

**MEMORANDUM TO:** ES Service Providers

**FROM:** Director

**DATE:** December 23, 2011

**SUBJECT:** **Updated 2011-2012 Employment Service (ES) Audit and Accountability Requirements**

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**OBJECTIVE:**

The purpose of this bulletin is to provide your organization with information about updates that the Ministry is making to the 2011-2012 ES Audit and Accountability Requirements and which are effective immediately.

**BACKGROUND:**

The ES Audit and Accountability Requirements for Service Providers establish the requirements for governance and controllership practices to achieve financial accountability for ES delivery by your organization. The Audit and Accountability Requirements form part of your legal ES agreement with the Ministry, through the incorporation of the required financial reports in the Schedule D of the agreement.

The ES Audit and Accountability Requirements for Service Providers:

1. Outlines the Ministry's financial reporting requirements, including:
  - Appendix I – Estimate of Expenditure Report
  - Appendix II – Transition Funding Estimate of Expenditure Report
  - Appendix III – Statement of Revenue and Expenditure Report, and
  - Appendix IV – Sample Auditor's Report
2. Provide instructions for reporting on:
  - Interest earned
  - Deficits
  - Tax rebates
3. Provide details regarding:
  - Funding categories
  - Financial considerations
  - Reporting

The Ministry has made updates to the Audit and Accountability Requirements in two areas:

- Clarification of the definition of interest earned
- New/clarification of due dates and fillable PDF templates for Estimate of Expenditure and Transition Funding Estimate of Expenditure reports

## **INTEREST EARNED**

The Interest Earned section has been revised to clarify the Ministry's definition of an "interest bearing bank account." If the Ministry provides funding for your service delivery site ahead of immediate need, your organization is required to place the funds in an interest bearing account, which earns interest on the *entire balance of funds in the account*.

If your organization fails to identify interest earned the Ministry shall deem an amount of interest earned based on the average of unspent Funds reported on the Estimate of Expenditure Report(s) and or 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 shall be considered revenue for your organization for the purposes of the Estimate of Expenditure Report(s) and the Statement of Revenue and Expenditure Report.

## **ESTIMATE OF EXPENDITURE REPORT AND TRANSITION FUNDING ESTIMATE OF EXPENDITURE REPORT**

Your organization should be aware that the Ministry has moved up the reporting due date for the Estimate of Expenditure Report (Appendix I) and the Transition Funding Estimate of Expenditure Report (Appendix II) from February 10, 2012 to January 13, 2012. This will enable the Ministry to better assess and/or adjust any remaining monthly payments based on the expenditure to date and the projection of expenditure to fiscal year end provided by your organization through these reports.

New fillable PDF templates for both of these reports will also be made available on the EOPG shortly.

Your organization should also be aware that the submission of Appendix II (Transition Funding Estimate of Expenditure Report) is only required if your organization received Pre-Determined Transition Funding in the 2011-12 fiscal year.

## **NEXT STEPS:**

If you should require further information please feel free to contact your Employment Training Consultant (ETC).