of Payments	Initial Advance	Subsequent Advances/Payments	
<input type="checkbox"/>	Up to \$75,000	At least One Payment	Payment made upon signature of TPA and required documents listed in TPA		
<input type="checkbox"/>	\$75,001 to \$150,000	At least Two Payments	Estimated cash flow requirements of the recipient <i>Proponent to provide an estimated cash flow substantiating need</i>	Interim payments not to exceed 90% of funding approved and interim financial summary of expenditures from previous advance(s) required	
<input type="checkbox"/>	Over \$150,000	At least Four Payments		Final payment to be payable upon submission of final report (High Risk TPA)	
Project Funding is support directed to a specific project which has a start and an end date.					
Note: Project funding is normally paid on the basis of performance or as reimbursement of expenditures incurred. Where advance payments are necessary, they should be limited to the immediate cash flow requirements of the recipient and must not exceed the following percentage of total value of the funding and risk matrix. It is encouraged to include a holdback on all TPA's which fall into the high risk category					
Check one ↓	Total Value of Funding	↓ DURATION OF AGREEMENT			
		Less than 4 months (Project Phase)		4 months or longer (Project Phase)	
		Initial Advance	Subsequent Advances/Payments	Initial Advance	Subsequent Advances/Payments
<input type="checkbox"/>	Up to \$10,000	Up to 100%	n/a	Up to 90%	Balance payable upon receipt and acceptance of final report
<input type="checkbox"/>	\$10,001 to \$100,000	Up to 75%	Balance payable upon receipt and acceptance of final report	Estimated cash flow requirement for the first 4 months Notes: - payment amount is based on amount of estimated cash flow for first 4 month period	Every 4 months based on estimated cash flow requirement for the following 4 months. Notes: - interim payments not to exceed 90% of funding approved and interim financial summary of expenditures from previous advance(s) required - final payment to be payable upon submission of final report (high risk TPA) - payment amount is based on amount of estimated cash flow
<input type="checkbox"/>	Over \$100,001	Up to 50%			
Term of Agreement – The term of the agreement is to include the program/project term as well as the reporting phase of the agreement.					
Program/Project Term – This represents the period of time which all eligible expenditures for the program/project may be accepted.					
Reporting Phase – This represents the time given to allow the recipient to submit their final report. This given time is based on what the project/program manager feels is appropriate for the recipient.					
CONSULTANT SIGNATURE:			Date:		
Additional Comments:					
DIRECTOR SIGNATURE			Date:		
Recipient in compliance with Corporate Affairs <input type="checkbox"/> Yes <input type="checkbox"/> No			Finance /Office Admin Signature:		
Owes no Money to YG <input type="checkbox"/> Yes <input type="checkbox"/> No					
TPA #:					