

**Ministry of Training,
Colleges and Universities**

Service Delivery Branch
33 Bloor Street East
2nd Floor
Toronto ON M7A 2S3

**Ministère de la Formation
et des Collèges et Universités**

Direction de la prestation des services
33, rue Bloor Est,
2^e étage
Toronto ON M7A 2S3



TO: ES Service Providers

FROM: Ministry of Training, Colleges and Universities

DATE: June 10, 2011

SUBJECT: 2010-2011 Statement of Revenue and Expenditure Report and Auditor's Report Submission and Final Entitlement

OBJECTIVE

The purpose of this bulletin is to provide your organization with information regarding the submission process for the Statement of Revenue and Expenditure Report and Audit Report, as well as the process that will be used to determine your organization's final entitlement for the 2010-2011 fiscal year under your ES agreement.

ABOUT THE STATEMENT OF REVENUE AND EXPENDITURE REPORT AND THE AUDITOR'S REPORT

The Ministry requires a separate Statement of Revenue and Expenditure Report for each funded service delivery site for each fiscal year, as set out in Schedule B of your organization's ES agreement.

Through the Statement of Revenue and Expenditure Report your organization will provide the Ministry with details to support the 2010-2011 final financial entitlement, under the ES agreement. Specifically, your organization will verify through the Statement of Revenue and Expenditure Report that:

- ES funding has been solely applied to costs directly related to ES;
- Funding and/or expenditures from other sources have not been included in the Report;
- ES reported expenditures are net of tax rebates, credits and refunds referred to in Section 4.9 of your ES agreement;
- Shared costs have been properly apportioned to ES using Project Accounting principles as set out in the Audit and Accountability Requirements (Definition 3);
- Interest earned on ES funding has been credited to ES;
- Funds earned on the disposition of assets have been credited to ES and maintained in an interest-bearing bank account;
- ES funds that were provided prior to the immediate need for them were maintained in an interest-bearing bank account.

If your ES funding (as set out in Article 1.2 of your agreement) is \$100,000 or more, your organization will also be required to have the Statement of Revenue and Expenditure Report for each of your service delivery sites audited by an external auditor in accordance with Canadian generally accepted auditing standards. For more information on generally accepted auditing standards, please speak to your auditor.

The purpose of the Auditor's Report is to obtain reasonable assurance as to whether the details provided in the Statement of Revenue and Expenditure Report are free of material misstatement. Through the Auditor's Report your auditor will provide an opinion on the Statement of Revenue and Expenditure Report(s) which should verify, at a minimum, that your organization has maintained proper and distinct accounts and records for ES program funds/expenditures by each budget line (for example, Operating Funds, Employment and Training Incentives for Employers, Other Funding 1: One-Time Transition Requests, etc.).

Your organization may wish to provide your auditor with a copy of the ES Audit and Accountability Requirements for Service Providers to provide them with instructions as to the Ministry's requirements in the preparation of the Auditor's Report.

Please note that if your organization provides additional details or corrections to your Statement of Revenue and Expenditure Report(s) after it has been audited or submitted, your organization's external auditor must verify any revisions in writing. The Ministry cannot accept any unaudited information that your organization may provide in support of your Statement of Revenue and Expenditure Report(s).

DUE DATE FOR THE STATEMENT OF REVENUE AND EXPENDITURE REPORT AND AUDITOR'S REPORT

The submission of a Statement of Revenue and Expenditure Report per funded service delivery site, and accompanying Auditor's Report (if applicable), is a contractual obligation. Therefore, the Ministry expects the due dates for the submission to be met as outlined in the ES Audit and Accountability Requirements for Service Providers.

The deadline for the submission of the Statement of Revenue and Expenditure Report, and accompanying Auditor's Report (if applicable), is Thursday, June 30, 2011.

SUBMISSION PROCESS

In late May 2011, updated Audit and Accountability Requirements for Service Providers will be posted to the EOPG, with a new electronic template for the Statement of Revenue and Expenditure Report.

Your organization is required to submit a completed Statement of Revenue and Expenditure Report(s), and accompanying Auditor's Report (if applicable) to the Ministry, as per the report.

RECONCILIATION PROCESS

Upon receipt of your organization's Statement of Revenue and Expenditure Report(s), the Ministry will conduct a reconciliation of funds which have been allocated and expended in 2010-2011 to determine the final annual financial entitlement for each service delivery site. As per Article 15.1(b) of your ES agreement, the Ministry may adjust monthly payment(s) scheduled for 2011-2012 for your site to reflect unspent funds in 2010-2011.

For example, if your service delivery site's 2010-2011 Operating Funding allocation was \$150,000, and your site's Statement of Revenue and Expenditure Report indicates expenditures of \$145,000 (\$5,000 of Operating Funding was not utilized), the Ministry will adjust the next scheduled monthly payment(s) for that site to reflect the reduction of \$5,000.

*Please note that the Ministry will **not** provide additional funding to any service delivery sites to cover reported over-expenditures in 2010-2011 against ES budget lines.*

Your organization will receive an entitlement report after the analysis of your Statement of Revenue and Expenditure Report(s) to confirm the final entitlement for each of your site(s) in 2010-2011. Your organization will also receive a Monthly Payment Summary report to outline the scheduled monthly payments in 2011-2012 for each of your service delivery sites.