

**ONTARIO YOUTH APPRENTICESHIP PROGRAM  
AUDIT AND ACCOUNTABILITY REQUIREMENTS**

**FOR SEPTEMBER 1, 2017 TO AUGUST 31, 2018**

**Note to Auditors and other readers: Schedule “H”, the Audit and Accountability Requirements, must be read in conjunction with the Agreement and its other Schedules.**

**1. Definitions**

In this Schedule, the following terms have the following meanings:

- a. **“Capital Assets”** means capital assets (tangible and intangible), are identifiable assets that meet all of the following criteria:
- i. 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;
  - ii. have been acquired, constructed or developed with the intention of being used on a continuing basis;
  - iii. are not intended for sale in the ordinary course of operations; and
  - iv. 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.

- b. **“Multi-agreement holder”** means a Recipient that has two or more agreements with the Province within a single region or across more than one region.
- c. **“Project Accounting”** means that, where a Recipient has multiple projects, all costs will be allocated to a specific Project. These costs will then be reconciled with the sources of funding, ensuring accurate accounting. The Recipient may receive funding from multiple sources. For the purpose of Audit and Accountability Requirements, each Project has a separate source of funding. Project Accounting connects Recipient funding with Project activities to effectively track the financial progress of a Project.

## 2. Funding Categories

### a. Administration Costs

Administration Costs include:

- i. Office supplies, stationery, printing, telephone, postage costs and travel costs associated with managing the Project and in general administrative operation of the Project.
- ii. Staff travel costs within Ontario, where the expenditure represents a reimbursement of actual travel expenses incurred in conducting business related to delivery of OYAP, including food and accommodation.
- iii. Costs incurred in the completion of an external audit of program expenditures.

Notes: Administration Costs allocated to the Project shall not exceed 15% of the Funds.

### b. Salaries/Wages/Benefits Costs (OYAP Coordinator and Administrative Support)

Salaries/Wages/Benefits Costs include:

- i. Funds for a Full-time OYAP Coordinator

Full-time means the person is classified as a full-time employee of the District School Board. Recipients that attribute 100% of the person's salary and benefits to OYAP must ensure that roles and responsibilities are 100% related to delivery of OYAP; or

- ii. Funds for a Part-time OYAP Coordinator

Part-time means the person is classified as a part-time employee of the District School Board. Recipients must ensure that the percentage of the person's salary and benefits attributed to OYAP reflect the percentage of time the person spends on delivery of OYAP; or

- iii. Funds for a Current Full-time DSB Employee to be responsible for OYAP

District School Boards (DSB)s may add responsibility for coordinating OYAP to an existing full-time DSB employee. Recipients must indicate in the financial plan/report the percentage of the person's salary and benefits attributed to OYAP (i.e. paid for through the OYAP budget).

Funds may not be used to offset salary costs related to other programs/roles (e.g. SHSM, SCWI, Co-op); and

#### Administrative Support

Specify # of days or hours worked, per diem or hourly rate. (Example: 1 staff x days/month x 10 months @ \$120 per day = \$2400.00).

### c. **Communications, Marketing, Special Events Costs**

Communications, Marketing, Special Events costs include:

#### i. Communications/Marketing Costs

All communications and marketing costs associated with the program such as advertising (print, radio, web-based, etc.), information or in-service sessions (e.g. EOIS-APPR training), newsletters, websites, etc.

Note: Costs for promotional merchandise (e.g. pens, mugs, t-shirts, etc.) shall not exceed 3% of the total budget.

#### ii. Special Events (Students & Employers)

Costs related to special events such as student and employer recognition events, skills competitions or demonstrations (e.g. Skills Canada-Ontario), workshops and tours, including travel, accommodation, meals and registration/affiliation fees.

Note: Use of OYAP funding to provide financial awards to students is not permitted.

### d. **Special Project Costs**

District School Board (DSB)s may request up to 15% of their annual allocation, to a maximum of \$20,000, for activities/events that promote trades in which women are historically under-represented and that support female students engaged in those trades in OYAP. See below for a list of trades.

Activities under this project may include:

- i. Promotion of these trades to girls within schools and/or the greater community, including events in which girls have an opportunity to learn

- about these trades and, if possible, meet female journeypersons or apprentices (costs for events include promotion, materials, travel, meals);
- ii. Gender awareness training related to careers, with a focus on the trades, to students, teachers, guidance counselors, parents, and employers who provide placements for OYAP students.

DSBs will report on these outcomes in their interim and final program reports:

- i. Details of activities/events and number of people who attended;
- ii. Number of girls enrolled in OYAP in trades that are historically under-represented by women; and
- iii. 2-3 success stories.

Special project activities must focus on the high demand trades in which women are under-represented, listed below. DSBs may choose to focus on one trade or several.

<b>Trade Code</b>	<b>Trade Name</b>
310S	Automotive Service Technician
450A	Construction Craft Worker
309A	Electrician: Construction and Maintenance
309C	Electrician: Domestic and Rural
403A	General Carpenter
429A	General Machinist
421A	Heavy Duty Equipment Technician
442A	Industrial Electrician
433A	Industrial Mechanic Millwright
306A	Plumber
313A	Refrigeration and Air Conditioning Systems Mechanic
308A	Sheet Metal Worker
310 T	Truck and Coach Technician
456A	Welder

Note: Funding in this category may not be moved to other categories.

**e. Professional Development Costs**

Professional Development Costs include:

- i. Events / Conferences

Costs for events and conferences to provide professional development directly related to OYAP for District School Board staff, teachers and guidance counsellors, including travel and accommodation.

ii. Professional Memberships

Costs for professional memberships/annual dues to associations such as regional OYAP Coordinators' associations.

Note: Professional Development Costs allocated to the Project shall not exceed 10% of the Funds.

f. **Student Support Costs**

Student Support costs include:

i. Safety Equipment

Purchase of safety equipment for OYAP students' use at the work placement site. Equipment must be required by regulation or by the employer where the employer has set additional health and safety standards (e.g. personal protective equipment such as hard hats, safety glasses and safety boots).

ii. Safety Training

Costs for safety training which are directly related to OYAP students' work placements. Training must be related to safety (for the safety of the student at the work placement site).

Note: The purchase/lease of equipment for classroom use or special events is not permitted.

iii. Transportation

OYAP students' transportation to and from the work placement site and/or to and from an MAESD funded Level 1 in-school class where there is a demonstrable need. Recipients must ensure that transportation costs for in-school training are not already funded by the SCWI program.

OYAP students' transportation must be the most affordable means of transportation (i.e. public transit) where possible, and Recipients must reduce costs where possible (e.g. provide one-day public transit tickets instead of monthly passes).

iv. Exemption Test Fees

Any applicable fees levied for writing apprenticeship in-school level Exemption Tests by students.

### 3. Financial Considerations

#### a. Funds

Recipient's use of Funds is also subject to the following limits:

- i. Funds are for the direct delivery of all components of the Project. Costs related to the provision of the Project that would be considered part of a Recipient's day-to-day operations include:
  1. Administration Costs
  2. Salaries/Wages/Benefits Costs
  3. Communications, Marketing, Special Events Costs
  4. Special Project Costs
  5. Professional Development Costs
  6. Student Support Costs
- ii. Funds are allocated against an identified level of activity.
- iii. 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.
- iv. Funds cannot be used for major capital expenditures, such as the purchase or construction of facilities and equipment.
- v. Funds cannot be used to lease space, purchase/lease non-safety equipment, or purchase equipment for classroom use or for use related to special events. Funding cannot be used to purchase safety equipment which is the responsibility of employers to purchase and make available to their employees or apprentices for use at the work site.

- vi. The Recipient may shift funds within a category (as set out in the Statement of Revenue and Expenditures posted on EOPG), but must not transfer funds between categories (as set out in Schedule “D”) unless it obtains the prior written consent of the Province.
- vii. The Recipient should not anticipate additional funds, although the Recipient should discuss any issues with the Province.
- viii. Special Project funding may not be moved to other categories.
- ix. Prior written approval of the Province is required for travel outside Ontario.
- x. Administration Costs recognize costs necessary for operating an organization but not directly associated with the delivery of the Project. For example, a portion of the salaries/benefits of the Executive Director, IT, and/or financial staff who work for the entire organization but may spend a portion of their time dedicated to administrative functions that support the Project.
- xi. Funds cannot be used for termination, severance costs and bonuses.

**b. Interest Earned**

The Agreement sets out the requirements on Interest Earned.

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

- i. The Province will deem interest to have been earned based on the average of unspent Funds reported on the EER and the SRER using the current interest rate charged by the Province of Ontario on accounts receivable. This deemed interest amount will be considered revenue of the Recipient for the purposes of the EER and the SRER; and
- ii. Such failure will be considered an Event of Default in accordance with section 15.1 of the Agreement.

**c. Bank Account**

The Agreement sets out the requirements regarding deposit of the Funds into an interest bearing account in 4.6 of the Agreement.

Although maintaining a separate bank account for Funds received from the Province is not a requirement under the Agreement, it is a strongly recommended practice.

**d. Capital Assets**

The Recipient is not required to report capital asset expenditures to the Province. However, the Recipient will 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 Agreement sets out the requirements on Disposition of Assets.

Any money earned on the disposition of assets will be reported on the SRER (and any other reports specified by the Province) in the period when disposition of the asset occurs.

**f. Deficits**

The Recipient is accountable for managing the Funds and required to remain within its approved site allocations (per Schedule “D” of the Agreement). The Recipient will request prior written approval from the Province for an anticipated over-expenditure. Each request will be individually evaluated. The Recipient will enclose copies of overspending approval documents from the Province with their financial reports (for example, EER or SRER as requested by the Province).

**g. Tax Rebates**

Reporting Province program expenditures net of tax rebates:

The Recipient will report all program expenditures net of any tax rebates or input tax credits.

**h. 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 Recipient spent on goods/services	\$100.00
Amount reported as Province Project expenditure	<u>\$102.60</u>

#### 4. Instructions for Reports Required

Reports are complete if they are signed by a person with authority to bind the Recipient. Payments will be delayed if complete Reports are not received by identified due dates as directed by and in the form required by the Province.

##### a. Estimate of Expenditure Report (EER)

The Recipient will submit to the Province EER as required for **each site as set out in Schedule “D” and in accordance with the instructions set out in Schedule “F”**. The EER will identify the total expenditure for the defined period for each site using the best information available at the time.

The Province will provide the Recipient with a template for the EER on the EOPG. The Recipient will complete the EER as directed by and in the form required by the Province.

The Province may adjust payments based on the EER received during the year.

##### b. Statement of Revenue and Expenditure Report (SRER)

The Recipient will submit to the Province SRER as required for **each site as set out in Schedule “D” and in accordance with the instructions set out in Schedule “F”**. The SRER is used as the basis for the Province’s annual Reconciliation Report.

The Province will provide the Recipient with a template for the SRER. The Recipient will complete the SRER as directed by and in the form required by the Province on the EOPG.

The SRER will verify that:

- i. Funds have been applied to costs directly related to the Project;
- ii. Shared costs have been properly apportioned to the Project using Project Accounting principles;
- iii. Funds received in prior years for a similar project have not been included;

- iv. Funds and expenditures from other sources have not been included in the Report;
- v. Project reported expenditures are net of tax rebates, credits and refunds referred to in section 4.9 of the Agreement;
- vi. Interest earned on Funds has been credited to the Project;
- vii. Money earned on the disposition of assets has been credited to the Project and maintained in an interest-bearing bank account; and
- viii. Funds that were provided prior to the immediate need for them were maintained in an interest-bearing bank account.

**c. Auditor's Report**

The Recipient will obtain an Auditor's Report if the Funds paid by the Province under the Agreement are \$100,000 or more. The audit of the SRER will be conducted 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 will include an opinion on the SRER. The Auditor will attach the SRER reviewed with the Auditor's Report. Upon receipt of the Auditor's Report, the Recipient will submit the full report to the Province as directed by and in the form required by the Province.

A sample Auditor's Report that meets the Province's requirements is set out below.

**Important Note:** If additional details or corrections are necessary on the SRER, the Recipient's external auditor will verify any revisions in writing. The Province cannot accept unaudited information provided by a Recipient in support of their SRER.

**Sample Auditor's Report**  
(Includes all sites)

**Auditor's Report to the Government of Ontario**  
**Ministry of Advanced Education and Skills Development**

At the request of the [Recipient Name], we have audited all of the Ontario Youth Apprenticeship Program Statement of Revenue and Expenditure Report (SRER) of the [Recipient Name] for the term of the Agreement ended [End of Agreement Date].

The SRER was prepared by [Recipient Name] pursuant to the Ministry of Advanced Education and Skills Development's Ontario Youth Apprenticeship Program Audit and Accountability Requirements for [Effective date of the Agreement] to [End of Agreement Date]. This financial information is the responsibility of the [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 [Month, Day, Year] in accordance with the Ministry of Advanced Education and Skills Development's Ontario Youth Apprenticeship Program Audit and Accountability Requirements for [Effective date of the Agreement] to [End of Agreement Date].

I attach a copy of the SRER provided by the [Recipient Name] used in my audit.

Licensed Public Accountant under the *Public Accounting Act, 2004*.

(Name)  
(Title)  
(Date)