

Ministry of Training, Colleges
and Universities

Ministère de la Formation et des
Collèges et Universités

Service Delivery Branch

Direction de la prestation des
services

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MEMORANDUM TO: Program Managers/Co-ordinators
Workplace and Community Workforce Literacy & Essential
Skills Projects

FROM: Sarah VanDuzer
Acting Manager, French Language Services &
Regional Coordination Unit
Service Delivery Branch

DATE: March 21, 2011

SUBJECT: 2010/2011 Audit Guidelines
Workplace and Community Workforce Literacy & Essential
Skills Projects

These Guidelines outline the Ministry's financial reporting requirements and due dates, and form part of your contractual agreement.

Please provide these Guidelines to your financial personnel to ensure your financial reports are prepared according to Ministry specifications.

We would like to remind organizations that any unspent funding, including any interest that may have been earned on the funding will be recovered by the Ministry. Please ensure your audited financial reports include any interest revenue your organization may have earned on the Workplace and Community Workforce Literacy & Essential Skills Project funding.

We look forward to receiving from your organization the necessary financial reports and any additional documentation required to support these financial reports in a timely manner. Any other requests for confirmation of funding should be sent to Nancy Thompson at the Ministry address or by e-mail to nancy.thompson@ontario.ca.

If you have any questions related to the Audit Guidelines, please contact Sande Minke at: sande.minke@ontario.ca.

Sarah VanDuzer

Attachment

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**2010/2011 AUDIT GUIDELINES
 FOR THE
 WORKPLACE AND COMMUNITY WORKFORCE LITERACY & ESSENTIAL SKILLS
 PROJECTS (2010-2011)**

REPORTS REQUIRED AND DUE DATES

	REPORTS REQUIRED	DUE DATE
If your 10/11 Project Allocation totals <u>less than \$100,000:</u>	<u>UNAUDITED STATEMENT OF REVENUE AND EXPENDITURE PROJECT FUNDING – APPENDIX IV</u>	May 31, 2011
If your 10/11 Project Allocation totals <u>\$100,000 or more:</u>	<u>ESTIMATE OF EXPENDITURE REPORT PROJECT FUNDING – APPENDIX II B</u> AND <u>AUDITED STATEMENT OF REVENUE AND EXPENDITURE PROJECT FUNDING – APPENDIX IV</u> The Audited Statement of Revenue and Expenditure Report must be accompanied by an Auditor’s Report (see sample on Page 5) Plus detailed expenditures, listed on a separate document.	May 31, 2011 July 31, 2011

REPORTING REQUIREMENTS FOR FISCAL 10/11

ESTIMATE OF EXPENDITURE REPORT – PROJECT FUNDING (Appendix 11B)

The Ministry requires a separate Estimate of Expenditure Report for each MTCU-funded research and development project. This Report should identify the approximate total expenditure for each project using the best information available at the time. Please use **Appendix II B** to report estimated expenditures.

PROJECT FUNDING (Appendix IV)

A separate Statement of Revenue and Expenditure Report – Project Funding, as set out in **Appendix IV**, is required for the each project funded in 2010/2011. This includes projects initially funded in the current year and reallocated into 2011/2012.

Complete Appendix IV as follows:

- ✓ Revenue: report the revenue received from MTCU in 2010/2011.
- ✓ Report any interest earned during the fiscal year on the Ministry portion of the project funding.
- ✓ Report expenditures incurred in 2010/2011 only.
- ✓ Report unspent funding approved by the Ministry to be reallocated to 2011/2012 with Ministry approval. Documentation for the Ministry's approval for project extension should be attached to your report(s).
- ✓ Report the unspent amount that will be returned to the Ministry if the project was completed in 2010/2011.

If an organization has received a Project Allocation totalling **\$100,000 or more**, the Project Funding Report for each project (Appendix IV) must be audited by an external auditor.

Audited Statement of Revenue and Expenditure – Project Funding (Appendix IV)

The Ministry requires a separate Audited Statement of Revenue and Expenditure Report for each Project. Please use **Appendix IV** to prepare the Report if your project funding totals \$100,000 or more.

The Audited Statement of Revenue and Expenditure Report – Project Funding must be audited by an external auditor in accordance with generally accepted auditing standards. The auditor should verify, at a minimum, that proper and distinct accounts and records are maintained for each project. The Auditor's Report must include an opinion on the Statement of Revenue and Expenditure Report – Project Funding. (An example of an Auditor's Report that meets the Ministry's requirements is attached). Organizations should instruct their auditor to prepare the Auditor's Report according to Ministry requirements.

Without agency sign-off, your Reports will be considered incomplete. The Audited Statement of Revenue and Expenditure Report – Project Funding is used as the basis for the final annual financial settlement (the entitlement) under the contract between the Ministry and the Organization.

APPENDIX I

NOTES AND SPECIAL REQUIREMENTS

2010/2011 WORKPLACE AND COMMUNITY WORKFORCE LITERACY & ESSENTIAL SKILLS PROJECTS Audit Guidelines

1. Interest Earned/Unspent Funding

At the end of each fiscal year of the legal agreement with the Ministry or upon termination or expiry of the legal agreement, any interest and/or unused funds, will be recovered by the Ministry.

2A. Below is an example of how agencies should report their MTCU program expenditures net of GST rebates (from April 1, 2010 to June 30, 2010):

Amount agency spent on goods/services:		\$100.00
Amount of GST paid (5%):		
	\$5.00	
Less Amount of GST rebate claimed:	<u>\$2.50</u>	
Amount of GST expenditure:		<u>\$ 2.50</u>
Amount reported as MTCU program expenditure:		\$102.50

2B. Below is an example of how agencies should report their MTCU program expenditures net of HST rebates (from July 1, 2010 to March 31, 2011):

Amount Recipient spent on goods/services:		\$100.00
Amount of HST paid (example 13%):	\$13.00	
Less amount of HST rebate claimed (where rebate equals 80%):	-\$10.40	
Amount of tax expenditure:		\$2.60
Amount reported as Ministry Project expenditure:		\$102.60

3. Enquiries

Should you have any questions about project funding policies, please contact your MTCU Consultant/Co-ordinator. All other enquiries related to the Audit Guidelines should be directed to the appropriate Ministry staff:

Nancy Thompson (416) 326-5467
All Organizations

nancy.thompson@ontario.ca

Please send all required reports to:

Nancy Thompson
Grant Assistant
Ministry of Training, Colleges and Universities
Service Delivery Branch
33 Bloor Street East, Suite 200
Toronto, Ontario
M7A 2S3

Fax: (416) 326-5606

4. Auditor's Report

Below is a sample Auditor's Report that meets Ministry requirements:

AUDITOR'S REPORT TO THE GOVERNMENT OF ONTARIO – MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

At the request of the **(Name of Organization)**, we have audited the Workplace and Community Workforce Literacy & Essential Skills Project (Project) Report of the **(Name of Organization)** for the year ended March 31, 2011 prepared in accordance with the Ministry of Training, Colleges and Universities' 2010/2011 Audit Guidelines for the Workplace and Community Workforce Literacy & Essential Skills Project. This financial statement is the responsibility of the **(Name of Organization's)** management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether this financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in this financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this statement presents fairly, in all material respects, the revenue and expenditure of **(Name of Organization's)** Project for the year ended March 31, 2011 in accordance with the Ministry of Training, Colleges and Universities' 2010/2011 Audit Guidelines for Workplace and Community Workforce Literacy & Essential Skills Projects.

Chartered Accountant

(Date)

APPENDIX II B

ESTIMATE OF EXPENDITURE REPORT
PROJECT FUNDING
WORKPLACE AND COMMUNITY WORKFORCE LITERACY & ESSENTIAL SKILLS PROJECTS
FOR THE YEAR ENDED MARCH 31, 2011

Please fax this Report to the Grant Assistant by May 31, 2011.

FAX: (416) 326-5606

Organization _____
 Name:

Organization contact, if the Ministry requires clarification:

Name: _____ Telephone #: _____

Workplace and Community Workforce Literacy & Essential Skills Project	2010/2011 MTCU ALLOCATION * (A)	2010/2011 MTCU EXPENDITURE (B)	VARIANCE C= (A-B)

Comments:

 Signature of Organization Signing Authority

 Date

Name:

Title:

APPENDIX IV - UNAUDITED

UNAUDITED STATEMENT OF REVENUE AND EXPENDITURE
PROJECT FUNDING
WORKPLACE AND COMMUNITY WORKFORCE LITERACY & ESSENTIAL SKILLS PROJECT
FOR THE YEAR ENDED MARCH 31, 2011

If your 2009-2010 Project Allocation is less than \$100,000, then fill out this report and fax it to the Grants Assistant by May 31, 2011. FAX: (416) 326-5606

Organization Name: _____

Organization contact, if the Ministry requires clarification: _____

Name: _____

Telephone #: _____

REVENUE	
MTCU 2010/2011 Project Funding	\$
Interest Earned on MTCU Funding	\$
Total Revenue (A)	\$
EXPENDITURE	
2010/2011 Expenditure (B)	\$
Unspent Funding approved by MTCU to be reallocated to 2011/2012(C) (Please attach documentation of Ministry's approval)	\$
Unspent funding to be returned to the Ministry (D=A-B-C)	\$

I verify that the above financial information is correct and that:

- MTCU funding has been solely applied to costs directly related to the Project;
- funding and/or expenditures from other sources have not been included in the Report;
- MTCU reported expenditure is net of GST/HST rebates;
- interest earned on MTCU funding has been credited to the Project;
- administrative fees do not exceed 15% of the Project allocation or the Ministry-approved amount.

Comments: _____

Ministry approval for project extension is enclosed.

Signature of Organization Signing Authority

Date

Name:

Title:

APPENDIX IV - AUDITED

AUDITED STATEMENT OF REVENUE AND EXPENDITURE
PROJECT FUNDING
WORKPLACE AND COMMUNITY WORKFORCE LITERACY & ESSENTIAL SKILLS PROJECT
FOR THE YEAR ENDED MARCH 31, 2011

Please attach this Report to the Auditor's Report prepared by your external auditor and send it to the Grant Assistant.

Organization Name : _____

Project Title: _____

Organization contact, if the Ministry requires clarification: _____

Name: _____

Telephone #: _____

REVENUE	
MTCU 2010/2011 Project Funding	\$
Interest Earned on MTCU Funding	\$
Total Revenue (A)	\$

EXPENDITURE	
2010/2011 Expenditure (B)	\$
Unspent Funding approved by MTCU to be reallocated to 2011/2012(C) (Please attach documentation of Ministry's approval)	\$
Unspent funding to be returned to the Ministry (D=A-B-C)	\$

I verify that the above financial information is correct and that:

- MTCU funding has been solely applied to costs directly related to the Project;
- funding and/or expenditures from other sources have not been included in the Report;
- MTCU reported expenditure is net of GST/HST rebates;
- interest earned on MTCU funding has been credited to the Project;
- administrative fees do not exceed 15% of the Project allocation or the Ministry-approved amount.

Comments: _____

Ministry approval for project extension is enclosed.

Signature of Organization Signing Authority

Date

Name:

Title: