

LOCAL BOARDS
AUDIT AND ACCOUNTABILITY REQUIREMENTS FOR RECIPIENTS
2014-2015

Date: January 13, 2014

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LOCAL BOARDS

AUDIT AND ACCOUNTABILITY REQUIREMENTS FOR RECIPIENTS 2014-2015

DEFINITIONS

1. Agreement

The Agreement means the agreement between the Ministry and the Recipient to deliver the Local Boards Project (LB). The Local Boards 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

Operating Budget

Operating Funds are for the direct delivery of all of the components of the Project contracted with the Ministry. Costs related to the provision of the Project that would be considered part of a Recipient's day-to-day operations include, but are not limited to:

- Staff and management salaries;
- Hiring and training of staff (including professional development);
- Marketing (signage, paper/web ads, outreach, etc.);
- Facilities (rent); and
- Other direct operating expenditures related to the delivery of the Project.

Capital costs are to be applied in the year incurred.

Operating funds cannot be used for termination and severance costs.

Special Project Fund (SPF)

The Special Project Fund invests in projects that support the entire Local Board network. There are three existing projects that are eligible for the Special Project Fund, all with a Provincial scope.

Field Support

Field Support is funds that may be provided through a formal in-year request to support Local Board Recipients with one-time exceptional expenditures, not normally included as part of ongoing operations.

Requests will be reviewed on a case by case basis and approved at the sole discretion of the Ministry. Purchases related to Field Support cannot be made without prior written approval from the Ministry.

FINANCIAL CONSIDERATIONS (as per the Local Boards Operating and Reporting Requirements)

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:

- Operating funds are allocated against an identified activity;
- In situations of co-location of the LB Project with other programs and services, Project funds must only be used to cover costs directly related to the delivery of the LB Project; this must be managed by applying Project Accounting principles;
- Operating funds cannot be used for major capital expenditures, such as the purchase or construction of facilities. With Ministry approval, operating funds can be used for renovations for new or existing facilities. Purchase of equipment and furniture directly related to the effective delivery of the contracted program is allowable;
- The Recipient must not transfer funds between budget categories (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 Estimate of Expenditure Reports 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 Estimate of Expenditure Report(s) 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 Estimate of Expenditure Report(s) 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 Estimate of Expenditure Report(s) 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) Capital Assets

Recipients **are** 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 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 Local Board Program's practice of continuous improvement. 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.

Estimate of Expenditure Report (EER)		
Fiscal Year	Period	Due Date
2014-2015	1 – April 1, 2014 to June 30, 2014	July 14, 2014
	2 – April 1, 2014 to August 31, 2014	September 12, 2014
	3 – April 1, 2014 to September 30, 2014	October 14, 2014
	4 – April 1, 2014 to November 30, 2014	December 12, 2014
	5 – April 1, 2014 to December 31, 2014	January 14, 2015
	6 – April 1, 2014 to March 31, 2015	April 7, 2015

The Ministry requires a separate Estimate of Expenditure Report **per Schedule B of the Agreement**. This Report must identify the approximate total expenditure for the defined period for each site using the best information available at the time, as well as the forecast of expenditures at March 31 of each year of the Agreement.

The Estimate of Expenditure Report will be supplied to the Recipient by the Ministry.

Payments may be adjusted based on each Estimate of Expenditure Report.

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

The Ministry requires a separate Statement of Revenue and Expenditure Report **per Schedule B of the Agreement**. 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 will be supplied to the Recipient by the Ministry.

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

- LB Project funding has been solely applied to costs directly related to the LB Project;
- LB 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;
- LB 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 LB Project using Project Accounting principles;
- Interest earned on LB Project funding has been credited to the LB Project;
- Funds earned on the disposition of assets have been credited to the LB Project and maintained in and interest-bearing bank account;
- LB 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

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 category. 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. 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.

**ESTIMATE OF EXPENDITURE REPORT
LOCAL BOARDS
2014-2015**

THIS REPORT MUST BE PREPARED PER SCHEDULE 'B'

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

Due Dates:

Estimate of Expenditure Report (EER)		
Fiscal Year	Period	Due Date
2014-2015	1 – April 1, 2014 to June 30, 2014	July 14, 2014
	2 – April 1, 2014 to August 31, 2014	September 12, 2014
	3 – April 1, 2014 to September 30, 2014	October 14, 2014
	4 – April 1, 2014 to November 30, 2014	December 12, 2014
	5 – April 1, 2014 to December 31, 2014	January 14, 2015
	6 – April 1, 2014 to March 31, 2015	April 7, 2015

Recipient Name:

Address:

Contact, if the Ministry requires clarification:

Name:

Telephone #:

2014-2015 Fiscal Year	(A) Total Allocation	(B) Funds Received To Date	(C) Expenditure To Date	(D) Variance (D=B-C)	(E) Forecast of Total Expenditure at March 31, 2015
OPERATING BUDGET	\$	\$	\$	\$	\$
SPECIAL PROJECT FUND (SPF)	\$	\$	\$	\$	\$
FIELD SUPPORT	\$	\$	\$	\$	\$
Total:	\$	\$	\$	\$	\$

Total Interest Earned To Date: \$

Rationale for Variance/Forecast:

<p>I certify that the information is true and correct to the best of my knowledge and claimed in accordance with the Local Boards legal agreement and that I have the authority to bind the Recipient.</p> <p>_____</p> <p>Name and Title of Authorized Signing Officer</p> <p>_____</p> <p>Signature of Authorized Signing Officer</p> <p>_____</p> <p>Date</p>
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**STATEMENT OF REVENUE AND EXPENDITURE REPORT
LOCAL BOARDS
2014-2015**

THIS REPORT MUST BE PREPARED PER SCHEDULE 'B'

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

Due Date: June 13, 2015 (Reporting Period: April 1, 2014 – March 31, 2015)

Recipient Name:

Address:

Contact, if the Ministry requires clarification:

Name:

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	\$
Total Revenue:	\$

PROJECT EXPENDITURE	
OPERATING BUDGET	\$
SPECIAL PROJECT FUND (SPF)	\$
FIELD SUPPORT	\$
Total Expenditure:	\$

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

- LB Project funding has been solely applied to costs directly related to the LB 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 above Report;
- LB 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 LB Project using project accounting principles;
- Interest earned on LB Project funding has been credited to the LB Project;
- Funds earned on the disposition of assets have been credited to the LB Project and were maintained in an interest-bearing bank account;
- LB Project funds that were provided prior to the immediate need for them were maintained in an interest-bearing bank account.

COMMENTS:

I certify that the information is true and correct to the best of my knowledge and claimed in accordance with the Local Boards 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

LOCAL BOARDS

2014-2015

Auditor's Report

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

At the request of the Local Boards, we have audited the Local Boards Statement of Revenue and Expenditure Report of the Local Boards for the year ended **March 31, 2015** prepared in accordance with the Ministry of Training, Colleges and Universities' Local Boards Audit and Accountability Requirements for Recipients for **2014-2015**. This financial information is the responsibility of the Local Boards' 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, 2015** in accordance with the Ministry of Training, Colleges and Universities' Local Boards Audit and Accountability Requirements for Recipients for **2014-2015**.

Licensed Public Accountant under the Public Accounting Act, 2004

(Date)