

**CO-OP DIPLOMA APPRENTICESHIP PROGRAM**  
**AUDIT AND ACCOUNTABILITY REQUIREMENTS FOR RECIPIENTS**

**April 1, 2014 – March 31, 2015**  
**April 1, 2014 – March 31, 2016**  
**April 1, 2014 – March 31, 2017**

**Date: April 1, 2014**

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# CO-OP DIPLOMA APPRENTICESHIP PROGRAM

## AUDIT AND ACCOUNTABILITY REQUIREMENTS FOR RECIPIENTS

**April 1, 2014 – March 31, 2015**

**April 1, 2014 – March 31, 2016**

**April 1, 2014 – March 31, 2017**

### DEFINITIONS

#### 1. Agreement

The Agreement means the agreement between the Ministry and the Recipient to deliver the Co-op Diploma Apprenticeship Program (CODA) Project. The CODA 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. Multi-Agreement Holder (MAH):

A multi-agreement holder is a Recipient that has two or more agreements with the Ministry within a single region or across more than one region.

#### 4. 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

### **Start-Up Funds (Not to exceed \$25,000)**

This amount is only provided if the Recipient will be carrying out the Project, under the CODA Program, for the first time.

This amount must be reconciled on year-end reporting.

### **Marketing and Promotion Funds (Not to exceed \$15,000)**

This amount must be reconciled on year-end reporting.

### **In-Class Training Funds**

As applicable, payment is calculated at \$3,500 per confirmed Participant per semester for 4 semesters or payment is calculated at \$4,666 per confirmed Participant per semester for 3 semesters.

### **On-the-job Placement and Monitoring Funds**

Payment is calculated at \$500 per Participant who is successfully placed in a paid work placement. This is funded only once per Intake.

**Funds** cannot be used for termination and severance costs.

## **FINANCIAL CONSIDERATIONS** (as per the CODA Guidelines)

### **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 the Project with other programs and services, Project funds must only be used to cover costs directly related to the delivery of the Project; this must be managed by applying Project Accounting principles;
- Funds cannot be used for major capital expenditures, such as the purchase or construction of facilities, without prior Ministry approval.
- The Recipient must obtain prior written approval from the Ministry to shift funds between funded sites or communities;
- The Recipient must not shift funds between budget lines (Schedule B) unless it obtains the prior written consent of the Ministry; and
- 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 Statement of Revenue and Expenditure Report(s). 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 Statement of Revenue and Expenditure Report(s), then the following applies:

- i) the Ministry must deem an amount of interest earned based on the average of unspent Funds reported on 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 Statement of Revenue and Expenditure Report(s); 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) Capital Assets**

Recipients are not required to report capital asset expenditures to the Ministry. However, the Recipient must maintain a separate record of capital asset expenditures for audit purposes in accordance with Article 7.2 of the Agreement.

**e) 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.

**f) Deficits**

Recipients are accountable for managing their funding and required to remain within their approved funded site allocations (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.

**g) 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:		<u>\$102.60</u>

**Monitoring**

Monitoring, under the Agreement, will be a collaborative effort between Ministry staff and Recipients. Its aim is to support the CODA Program's practice of continuous improvement.

Some of the activities that can be expected during the life cycle of an Agreement include:

- o Activity and financial reporting;
- o On-site compliance and evaluation visits;
- o Discussions via telephone; and
- o 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(S)
2014-2015 Fiscal Year	June 12, 2015
2015-2016 Fiscal Year	June 10, 2016
2016-2017 Fiscal Year	June 12, 2017

The Ministry requires a separate Statement of Revenue and Expenditure Report **for each funded site set out in Schedule ‘B’ of the Agreement.** 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 Ministry’s annual Reconciliation Report.

The Statement of Revenue and Expenditure Report is available on the EOPG.

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;
- 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;
- 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(S)
2014-2015 Fiscal Year	June 12, 2015
2015-2016 Fiscal Year	June 10, 2016
2016-2017 Fiscal Year	June 12, 2017

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.

A sample Auditor's Report that meets the Ministry's requirements is available on the EOPG/from the Ministry. 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.



**STATEMENT OF REVENUE AND EXPENDITURE REPORT**

**CO-OP DIPLOMA APPRENTICESHIP PROGRAM**

**April 1, 2014 – March 31, 2015**

**April 1, 2015 – March 31, 2016**

**April 1, 2016 – March 31, 2017**

THIS REPORT MUST BE PREPARED FOR EACH FUNDED SITE SET OUT IN SCHEDULE 'B'

Please scan and e-mail, fax, or mail a signed copy to the Ministry in accordance with Article 18 of the Agreement.

STATEMENT OF REVENUE AND EXPENDITURE REPORT (SRER)	DUE DATE(S)
2014-2015 Fiscal Year	June 12, 2015
2015-2016 Fiscal Year	June 10, 2016
2016-2017 Fiscal Year	June 15, 2017

FOR THE YEAR ENDED March 31, \_\_\_\_\_

College Name: \_\_\_\_\_ Date: \_\_\_\_\_

Contract Number: \_\_\_\_\_ Trade: \_\_\_\_\_

College Contact if the Ministry Requires  
clarification: \_\_\_\_\_ Telephone #: \_\_\_\_\_

PROJECT REVENUE	
Ministry Funding	\$
Interest Earned on Ministry funding	\$
Funds received from the disposition of assets as per section 5.2 of the Agreement	\$
<b>TOTAL REVENUE</b>	<b>\$</b>

**Chart to calculate In-Class Training Funds and On-the-job Placement and Monitoring Funds**

Interim Report	Intake #__			Intake #__			(g) Total (c+f)
	(a) Actual #	(b) Rate**	(c) Sub-total (a*b)	(d) Actual # participants*	(e) Rate**	(f) Sub-total (d*e)	
1			\$			\$	\$
2			\$			\$	\$
3			\$			\$	\$
4			\$			\$	\$
5			\$			\$	\$
6***			\$			\$	\$
<b>TOTAL REVENUE: \$</b>							

\* Please state the number of actual participants as reported in the corresponding interim report.

\*\* Please refer to the payment schedule in Schedule C of the operating agreement for the rate per participant.

\*\*\* Please add more rows as required.

<b>PROJECT EXPENDITURE</b>	
Start-up Funds	\$
Marketing and Promotion Funds	\$
In-Class Training Funds	\$
On-the-job Placement and Monitoring Funds	\$
<b>Total CODA Expenditure:</b>	<b>\$</b>

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 CODA legal agreement and that I have the authority to bind the Recipient.

\_\_\_\_\_  
Name and Title of Authorized Signing Officer

\_\_\_\_\_  
Signature of Authorized Signing Officer

\_\_\_\_\_  
Date

## Sample Auditor's Report

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

At the request of the **(insert Recipient name)**, we have audited the Co-op Diploma Apprenticeship Program (CODA) Statement of Revenue and Expenditure Report of the **(insert Recipient name)** for the year ended **March 31, \_\_\_\_\_ (insert year e.g. 2015/2016/2017)** prepared in accordance with the Ministry of Training, Colleges and Universities' Co-op Diploma Apprenticeship Program Audit and Accountability Requirements for Recipients for Recipients for \_\_\_\_\_ **(insert fiscal year e.g. 2014-2015)**. This financial information is the responsibility of the **(insert Recipient name)** 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 comply with ethical requirements and 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 appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 Project for the year ended **March 31, \_\_\_\_\_ (insert year)** in accordance with the Ministry of Training, Colleges and Universities' Co-op Diploma Apprenticeship Program Audit and Accountability Requirements for Recipients \_\_\_\_\_ **(insert fiscal year)**.

Licensed Public Accountant under the Public Accounting Act, 2004

(Date)