



**MINISTRY OF TRAINING COLLEGES AND
UNIVERSITIES**

**APPRENTICESHIP ENHANCEMENT FUND (AEF)
AUDIT AND ACCOUNTABILITY REQUIREMENTS FOR RECIPIENTS**

2015-2016

**Please note: The Statement of Revenue and Expenditure Report
is also available in Excel format and posted to the
Employment Ontario Partners Gateway (EOPG) website www.eopg.ca**

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2015-2016**

Table of Contents

	<u>Page</u>
Definitions	3
Funding Categories	3
Financial Considerations	
a) Funds	4
b) Interest Earned	4
c) Bank Account	4
d) Disposition of Assets	4
e) Deficits	4
f) Reporting Ministry program expenditures net of tax rebates	5
Monitoring	5
Reports Required and Due Dates.....	6
Statement of Revenue and Expenditure Report	8
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Auditor's Report	9

**APPRENTICESHIP ENHANCEMENT FUND
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DEFINITIONS

1. Agreement

The Agreement means the agreement between the Ministry and the Recipient to acquire state-of-the-art equipment, update facilities, and support increased apprenticeship placements and completions. The AEF Audit and Accountability Requirements for Recipients form part of the Agreement.

2. Capital Assets

For the purpose of this program, capital assets (tangible and intangible), are identifiable assets that meet all of the following criteria:

- Are held for use in the provision of services, for administrative purposes, for production of goods or for the maintenance, repair, development or construction of other capital assets;
- Have been acquired, constructed or developed with the intention of being used on a continuing basis;
- Are not intended for sale in the ordinary course of operations; and
- Are not held as part of a collection.

Tangible capital assets include land, buildings and equipment.

Intangible capital assets are identifiable non-monetary assets without physical substance.

3. Project Accounting

The Recipient may receive funding from multiple sources. For the purpose of this definition, each source of funding would be considered a Project. Project Accounting connects Recipient funding with Project activities to effectively track the financial progress of projects. Where a Recipient has multiple projects, all costs must be allocated to specific projects. These costs must then be reconciled with the sources of funding, ensuring accurate accounting.

FUNDING CATEGORIES

Equipment Costs include:

- replacement of existing equipment to meet industry standards and support growth in apprenticeship enrolment and completions;
- purchase of new equipment to support apprenticeship training capacity growth;
- purchase of new equipment resulting in apprenticeship program delivery efficiencies, i.e., affecting more than one training program;
- purchase of new equipment to remove accessibility barriers to apprentices with disabilities; and
- purchase of new equipment that supports apprenticeship training in the green energy sector and high demand trades.

Facility Improvement Costs include:

- alterations and renovations to existing facilities, including mobile apprenticeship training units used for hands-on apprenticeship training purposes to improve the condition and efficiency of apprenticeship instruction;
- alterations and renovations to existing facilities to support growth in apprenticeship enrolment and completions
- improvements that support apprenticeship training in the green energy sector and high demand trades; and
- improvements to remove accessibility barriers to apprentices with disabilities.

FINANCIAL CONSIDERATIONS

a) Funds (to be paid as per Schedule “ B” of the Agreement)

Recipients have discretion over the use of their Funds within the following parameters:

- In situations of co-location of AEF with other programs and services, AEF funds must only be used to cover costs directly related to the delivery of AEF; this must be managed by applying Project Accounting principles;
- The Recipient may move Funds between sites and cost categories provided the Project is carried out in accordance with Schedule “E” of the Agreement;
- The Recipient shall not use Funds for unapproved activities;
- The use of Funds to support unapproved expenditures may result in the cancellation of the Project and recovery of funding;
- Funds cannot be used to purchase land or buildings;
- The Recipient **should not anticipate** additional funds, although the Recipient should discuss any issues with the Ministry.

b) Interest Earned

The Recipient must place the Funds in an interest bearing account which earns interest on the entire balance of Funds in the account. Interest earned on the Funds must be identified in the Progress Report #1 and the Statement of Revenue and Expenditure Report. Interest earned, including deemed interest, and any unspent Funds will be recovered pursuant to section 4.7 and Article 15 of the Agreement, respectively.

If the Recipient fails to identify interest earned in the Progress Report #1 and the Statement of Revenue and Expenditure Report, then the following applies:

- i) the Ministry must deem an amount of interest earned based on the average of unspent Funds reported on the Progress Report #1 and the Statement of Revenue and Expenditure Report using the current interest rate charged by the Province of Ontario on accounts receivable. This deemed amount for interest must be considered revenue of the Recipient for the purposes of the Progress Report #1 and the Statement of Revenue and Expenditure Report; and
- ii) such failure will be considered an Event of Default in accordance with section 14.1 of the Agreement.

c) Bank Account

Although maintaining a separate bank account for Ministry funding is not a requirement under the Agreement, it is a strongly recommended practice.

d) Disposition of Assets

The Recipient **must** obtain the Ministry's prior written approval to sell, lease or otherwise dispose of an asset purchased with the Funds, if the cost exceeded **\$1,000** at time of purchase, in accordance with section 5.2 of the Agreement.

Any Funds earned on the disposition of assets must be reported on the Statement of Revenue and Expenditure Report and any other reports specified by the Ministry.

e) Deficits

Recipients are accountable for managing their funding and required to remain within their approved Maximum Funds (per Schedule 'B') of the Agreement. Recipients must request prior written approval from the Ministry for an anticipated over-expenditure. Each request will be individually evaluated. Recipients must enclose copies of overspending approval documents from the Ministry with their financial reports. This will help reduce any delays in finalizing the Ministry's annual Reconciliation Report.

f) Reporting Ministry program expenditures net of Tax rebates:

SAMPLE

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

Monitoring

Monitoring, under the Agreement, will be a collaborative effort between Ministry staff and Recipients. Some of the activities that can be expected during the life cycle of an Agreement include:

- Activity and financial reporting;
- On-site compliance and evaluation visits;
- Discussions via telephone; and
- Correspondence by mail or e-mail.

Reports Required and Due Dates

Without the signature of a Recipient's legal signing authority, reports will be considered incomplete. Payments will be delayed if complete reports are not received by identified due dates.

STATEMENT OF REVENUE AND EXPENDITURE REPORT (SRER)	DUE DATE
2015-2016 Fiscal Year- use Appendix I	June 30, 2016

This Report must be a consolidation of the detailed costs (for all campus/site locations) as submitted in the Final Project Report in accordance with Schedule 'D' of the Agreement.

Please use **Appendix I** to prepare the Report. Recipients are not required to submit their organizational audited financial statements to the Ministry. The Statement of Revenue and Expenditure Report is used as the basis for the annual reconciliation of Funds.

The Ministry requires Recipient sign-off on the Statement of Revenue and Expenditure Report to verify that:

- Project funding has been solely applied to costs directly related to the Project;
- Project funding received in prior years for the same project has not been included;
- Funding and or expenditures from other sources have not been included in the Report;
- Project reported expenditures are net of tax rebates, credits and refunds referred to in section 4.9 of the Agreement;
- Shared costs have been properly apportioned to the Project using Project Accounting principles;
- Interest earned on Project funding has been credited to the Project;
- Funds earned on the disposition of assets have been credited to the Project and maintained in an interest-bearing bank account; and
- Project funds that were provided prior to the immediate need for them were maintained in an interest-bearing bank account.

AUDITOR'S REPORT	DUE DATE
2015-2016 Fiscal Year- use Appendix II	June 30, 2016

An Auditor's Report is required when the Recipient's Funds (set out in section 1.2 of the Agreement) total \$100,000 or more. The Statement of Revenue and Expenditure Report must be audited by an external auditor in accordance with Canadian generally accepted auditing standards.

The auditor should verify, at a minimum, that proper and distinct accounts and records are maintained for program funds/expenditures by each budget line. The Auditor's Report must include an opinion on the Statement of Revenue and Expenditure Report.

Appendix II provides a Sample Auditor's Report that meets the Ministry's requirements). Recipients should instruct their auditor to prepare the Auditor's Report according to Ministry requirements.

IMPORTANT NOTE: If additional details or corrections are necessary on a Recipient's Statement of Revenue and Expenditure Report, the Recipient's external auditor must verify any revisions in writing. The Ministry cannot accept unaudited information provided by a Recipient in support of their Statement of Revenue and Expenditure Report.

**APPENDIX I
STATEMENT OF REVENUE AND EXPENDITURE REPORT
APPRENTICESHIP ENHANCEMENT FUND (AEF)**

This Report must be prepared in accordance with Schedule 'B' of the Agreement.
This Report is a consolidation of the detailed costs as submitted in the
Final Project Report in accordance with Schedule "D" of the Agreement.

Please submit this Report to the Ministry in accordance with Article 18 of the AEF Agreement. If applicable, please attach this Report to the Auditor's Report prepared by your external auditor.

Due Date: June 30, 2016

Recipient Name:
Contact, if the Ministry requires clarification:
Name:
Telephone #:

AEF REVENUE	
Ministry Funding Received to Date	\$
Interest Earned on Ministry funding	\$
Funds received from the disposition of assets as per section 5.2 of the Agreement	\$
Total AEF Revenue:	\$

AEF EXPENDITURE	
Equipment Costs	\$
Facility Improvement Costs	\$
Total AEF Expenditure:	\$

I verify that the above financial information is true and accurate and that:

- Project 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 above Report;
- Project reported expenditure is net of tax rebates, credits and refunds referred to in section 4.9 of the Agreement;
- Shared costs have been properly apportioned to the Project using project accounting principles;
- Interest earned on Project funding has been credited to the Project;
- Funds earned on the disposition of assets have been credited to the Project and were maintained in an interest-bearing bank account;
- Project funds that were provided prior to the immediate need for them were maintained in an interest-bearing bank account.

COMMENTS:

The Ministry has provided prior written approval for the over expenditure and related documentation from the Ministry is attached.

I certify that the information is true and correct to the best of my knowledge and claimed in accordance with the AEF Agreement.

Signature of Recipient Authorized Signing Officer _____

Date _____

Name:

Title:

I have authority to bind the Recipient.

APPENDIX II

Sample Auditor's Report (Includes all Campus/Site Locations)

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

At the request of the **(Name of Recipient)**, we have audited the Apprenticeship Enhancement Fund (AEF) Statement of Revenue and Expenditure Report of the **(Name of Recipient)** for the year ended March 31, 2016 prepared in accordance with the Ministry of Training, Colleges and Universities' Apprenticeship Enhancement Fund (AEF) Audit and Accountability Requirements for Colleges of Applied Arts and Technology (CAATs) and Non-College Training Delivery Agents (TDAs) for 2015-2016. This financial information is the responsibility of the **(Name of Recipient)** management. Our responsibility is to express an opinion on this financial information 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 the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial information.

In our opinion, this report presents fairly, in all material respects, the revenue and expenditure of the AEF Program for the year ended March 31, 2016 in accordance with the Ministry of Training, Colleges and Universities' Apprenticeship Enhancement Fund Audit and Accountability Requirements for Colleges of Applied Arts and Technology (CAATs) and Non-College training Delivery Agents (TDAs) for 2015-2016.

Licensed Public Accountant under the Public Accounting Act, 2004

(Date)