

**Ontario Child Care Service Management Guidelines
Business Practices Guidelines
January 2012**

Questions and Answers

Submissions

Q. What happens if Council has not approved the child care budget prior to the date the submission is required by the ministry?

A. As stated on Schedule D: Reporting Schedule of the service agreement, automatic extensions are granted should the municipal budget not be passed by the submission due date. **This applies to the submission of the signed agreement as well as Estimates.**

Q. Does the policy for late filing apply to the Service Agreement, Estimates, Revised Estimates, and Financial Statements?

A. Yes. This policy applies to all four Ministry **submissions**. If any of these are filed after the filing deadline, regular cash flow will be reduced progressively until the submission is received. This policy is outlined on page 4 of the *Business Practices Guidelines*.

Q. Will the regular cash flow be restored once the CMSM/DSSAB files the submission?

A. Yes. The Ministry will revert back to the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

Q. With respect to salaries and gross expenditures, do we need to include expenditures even if funded from other sources and not fully subsidized by the Ministry?

A. Expenditures identified in the **Estimates** should be for the prescribed child care services included in the Ministry of Education (MEDU) service agreement only. For example, if you have a staff member who is responsible for both special needs and resource centres contracts and programs, the staffing cost related to resource centres should not be included in the **Estimates** as they are not funded by MEDU.

Service Targets

Q. Will a funding recovery be made should the CMSM/DSSAB not meet one of the five contractual service targets by 10 per cent or more?

A. No. The CMSM's/DSSAB's entitlement and cash flow will only be reduced when the CMSM/DSSAB does not meet ALL of the five contractual service targets by 10 per cent or more.

Q. How does a CMSM/DSSAB negotiate service target levels for the following calendar year?

A. As part of the **Revised Estimates**, CMSMs/DSSABs will complete a supplementary schedule forecasting the following year's service target levels. These forecasts will inform the following calendar year's service agreement planning process. **For the 2012 service targets, CMSMs/DSSABs will review proposed service levels with their Child Care Advisor once the**

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2012 funding allocations have been confirmed. The agreed upon service targets will be included in the 2012 agreement.

Variance Reporting

Q. Has the level of variance for which a variance report is required changed?

A. The level of variance at year-end for which a variance report is required has changed. If the year's total adjusted gross expenditure is \$100,000 or greater a variance report is required if the financial or revenue data is \$10,000 or more over or under the target. If the year's total adjusted gross expenditure is less than \$100,000 a variance report is required if the financial or revenue data is 10% or more over or under the target. A variance report is also required if contractual service target data is 10% or more over or under the target. More information on variance reporting can be found on page 7 of the *Business Practices Guidelines*.

Q. What happens if a CMSM/DSSAB has unspent funds that are greater than the amount identified by the Ministry as the maximum that can be realigned to Health and Safety (A375) from ELCD Operating (A661) and/or ELCD 100% fee Subsidy (A663)?

A. There is no flexibility to use any funds for Health and Safety in excess of the amount identified by the Ministry as the maximum. Remaining unspent funds may be realigned within detail codes A661, A663 and A664 as described on page 9 of the *Business Practices Guidelines* for purposes other than health and safety. Unspent funds may be recovered by the Ministry following a review of the Revised Estimates or Financial Statements.

Administration Costs

Q. Can CMSMs/DSSABs still reinvest program funds for administration costs through ELCD Operating (A661) and Extended-Day Fee Subsidies (A664)?

A. Yes. Administration costs may still be funded through ELCD Operating (A661) and Extended-Day Fee Subsidies (A664). However, administration costs funded through Extended-Day Fee Subsidies (A664) must not exceed 10% of the A664 expenditures. There is no flexibility associated with child care administration detail codes A380 and A425 (ELCC).

Health & Safety Funding

Q. What is the Ministry formula for determining the maximum amount that can be realigned from ELCD Operating (A661) and/or ELCD 100% Fee Subsidy (A663) to A375 for Health and Safety?

A. The Ministry formula in 2012 is: \$1,000 multiplied by the number of licensed programs (i.e. each child care program with a Day Nurseries Licence) in the CMSM's or DSSAB's area as of January 1st, 2012. Licensed Private Home Day Care Agencies are not included in this formula.

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Q. Can Health and Safety funds be provided to licensed Private Home Day Care Agencies?

A. Yes. Health and Safety funds can be provided to licensed Private Home Day Care agencies.

Q. Is Health and Safety different from the start-up funds that may be realigned to A411 from Transition Operating (A665)?

A. Yes. The start-up funds that may be realigned to A411 from Transition Operating (A665) are for one time start up costs related to the impact of the implementation of full-day kindergarten (FDK).

Q. Is Health and Safety different from Transition Minor Capital?

A. Yes. Transition Minor Capital is funded through detail code A713. There is no flexibility associated with detail code A713. Transition Minor capital is provided to non-profit operators only who must complete renovations or retro-fits to serve younger age groups due to the implementation of FDK. Health and Safety refers to funds that are realigned through flexibility from ELCD Operating (A661) and/or ELCD 100% Fee Subsidy (A663/A664) to A375. These funds must not exceed the maximum amount identified by the Ministry.

Financial Flexibility

Q. What are the parameters to move funding within lines in Schedule 3.1? For example, can the CMSM/DSSAB move funding from 3.1 Wage Improvement to 1.2 Fee Subsidy or 1.6 Wage Subsidy?

A. The parameters are stated on lines 1.0, 2.0, 3.0 and 4.0 of schedule 3.1 in the **Education Finance Information System (EFIS)**. As stated on line 3.0 there is limited flexibility in 3.1 and 3.2. Funds can be realigned between the 2 detail codes (A446 and A644) on these lines only. They cannot be transferred to any other detail code. Financial flexibility is explained in more detail on pages 7 and 8 of the *Business Practices Guidelines*.

Q. In 2010, in response to Ministry of Children and Youth Services (MCYS) direction, we used A661 ELCD Operating to fund “system needs”. Can we continue to use these funds for this purpose in 2012? Is approval required from MEDU? Where do we report the expenditure? The MCYS direction stated:

Where the CMSM/DSSAB is able to demonstrate that the spaces created under Best Start can be sustained and secured through fee subsidies, wage subsidies, special needs resourcing and administration, CMSMs/DSSABs may request from the Regional Office, to allocate funds to further support the spaces. This could be achieved by allocating funds to Early Learning and Care areas that could include quality initiatives, training of staff and/or addressing accessibility in rural and northern areas through transportation. These areas require prior approval from the Regional Office.

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A. In 2012 you may use A661 to fund “system needs” as described in the direction provided by MCYS. The level of expenditure on system needs in 2012 should not exceed the amount used for this purpose in 2010. Prior approval from MEDU is not required; however, you will be expected to report expenditure for “system needs” in EFIS in Schedule 2.6 – System Needs.

TWOMO

Q. What is TWOMO and why does it appear on my Estimates submission?

A. TWOMO refers to “territory without municipal organization”. While TWOMO appears on all Estimates Submissions, it only applies to DSSABs with territory without municipal organization, which is territory outside the geographical area of any municipality or First Nations reserve.

Q. My service agreement includes an allocation for TWOMO. What if our costs are different than the allocation?

A. The allocation included in the service agreement is based on the prior year’s Revised Estimates. DSSABs will revise this amount, as necessary, in their Estimates, Revised Estimates and Financial Statements submissions to reflect actual TWOMO costs in 2012.

Estimates:

If the actual TWOMO cost for child care has been determined by this time, DSSABs will report the actual 2012 cost in their Estimates under detail code A384 in schedule 2.3.

If the actual TWOMO cost for child care has not been determined by this time, DSSABs will provide an estimate for this cost in 2012 under detail code A384 in schedule 2.3.

DSSABs will receive, as part of the monthly cash flow, an amount related to the TWOMO amount entered in the Estimates submission.

Revised Estimates:

If the actual TWOMO cost still has not been determined by this time, DSSABs will enter the same amount as set out in the Estimates. If the DSSAB has additional information that provides a more accurate estimate than was predicted in their estimate submission, they have the opportunity to revise their estimate at this time.

If the actual TWOMO cost has been determined by this time, DSSABs will report the actual costs in their Revised Estimates.

Cash flow will be adjusted to reflect any updates to the estimated amount or the actual amount (if it is determined by this time).

Financial Statements:

The DSSAB will report the actual TWOMO cost for 2012 in their Financial Statements. If the amount reported in the Financial Statements is different from the amount reported in Revised Estimates, the cash flow will be adjusted to “true-up” their allocation for the year. This

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adjustment will happen approximately one month after their Financial Statements are submitted. The Ministry will then verify the amount reported in the Financial Statements with the DSSAB's **supporting documentation** that was sent to MEDU.

Q. When do I submit my **supporting documentation to MEDU?**

A. DSSABs are required to submit their **supporting documentation** to the ministry at the same time as their financial statement submission. Please note that the **supporting documentation** is for the calendar year. **Supporting documentation** can be mailed to:

Diane Strumila
Project Manager, Grant Services
Financial Analysis & Accountability Branch
17th Floor, Mowat Block, 900 Bay Street
Toronto, ON
M7A 1L2

Q. What costs should be included in my TWOMO **supporting documentation and submissions?**

A. TWOMO costs submitted to the Ministry should only include child care related costs under the detail codes included in the MEDU Estimates, Revised Estimates and Financial Statement submission packages. The **supporting documentation** should not include costs related to child care resource centres.

Q. Is there any flexibility for how the TWOMO allocation can be applied?

A. No. There is no financial flexibility associated with TWOMO. In addition, there is no flexibility in how the TWOMO allocation can be applied. TWOMO funding must be spent on child care related costs. The DSSAB will be reimbursed for these costs as reflected in the year-end financial statement submission.