

**ONTARIO HUMAN CAPITAL RESEARCH AND INNOVATION FUND (OHCRIF)**

**AUDIT AND ACCOUNTABILITY REQUIREMENTS FOR RECIPIENTS**

**2014-2015**

**OHCRIF  
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2014-2015**

**Table of Contents**

	<b><u>Page</u></b>
<b>Definitions .....</b>	<b>3</b>
<b>Funding Categories .....</b>	<b>3</b>
<b>Financial Considerations</b>	
<b>a) Funds .....</b>	<b>5</b>
<b>b) Interest Earned .....</b>	<b>5</b>
<b>c) Bank Account .....</b>	<b>5</b>
<b>d) Capital Assets .....</b>	<b>5</b>
<b>e) Disposition of Assets .....</b>	<b>5</b>
<b>f) Deficits .....</b>	<b>6</b>
<b>g) Reporting Ministry program expenditures net of tax rebates .....</b>	<b>6</b>
<b>Monitoring .....</b>	<b>6</b>
<b>Enquiries .....</b>	<b>6</b>
<b>Reports Required and Due Dates .....</b>	<b>7</b>
<b>Estimate of Expenditure Report .....</b>	<b>8</b>
<b>Statement of Revenue and Expenditure Report .....</b>	<b>9</b>

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**DEFINITIONS**

**1. Agreement**

The Agreement means the agreement between the Ministry and the Recipient to carry out the OHCRIF Project. The OHCRIF 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**

**Funds**

Funds are for the direct delivery of all of the 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, but are not limited to:

**Personnel Costs** – Salaries and stipends for research assistants and trainees and staff and faculty release time. Personnel Costs include:

- Salaries for research assistants (undergraduate, masters, PhD, postdoctoral and non-student research assistants);
- Stipends for trainees;
- Stipends for post-doctoral fellows;
- Staff release time for non-faculty researchers and researchers at public/non-profit organizations (up to a maximum of \$700 per day); and
- Faculty course release.

**Travel Costs** – Travel costs include:

- Domestic economy class travel for recipients and research assistants for data collection and dissemination;
- Conference expenses, including travel, accommodation and conference fees, may not exceed \$1,000 per person. Total conference expenses cannot exceed 10% of the budget sub-total;
- Economy class travel for domestic travel and accommodation costs that are directly related to and necessary for the research project.

**Equipment and Other Costs** – Equipment costs (i.e. specialized supplies, equipment leases, and software), financial and non-financial incentives for study participants, and other expenses:

- Small equipment (up to \$300 per item) necessary for the project (i.e. hand-held recorders, tablets) and/or specialized software required for the research not normally provided by the researcher's institution; the purchase of items above \$300 must have prior written approval from the Ministry;
- Leasing equipment;
- Paper and stationery for data collection;
- Costs associated with the dissemination of research (i.e. ink cartridges and paper, printing costs of poster presentations);
- Special paper or writing tools required for the research project;
- Financial incentives for study participants;
- Transportation and childcare costs for study participants provided these costs cannot be covered by another program, and are within reasonable limits of the OHCRIF budget guidelines;
- Selected publications to support research analysis; and
- Data purchases.

**Overhead Rate:** OHCRIF funds include an overhead rate of 10% applied to the sub-total of all expenses (personnel, travel and equipment costs).

**Examples of ineligible costs include:**

- Per diems and consulting fees for faculty;
- Computers;
- Costs of alcohol and meals;
- Costs of entertainment, hospitality and gifts;
- Staff awards and recognition;
- Education-related costs such as tuition and course fees, leading up to a degree;
- Costs related to professional training or development, such as computer and language training;
- Costs involved with the preparation of teaching materials;
- Standard monthly connection or rental costs of telephones;
- Connection or installation of lines (telephone or other links) and voice mail;
- Library acquisitions, computer and other information services provided to all members of an institution;
- Commuting costs of recipients and research personnel between their residence and place of employment, or between two places of employment;
- Administrative (or management) charges and fees;
- Compensation-related benefits to recipients of stipends;
- Severance and termination costs.

## 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 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. Purchase of equipment and furniture directly related to the effective delivery of the contracted program is allowable;
- The Recipient shall not transfer funds between budget lines (Schedule E) unless it obtains the prior written consent of the Ministry;
- 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 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 **\$300** 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:		\$102.60

**Monitoring**

Monitoring, under the Agreement, will be a collaborative effort between Ministry staff and Recipients. A key mechanism for ensuring accountability is monitoring agreement activities. MTCU monitors projects to obtain updates on project progress in meeting its objectives and outcomes.

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

- Activity and financial reporting;
- Discussions via telephone; and
- Correspondence by mail or e-mail.

**Enquiries**

Should you have any questions about the OHCRIF funding policies, please contact Lucia Padure, Research Coordinator, Ministry of Training, Colleges and Universities at [OHCRIF@ontario.ca](mailto:OHCRIF@ontario.ca).

All other enquiries related to the Audit and Accountability Requirements should be directed to Helen Cranley, Manager, Labour Market Information and Research Unit, Ministry of Training, Colleges and Universities at [Helen.cranley@ontario.ca](mailto:Helen.cranley@ontario.ca) or 416-212-0419.

**OCHRIF Financial Reporting:**

Please send the original copy of your Estimate of Expenditure Report and Statement of Revenue and Expenditure Report to:

Helen Cranley  
Ministry of Training, Colleges and Universities  
Research and Planning Branch  
Labour Market Information and Research Unit  
Mowat Block, 17rd Floor  
900 Bay Street  
Toronto, Ontario  
M7A 1L2

## 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.

<b>ESTIMATE OF EXPENDITURE REPORT (EER)</b>	<b>DUE DATE(S)</b>
<b>2014-2015 Fiscal Year</b>	<b>60 days <u>prior</u> to the expiry or termination of the Agreement</b>  <b>5 days following the expiry or termination of the Agreement</b>

The Ministry requires a separate Estimate of Expenditure Report. This Report must identify the approximate total expenditure for the defined period 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 is available on the EOPG.

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

<b>STATEMENT OF REVENUE AND EXPENDITURE REPORT (SRER)</b>	<b>DUE DATE(S)</b>
<b>2014-2015 Fiscal Year</b>	<b>60 days following the expiry or termination of the Agreement</b>

The Ministry requires a separate Statement of Revenue and Expenditure. 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.

## ESTIMATE OF EXPENDITURE REPORT OHCRIF

Please send this Report to Helen Cranley, Manager, Ministry of Training, Colleges and Universities, Research and Planning Branch, Labour Market Information and Research Unit, 900 Bay Street East, 17<sup>th</sup> Floor, Mowat Block, Toronto, Ontario, M7A 1L2.

Due Date: For Fiscal Year 2014-2015:  60 days prior to the expiry or termination of the Agreement  
 5 days following the expiry or termination of the Agreement

Recipient Name:
Recipient Number:
Recipient contact, if the Ministry requires clarification:
Name: <span style="float: right;">Telephone #:</span>

	(a) Total Allocation	(b) Funds Received to Date	(c) Expenditure to Date	d = (b-c) Variance	(e) Forecast of Total Expenditure March 31, 2015
<b>Personnel Costs</b>					
<b>Travel Costs</b>					
<b>Equipment and Other Costs</b>					
<b>Sub-total:</b>					
<b>Overhead Rate (10% of sub-total)</b>					
<b>Grand Total:</b>					

Total Interest Earned to date:
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Rationale for variance/forecast:
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<p>I certify that the information is true and correct to the best of my knowledge and claimed in accordance with the OHCRIF 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 OHCRIF

Please send this Report to Helen Cranley, Manager, Ministry of Training, Colleges and Universities, Research and Planning Branch, Labour Market Information and Research Unit, 900 Bay Street East, 17<sup>th</sup> Floor, Mowat Block, Toronto, Ontario, M7A 1L2.

**Due Date:** For Fiscal Year 2014-2015: 60 days following the expiry or termination of the Agreement

Recipient Name:	
Recipient Number:	
Recipient contact, if the Ministry requires clarification:	
Name:	Telephone #:

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

PROJECT EXPENDITURE	
<b>Personnel Costs</b>	
<b>Travel Costs</b>	
<b>Equipment and Other Costs</b>	
<b>Sub-total:</b>	
<b>Overhead Rate (10% of sub-total)</b>	
<b>Grand Total:</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.

<b>COMMENTS:</b>
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- 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 OHCRIF 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