

**CHILD CARE  
BUSINESS PRACTICES  
GUIDELINE  
2012-2013**

**First Nations and Child Care Transfer  
Payment Agencies**

Ministry of Education

April 2012

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## PART 1

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### **TRANSFER PAYMENT BUSINESS PROCESS FOR FIRST NATIONS WITH A FUNDING ALLOCATION<sup>1</sup> ABOVE \$350,000**

#### **1.1 Overview of the Contract Management Process**

In accordance with the Government of Ontario's Transfer Payment Accountability Directive, and consistent with the principles of prudent fiscal management, funds must be flowed to recipients only upon signature of the service agreement.

The contracting process consists of the following three stages:

1. Contracting;
2. Payment; and
3. Financial Reporting.

#### **1.2 Contracting**

Service agreements, which identify funding levels and service expectations, are distributed to First Nations by email and are required to be signed and returned to the ministry by May 30, 2012. The service agreement covers the fiscal period of April 1, 2012 to March 31, 2013.

Service agreements between the ministry and First Nations:

- set out expectations, terms and conditions of funding to support good governance, value for money, and transparency in the administration of transfer payment funds;
- document the respective rights, responsibilities, and obligations of the ministry and the recipient;
- include specific, measurable results for the money received, reporting requirements, and any corrective action the government is entitled to take if agreed upon results are not achieved; and
- subject to the *Freedom of Information and Protection of Privacy Act* and other legislation, allow independent verification of reported program and financial information by independent professionals and the Auditor-General of Ontario.

Email communication between First Nations and the ministry should occur using an email address that is from the First Nation's registered domain. This method of communication reassures senders and receivers of email that they are corresponding in a more secure environment. An example of an acceptable e-mail using a registered domain is [yourname@yourfirstnation.ca](mailto:yourname@yourfirstnation.ca).

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<sup>1</sup> "Allocation" is defined as the funding amount set out in the service contract and excludes one-time funding adjustments (e.g., health and safety funding). Reporting requirements are subject to change in-year should a First Nation's on-going allocation exceed \$350,000 for the first time during the fiscal year.

## 1.3 Financial Reporting

### 1.3.1 Financial Reporting Cycle

Schedule C of the service agreement identifies the ministry's submission requirements for the current fiscal year. First Nations are required to provide the following submissions to the ministry as per the following cycle:

| Submission Type                        | Effective Date         | Due Date              |
|--|------------------------|-----------------------|
| Service Agreement                      | April 1 – March 31     | May 30 <sup>1,2</sup> |
| Estimates (Budget Submission)          | April 1 – March 31     | June 30 <sup>1</sup>  |
| Revised Estimates (Mid-Year Report)    | April 1 – September 30 | November 30           |
| Financial Statements (Year-End Report) | April 1 – March 31     | July 31               |

1. With an automatic extension granted if the Band Council has not approved the budget by this date.
2. This is the due date for the 2012-13 fiscal year only.

### 1.3.2 In-Year Funding Adjustments

As per the service agreement, the ministry automatically adjusts entitlement and the resulting cash flow to reflect under-spending that is expected or forecasted in the Estimates and/or Revised Estimates submissions as well as in the Financial Statements, where actual under-spending is reported.

These adjustments will result if the following occurs:

- the First Nation's projected or actual spending levels are less than the approved funding amounts in Schedule B of the service agreement; and/or
- the ministry identifies that projected expenses should be adjusted to better reflect previous years' actual expenses, trends and expectations for the current fiscal year. This process is completed through discussions between the ministry and the First Nation.

### 1.3.3 Policy for Late Filing

The policy for late filing shall be applicable to the following four Ministry submissions:

1. Service Agreement
2. Estimates
3. Revised Estimates
4. Financial Statements

Where the First Nation files any of the above submissions after the filing deadline, its regular cash flow may be reduced as follows:

- If the submission is not received by the ministry within 14 days after the filing deadline, the ministry will inform the First Nation that the submission is overdue.
- If the submission is not received by the ministry within 30 days after the filing

deadline, the ministry will withhold 1% of the total annual allocation up to 59 days after the filing deadline.

- If the report is not received by the ministry within 60 days after the filing deadline, the ministry will withhold 2% of the total annual allocation until the submission is received.

Upon receipt of the late submission, the ministry will reinstate the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

#### **1.3.4 Estimates**

The Estimates submission allows First Nations to identify the service targets and associated expenditures for the upcoming fiscal year covering the period of April to March. The Estimates submission is due by June 30.

#### **1.3.5 Revised Estimates**

The Revised Estimates submission allows First Nations to monitor in-year performance against financial and service data targets. It is for the period ending September 30 with a projection of expenditures and service data to March 31. It is due by November 30.

#### **1.3.4 Financial Statements**

The Financial Statements submission represents the First Nations performance against its financial and service targets for the year. It also provides a reconciliation of their annual funding allocation once the yearly results are reported. It is due four months following the First Nations year-end date, or July 31 and must include the following elements:

1. Audited Financial Statements of the First Nation that covers all programs provided by the First Nation, including child care;
2. A post audit management letter issued by the external auditors. If such a letter is not available, confirmation in writing for the rationale as to why it is not available;
3. A schedule of child care revenues and expenses funded by the Ministry of Education. This information may be provided through the following formats:
  - included as a note to the audited Financial Statements (part of # 1 above);
  - included as a schedule to the audited Financial Statements (part of # 1 above); or
  - included as part of a separate audit or review engagement report\*.
4. An active EFIS submission.

If a First Nation's audited Financial Statements will not be available by July 31<sup>st</sup>, the following steps should be taken:

1. Contact your financial analyst advising them that the year-end reporting requirements cannot be met. The correspondence should include the estimated date of when the ministry can expect the audited Financial Statements as well as other year-end reporting requirements.
2. Submit an active EFIS submission by July 31<sup>st</sup> based on the best information

available at that time and recognize that it may change following the completion of the audit.

3. Submit a copy of the audited Financial Statements and other remaining requirements as soon as they are available.
4. Contact your financial analyst should a change be required to the active EFIS submission following the audit of the First Nation.

\* The review engagement report allows for the independent verification of data reported within EFIS. Sample templates are provided in Appendix B.

#### **1.4.6 Variance Reporting**

Variance reporting is required for identified significant variances in the Revised Estimates and Financial Statement submissions. First Nations will be required to report significant variances, reason for variances, impacts on staff and services and provide an action plan as part of financial reporting.

Significant variances are identified as follows:

- A variance report is required if the financial data is \$10,000 or more over or under the target.
- With respect to service targets, a variance report is required if service data is 10% or more over or under the target.

Revised Estimates (Mid-Year) or Financial Statement (Year-End) Variance:

|                       | When the year's <i>Total Adjusted Gross Expenditure</i> is <i>\$100,000 or greater</i> | When the year's <i>Total Adjusted Gross Expenditure</i> is <i>less than \$100,000</i> |
|-----------------------|--|---|
| Financial Target Data | +/- \$10,000   | +/- 10%   |
| Service Target Data   | +/- 10%  |   |

## **1.4 Payment**

### **1.4.1 Budget Schedule**

Schedule B of the service agreement identifies the ministry's funding allocation to First Nations. Generally, the allocation is divided into 12 equal monthly payments. Payments in each fiscal year should only begin after the service agreement is signed by the First Nation and the ministry. In some circumstances, the ministry may continue to make payments based on the approved budget for the immediately preceding fiscal year until the budget for the currently fiscal year is approved.

#### **1.4.1 Payment Mechanics**

Based on Service Agreement:

The original monthly cash flow will be based on 1/12 of the allocation amount outlined in Schedule B of the service agreement.

Based on Estimates:

If the Estimates submission in EFIS, -due by June 30, 2012- reflects a different entitlement amount than the allocation in the service agreement, cash flow for the August payment will be adjusted based on 5/12 of the entitlement amount. The total payments made to date in 2012-13 will be subtracted from the entitlement amount. The following monthly payments will be based on 1/12 of the entitlement amount in the EFIS Estimates submission.

Based on Revised Estimates:

If the Revised Estimates submission in EFIS -due by November 30, 2012- reflects a different entitlement amount than in the Estimates, cash flow for the January 2013 payment will be adjusted based on 10/12 of the entitlement amount. The total payments made to date in 2012-13 will be subtracted from the entitlement amount. The following monthly payments will be based on 1/12 of the entitlement amount in the EFIS Revised Estimates submission.

Based on Financial Statements:

Upon submission of the First Nation's Financial Statements, any difference between the total amount paid to date and the entitlement calculated in the Financial Statements will be cash flowed to the recipient. This adjustment will take place generally two months after the filing of the Financial Statements. Any funding owed to the ministry by the First Nation will be deducted from a future month's payment. The First Nation is not required to issue a cheque to the ministry for the recoverable funding.

## 1.5 Financial Flexibility

### 1.5.1 In-Year Flexibility

First Nations have in-year flexibility to realign funds in accordance with the financial flexibility criteria outlined below in order to meet service needs and address volume and caseload pressures. Financial flexibility realignments are identified as part of the financial reporting cycle.

In order for financial flexibility to apply, First Nations must meet the following criteria:

- **Program/Policy Direction and Priorities**  
Service must be delivered in the most effective, efficient and affordable manner. Service levels must be consistent with community priorities. Financial flexibility must improve client and service outcomes.
- **Funding Policies and Guidelines**  
No permanent realignments to child care funding allocations, as outlined in Schedule B of the service agreement, can be made. First Nations can only realign funds between funding lines for the services in which they have contracted with the ministry to provide as outlined in Schedule A of the child care service agreement.

- **Realignment**

Funds may be realigned if they are:

- Within the same funding legislation;
- Within the same funding agreement; and
- Between detail codes that have not been identified as having no financial flexibility (outlined below).

**Detail Codes with Full Financial Flexibility**

Funds may be realigned as follows without prior approval from the ministry:

- Funds may be transferred between Special Needs Resourcing (A377) and Wage Subsidy (A392).
- Funds may be transferred between Ontario Works Formal (A402) and Ontario Works Informal (A403) as outlined in section 1.6 below.

**Detail Codes with no Financial Flexibility:**

Funds may NOT be transferred out of or into the following detail codes:

- Child Care Regular Fee Subsidies (A370)
- Repairs and Maintenance (A375)
- Pay Equity Union Settlement (A394)

## 1.6 Ontario Works Child Care

Effective April 1, 2012, the Ontario Works Formal (A402) and Informal (A403) detail codes will be combined and First Nations will receive one allocation under Ontario Works Child Care- A402/A403 in Schedule B of their child care service agreement.

The blending of the Ontario Formal (A402) and Informal (A403) detail codes provides First Nations with the flexibility to spend their allocation in a way that best meets community need. Although First Nations receive a combined allocation under A402/A403, they will be required to report their expenditures on A402 and A403 separately in their Estimates, Revised Estimates and Financial Statement submissions.

Ontario Works Formal Child Care (A402) is cost-shared 80/20 under the *Day Nurseries Act* and may cover the cost of licensed day nursery and private-home day care services provided to children of Ontario Works participants who are employed or participating in employment assistant activities.

Ontario Works Informal Child Care (A403) is funded 100% by the Province under the *Ministry of Community and Social Services Act* and may cover the cost of informal (unlicensed) child care provided to children of Ontario Works participants who are employed or participating in employment assistant activities.

The calculation of the First Nation's entitlement under Ontario Works Child Care- A402/A403 will take into account the different cost sharing provisions for the two detail codes. See example below.



## Ontario Works Child Care Funding- Example of Entitlement Calculation

### Assuming the following scenario:

A First Nation is entitled to receive a maximum combined Ontario Works child care allocation of \$30,000. Based on community need, the First Nation has determined that 1/3 of their allocation will be used for Formal Child Care (A402) and 2/3 of their allocation will be used for Informal Child Care (A403).

|   |                  |  |  |
|---|------------------|--|--|
| <b>A402/A403 Ont. Works Formal/Informal Child Care Allocation</b>   | \$30,000         | *As outlined in Schedule B of child care service agreement |  |
| <b>Community Need Analysis:</b>   |                  |  |  |
| <b>A402 Ontario Works- Formal Child Care-</b>   | (\$30,000 X 1/3) | \$10,000   | *Allocation split based on facts of the scenario above |
| <b>A403 Ontario Works- Informal Child Care-</b>   | (\$30,000 X 2/3) | \$20,000   |  |
| <b>Costs that must be incurred in order to receive full allocation:</b>   |                  |  |  |
|   | <u>EDU Share</u> | <u>First Nation Share</u>                                  | <u>Total Costs Incurred**</u>                          |
| <b>A402 Ontario Works- Formal Child Care (80/20 Cost Share)</b>   | \$10,000         | \$2,500  | \$12,500   |
| <b>A403 Ontario Works- Informal Child Care (100% funded by EDU)</b>   | \$20,000         | -  | \$20,000   |
| <b>Total</b>  | <u>\$30,000</u>  | <u>\$2,500</u>   | <u>\$32,500</u>  |
| ** If the cost incurred by the First Nation is less than \$32,500, the amount of funding the First Nation receives from the ministry will decrease. |                  |  |  |

## 1.7 Basis of Accounting

First Nations are required to report their revenues and expenditures using the modified accrual basis of accounting in their Estimates, Revised Estimates and Financial Statements submissions. This basis of accounting is also guided by other policies and guidelines.

### 1.7.1 Modified Accrual Basis of Accounting

The accrual basis of accounting tracks transactions instead of cash flow. Revenue is recorded when earned and expenses are recorded when incurred. It is called "modified" accrual basis of accounting as it only includes short-term accruals instead of all accruals. Short-term accruals are accruals that are generally to be received or paid within 30 days of the year-end.

The modified accrual basis of accounting does not recognize transactions such as amortization, charges/appropriations to reserves or allowances. Under modified accrual accounting, expenditures that would be amortized under full accrual accounting must be recognized as expenditures in the budget year that the goods or services are received.

Expenditures made once a year (e.g. property taxes and insurance) must be recorded in one of the following two methods:

1. Expenditures will be charged to the period in which they are paid; or
2. The part of the expenditure that applies to the current year will be expensed in that year.

Either method of accounting for expenditures made once a year is acceptable. However, the selected method must be consistent from year to year.

### ***1.7.2 Admissible/Inadmissible Expenditures***

Expenditures deemed reasonable and necessary for the provision of services subsidized by the ministry are admissible in the calculation of the funding entitlement. These expenditures must be supported by acceptable documentary evidence.

All expenditures arising from transactions not conducted at arms length from the First Nations must receive prior ministry approval.

Appendix C contains a list of expenditures identified by their admissibility for purposes of calculating funding entitlement.

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## PART 2

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### **TRANSFER PAYMENT BUSINESS PROCESS FOR FIRST NATIONS AND CHILD CARE TRANSFER PAYMENT AGENCIES WITH A FUNDING ALLOCATION<sup>2</sup> BELOW \$350,000**

#### **2.1 Overview of the Contract Management Process**

In accordance with the Government of Ontario's Transfer Payment Accountability Directive, and consistent with the principles of prudent fiscal management, funds must be flowed to recipients only upon signature of the service agreement.

The contract management process consists of the following three stages:

1. Contracting;
2. Payment; and
3. Financial Reporting.

#### **2.2 Contracting**

Service agreements, which identify funding levels and service expectations, are distributed to First Nations by email and are required to be signed and returned to the ministry by May 30, 2012. The service agreement covers the fiscal period of April 1, 2012 to March 31, 2013.

Service agreements between the ministry and First Nations or Transfer Payment Agencies:

- set out expectations, terms and conditions of funding to support good governance, value for money, and transparency in the administration of transfer payment funds;
- document the respective rights, responsibilities, and obligations of the ministry and the recipient;
- include specific, measurable results for the money received, reporting requirements, and any corrective action the government is entitled to take if agreed upon results are not achieved; and
- subject to the *Freedom of Information and Protection of Privacy Act* and other legislation, allow independent verification of reported program and financial information by independent professionals and the Auditor-General of Ontario.

Email communication between First Nations and the ministry should occur using an email address that is from the First Nation's registered domain. This method of communication

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<sup>2</sup> "Allocation" is defined as the funding amount set out in the service contract and excludes one-time funding adjustments (e.g., health and safety funding). Reporting requirements are subject to change in-year should a First Nation's or Transfer Payment Agency's on-going allocation exceed \$350,000 for the first time during the fiscal year.

reassures senders and receivers of email that they are corresponding in a more secure environment. An example of an acceptable e-mail using a registered domain is [yourname@yourfirstnation.ca](mailto:yourname@yourfirstnation.ca).

## 2.3 Financial Reporting

### 2.3.1 Financial Reporting Cycle

Schedule C of the service agreement identifies the ministry's submission requirements for the current fiscal year. First Nations and Transfer Payment Agencies are required to provide the following submissions to the ministry as per the following cycle:

| Submission Type        | Effective Date     | Due Date               |
|------------------------|--------------------|------------------------|
| Service Agreement      | April 1 – March 31 | May 30 <sup>1, 2</sup> |
| Year-End (Attestation) | April 1 – March 31 | July 31                |

1. With an automatic extension granted if the Band Council has not approved the budget by this date.
2. This is the due date for the 2012-13 fiscal year only.

### 2.3.2 In-Year Funding Adjustments

As per the service agreement, the ministry automatically adjusts entitlement and the resulting cash flow to reflect under-spending that has occurred following the submission of Financial Statements, where actual under spending is reported.

These adjustments will result when the following occurs:

- the First Nation or Transfer Payment Agency's actual spending levels are less than the approved funding amounts in Schedule B of the service agreement; and/or,
- the ministry identifies that projected expenses should be adjusted to better reflect previous years' actual expenses, trends and expectations for the current fiscal year. This process is completed through discussions between the ministry and the First Nation or Transfer Payment Agency.

### 2.3.3 Policy for Late Filing

The policy for late filing shall be applicable to the following two ministry submissions:

1. Service Agreement; and
2. Year-End (Attestation)

Where the First Nation or Transfer Payment Agency files any of the above submissions after the filing deadline, its regular cash flow may be reduced as follows:

- If the submission is not received by the ministry within 14 days after the filing deadline, the ministry will inform the First Nation or Transfer Payment Agency that the submission is overdue.

- If the submission is not received by the ministry within 30 days after the filing deadline, the ministry will withhold 1% of the total annual allocation up to 59 days after the filing deadline.
- If the report is not received by the ministry within 60 days after the filing deadline, the ministry will withhold 2% of the total annual allocation until the submission is received.

Upon receipt of the late submission, the ministry will reinstate the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

### **2.3.4 Year- End (Attestation)**

The Financial Statements submission represents the First Nation or Transfer Payment Agency's service target performance as well as a reconciliation of the annual funding allocation against expenses incurred. It is due four months following the First Nations year-end date, or July 31 and must include the following elements:

1. Audited Financial Statements of the First Nation or Transfer Payment Agency that covers all programs provided by the First Nation or Transfer Payment Agency, including child care;
2. A post audit management letter issued by the external auditors. If such a letter is not available, confirmation in writing for the rationale as to why it is not available; and
3. An attestation form verifying the First Nation or Transfer Payment Agency's compliance with the terms of the service agreement for the fiscal year in which the agreement applies.

If the First Nation or Transfer Payment Agency's audited financial statements will not be available by July 31<sup>st</sup>, the following steps should be taken:

1. Contact your financial analyst to advise them that the year-end reporting requirements cannot be met. The correspondence should include the estimated date of when the ministry can expect the audited Financial Statements as well as other reporting requirements.
2. Submit the attestation form by July 31<sup>st</sup> based on the best information available at that time and recognize that it may change following the completion of the audit.
3. Submit a copy of the audited Financial Statements and other remaining requirements as soon as they are available.
4. Contact your financial analyst should a change be required to the previously submitted attestation form following the audit of the First Nation or Transfer Payment Agency.

## **2.4. Payment**

### **2.4.1 Budget Schedule**

Schedule B of the service agreement identifies the ministry's funding allocation to First

Nations. Generally, the allocation is divided into 12 equal monthly payments. Payments in each fiscal year should only begin after the service agreement is signed by the First Nation and the ministry. In some circumstances, the ministry may continue to make payments based on the approved budget for the immediately preceding fiscal year until the budget for the currently fiscal year is approved.

#### **2.4.2 Payment Mechanics**

##### Based on Service Agreement:

The original monthly cash flow will be based on 1/12 of the allocation amount outlined in Schedule B of the service agreement.

##### Based on Year-End (Attestation):

Upon submission of the First Nation or Transfer Payment Agency's attestation, any difference between the total amount paid to date and the entitlement will be cash flowed to the recipient or recovered from a future cash flow payment. This adjustment will take place generally two months after the filing of the attestation. Any funding owed to the ministry by the First Nation or Transfer Payment Agency will be deducted from a future month's payment. The First Nation or Transfer Payment Agency is not required to issue a cheque to the ministry for the recoverable funding.

## **2.5 Financial Flexibility**

### **2.5.1 In-Year Flexibility**

First Nations and Transfer Payment Agencies have in-year flexibility to realign funds in accordance with the financial flexibility criteria outlined below in order to meet service needs and address volume and caseload pressures. Financial flexibility realignments are identified as part of the financial reporting cycle.

In order for financial flexibility to apply, First Nations and Transfer Payment Agencies must meet the following criteria:

- **Program/Policy Direction and Priorities**  
Service must be delivered in the most effective, efficient and affordable manner. Service levels must be consistent with community priorities. Financial flexibility must improve client and service outcomes.
- **Funding Policies and Guidelines**  
No permanent realignments to child care funding allocations, as outlined in Schedule B of the service agreement, can be made. First Nations and Child Care Transfer Payment Agencies can only realign funds between funding lines for the services in which they have contracted with the ministry to provide as outlined in Schedule A of the child care service agreement.
- **Realignment**  
Funds may be realigned if they are:
  - Within the same funding legislation;

- Within the same funding agreement; and
- Between detail codes that have not been identified as having no financial flexibility (outlined below).

### **Detail Codes with Full Financial Flexibility**

Funds may be realigned as follows without prior approval from the ministry:

- Funds may be transferred between Special Needs Resourcing (A377) and Wage Subsidy (A392).
- Funds may be transferred between Ontario Works Formal (A402) and Ontario Works Informal (A403) as outlined in section 2.6 below.

### **Detail Codes with no Financial Flexibility:**

Funds may NOT be transferred out of or into the following detail codes:

- Child Care Regular Fee Subsidies (A370)
- Repairs and Maintenance (A375)
- Pay Equity Union Settlement (A394)

## **2.6 Ontario Works Child Care**

Effective April 1, 2012, the Ontario Works Formal (A402) and Informal (A403) detail codes will be combined and First Nations and Transfer Payment Agencies will receive one allocation under Ontario Works Child Care- A402/A403 in Schedule B of their child care service agreement.

The blending of the Ontario Formal (A402) and Informal (A403) detail codes provides First Nations and Transfer Payment Agencies with the flexibility to spend their allocation in a way that best meets community need. Although First Nations and Transfer Payment Agencies receive a combined allocation under A402/A403, they will be required to report their expenditures on A402 and A403 separately in their Year-end (Attestation) submission.

Ontario Works Formal Child Care (A402) is cost-shared 80/20 under the *Day Nurseries Act* and may cover the cost of licensed day nursery and private-home day care services provided to children of Ontario Works participants who are employed or participating in employment assistant activities.

Ontario Works Informal Child Care (A403) is funded 100% by the Province under the *Ministry of Community and Social Services Act* and may cover the cost of informal (unlicensed) child care provided to children of Ontario Works participants who are employed or participating in employment assistant activities.

The calculation of the First Nation or Transfer Payment Agency's entitlement under Ontario Works Child Care-A402/A403 will take into account the different cost sharing provisions for the two detail codes. See example below.

## Ontario Works Child Care Funding- Example of Entitlement Calculation

### Assuming the following scenario:

A First Nation is entitled to receive a maximum combined Ontario Works child care allocation of \$30,000. Based on community need, the First Nation has determined that 1/3 of their allocation will be used for Formal Child Care (A402) and 2/3 of their allocation will be used for Informal Child Care (A403).

|   |                           |  |                               |
|---|---------------------------|--|-------------------------------|
| <b>A402/A403 Ont. Works Formal/Informal Child Care Allocation</b>   | \$30,000                  | *As outlined in Schedule B of child care service agreement |                               |
| <b>Community Need Analysis:</b>   |                           |  |                               |
| <b>A402 Ontario Works- Formal Child Care-</b>   | (\$30,000 X 1/3) \$10,000 | *Allocation split based on facts of the scenario above     |                               |
| <b>A403 Ontario Works- Informal Child Care-</b>   | (\$30,000 X 2/3) \$20,000 |  |                               |
| <b>Costs that must be incurred in order to receive full allocation:</b>   | <u>EDU Share</u>          | <u>First Nation Share</u>                                  | <u>Total Costs Incurred**</u> |
| <b>A402 Ontario Works- Formal Child Care (80/20 Cost Share)</b>   | \$10,000                  | \$2,500  | \$12,500                      |
| <b>A403 Ontario Works- Informal Child Care (100% funded by EDU)</b>   | \$20,000                  | -  | \$20,000                      |
| <b>Total</b>  | \$30,000                  | \$2,500  | \$32,500                      |
| ** If the cost incurred by the First Nation is less than \$32,500, the amount of funding the First Nation receives from the ministry will decrease. |                           |  |                               |

## 2.7 Basis of Accounting

First Nations and Transfer Payment Agencies are required to report their revenues and expenditures using the modified accrual basis of accounting in their Financial Statement submission. This basis of accounting is also guided by other policies and guidelines.

### 2.7.1 Modified Accrual Basis of Accounting

The accrual basis of accounting tracks transactions instead of cash flow. Revenue is recorded when earned and expenses are recorded when incurred. It is called "modified" accrual basis of accounting as it only includes short-term accruals instead of all accruals. Short-term accruals are accruals that are generally to be received or paid within 30 days of the year-end.

The modified accrual basis of accounting does not recognize transactions such as amortization, charges/appropriations to reserves or allowances. Under modified accrual accounting, expenditures that would be amortized under full accrual accounting must be recognized as expenditures in the budget year the goods or services are received.



Expenditures made once a year (e.g. property taxes and insurance) must be recorded in one of the following two methods:

1. Expenditures will be charged to the period in which they are paid; or
2. The part of the expenditure that applies to the current year will be expensed in that year.

Either method of accounting for expenditures made once a year is acceptable. However, the selected method must be consistent from year to year.

### ***2.7.2 Admissible/Inadmissible Expenditures***

Expenditures deemed reasonable and necessary for the provision of services subsidized by the ministry are admissible in the calculation of the funding entitlement. These expenditures must be supported by acceptable documentary evidence.

All expenditures arising from transactions not conducted at arms length from the First Nation or Transfer Payment Agency must receive prior ministry approval.

Appendix C contains a list of expenditures identified by their admissibility for purposes of calculating funding entitlement.

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**APPENDIX A**

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**DATA ELEMENTS AND DEFINITIONS****TABLE OF CONTENTS**

|   |           |
|---|-----------|
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**FINANCIAL TARGETS (APPLICABLE TO ALL DETAIL CODES)**

**Shortname:** AGROSEXP\$

**Name:** Adjusted Gross Expenditures

**Definition:**

The Adjusted Gross Expenditures are expenditures approved for Ministry subsidies. This is the amount upon which the Ministry subsidy formula is applied. The Adjusted Gross Expenditure amount is the gross expenditures amount minus any offsetting revenue amounts.

**Data Type:** Financial Target - Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Shortname:** LEGREV\$

**Name:** (Legislated) Revenue

**Definition:**

This is the amount the agency is obligated, through legislation or regulation, to fund for their share of the service costs.

**Data Type:** Financial Target - Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Note:** Legislated Revenue is applicable to all detail codes funded at less than 100%.

Legislated revenue is applicable to the following detail codes in child care:

- A370, A402

**FINANCIAL SPECIFIC (APPLICABLE TO ALL DETAIL CODES)****Shortname:** GROSEXP\$**Name:** Gross Expenditures**Definition:**

This line is the sum of Salaries/Benefits and Other Service Costs. It reflects the total costs for the delivery of a service and may also be useful in analyzing the costs of a unit of service. Although the Ministry may only fund a portion of this total cost, it is important to know the total costs of the service and not just what the Ministry subsidizes.

**Data Type:** Financial Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

|   |
|---|
| <b>B076- B165/ CHILD CARE REGULAR SUBSIDIES</b> |
|---|

**Detail Code:****A370 - Child Care Regular-Indian Bands****Funding Legislation: DNA****Funding Formula: 80%****Detail Code Definition:**

Child care fee subsidies for centre based and private home day care directly operated or purchased by First Nation Bands.

**DATA ELEMENTS:****Shortname:** AVGINFSER#**Name:** Average Monthly Number of Infants Served**Definition:**

The number of infants receiving fee subsidy. Each infant is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of infants receiving fee subsidy in each month. For infants, less than 18 months old. Each child will move up to the next age group according to their birth date.

**Data Type:** Service Specific – Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Shortname:** AVGTODSER#**Name:** Average Monthly Number of Toddlers Served**Definition:**

The number of toddlers receiving fee subsidy. Each toddler is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of toddlers receiving fee subsidy in each month. For toddlers, 18 months of age and over up to and including 30 months of age. Each child will move up to the next age group according to their birth date.

**Data Type:** Service Specific – Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Shortname:** AVGPRESER#

**Name:** Average Monthly Number of Preschoolers Served

**Definition:**

The number of preschoolers receiving fee subsidy. Each preschooler is counted once every month. The number reported in each submission is the year-to-date average (mean) of the number of preschoolers receiving fee subsidy in each month. For preschoolers, more than 30 months of age up to and including 4 years of age. Each child will move up to the next age group according to their birth date.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
Allocation Below \$350,000: Year-End (Attestation)

---

**Shortname:** AVGJKSER#

**Name:** Average Monthly Number of JK Children Served

**Definition:**

The number of JK children receiving fee subsidy. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of JK children receiving fee subsidy in each month. For JK children who are 3 years and 8 months of age, as of September 1st of each year, up to and including 5 years of age.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
Allocation Below \$350,000: Year-End (Attestation)

---

**Shortname:** AVGSKSER#

**Name:** Average Monthly Number of SK Children Served

**Definition:**

The number of SK children receiving fee subsidy. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of SK children receiving fee subsidy in each month. For SK children who are 4 years and 8 months of age, as of September 1st of each year, up to and including 6 years of age.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
 Allocation Below \$350,000: Year-End (Attestation)

---

**Shortname:** AVGSCHSER#**Name:** Average Monthly Number of School-Age Children Served**Definition:**

The number of school-aged children receiving fee subsidy. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children receiving fee subsidy. For school-aged children who are 5 years and 8 months of age, as of September 1st of each year, up to and including 12 years of age (under 18 for children with special needs),

**Data Type:** Service Specific – Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
 Allocation Below \$350,000: Year-End (Attestation)

---

**Shortname:** CHISER5#**Name:** Number of Children Served-Day Nurseries Act**Definition:**

The number of children receiving fee subsidies. Each child is counted only once in the fiscal year.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
 Allocation Below \$350,000: Year-End (Attestation)

---

**Shortname:** FAMSER5#**Name:** Number of Families Served- Day Nurseries Act**Definition:**

The number of families represented among those children receiving fee subsidies. Each family is counted only once in the fiscal year.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
 Allocation Below \$350,000: Year-End (Attestation)

**B076- B166/ CHILD CARE SPECIAL NEEDS RESOURCING****Detail Code:****A377 - Special Needs Resourcing - FN****Funding Legislation: MCSS****Funding Formula: 100%****Detail Code Definition**

Funding to First Nations to fund Resource Teachers for the purpose of supporting children with special needs in an integrated setting.

---

**DATA ELEMENTS:****Shortname:** CHISER6#**Name:** Number of Children Served-Spec. Needs Resourcing**Definition:**

The number of children with special needs receiving special needs resourcing. Each child is counted only once in the fiscal year.

**Data Type:** Service Target - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Shortname:** FTESTAFCC#**Name:** Number of Full Time Equivalent (FTE) Staff -Spec Nds Resourcing**Definition:**

The number of resource teachers responsible for the delivery of the service. Full time equivalent is based on a minimum of 35 hours per week.

**Data Type:** Service Target - Static**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Shortname:** ANS0-SK#



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**Name:** Average Monthly Number of Children Served - Special Needs Resourcing

**Definition:**

The number of children with special needs up to and including SK age receiving special needs resourcing. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of children served each month.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
Allocation Below \$350,000: Year-End (Attestation)

---

**Shortname:** AVGSCHSER#

**Name:** Average Monthly Number of School-Age Children Served – Special Needs Resourcing

**Definition:**

The number of school-aged children receiving special needs resourcing. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children receiving special needs resourcing. For school-aged children who are 5 years and 8 months of age, as of September 1st of each year, and under 18 years of age.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
Allocation Below \$350,000: Year-End (Attestation)

**B076- B1706/ CHILD CARE- WAGE SUBSIDY****Detail Code:****A392 - Wage Subsidy - FN****Funding Legislation: MCSS****Funding Formula: 100%****Detail Code Definition:**

Funding paid directly by the Ministry to non-profit licensed child care agencies towards the reduction of fees charged to parents and/or remuneration to staff.

**DATA ELEMENTS:****Shortname:** CCFTE0-5#**Name:** Number of FTEs Serving Age 0-5 – Wage Subsidy - FN**Definition:**

The number of full time equivalent staff, serving children age 0-5 years old, in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing, including home child care providers who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Year-End (Attestation)

**Shortname:** CCFTE6-12#**Name:** Number of FTEs Serving Age 6-12 – Wage Subsidy – FN**Definition:**

The number of full-time equivalent staff, serving children age 6-12 years old, in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing, including home child care providers who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** CCNONPSTA#

**Name:** Number of FTE Non-Program Staff – Wage Subsidy - FN

**Definition:**

The number of full-time equivalent non-program staff (including cooks, bus drivers, housekeeping, janitorial and clerical staff), in non-profit child care centres, home child care agencies, resource centres, and agencies providing special needs resourcing, who receive wage subsidy funding. Full-time equivalent is based on a minimum of 35 hours per week.

**Data Type:** Service Specific - Cumulative

**Frequency:**

|                             |  |
|-----------------------------|--|
| Allocation Above \$350,000: | Estimates, Revised Estimates, Financial Statements |
| Allocation Below \$350,000: | Attestation (Year-End)                             |

**B076- B171/ CHILD CARE- WAGE SUBSIDY****Detail Code:****A394 - First Nations - Pay Equity Union Settlement****Funding Legislation:      MCSS****Funding Formula:          100%****Detail Code Definition:**

Funding provided to child care programs operated by/on reserve First Nations a result of the April 23, 2003 Memorandum of Settlement between the government and 5 unions.

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|  |
|--|
| <b>076- B171/ CHILD CARE ONTARIO WORKS</b> |
|--|

**Detail Code:****A402 - FN Ont Works-Formal Child Care****Funding Legislation: DNA****Funding Formula: 80%****Detail Code Definition:**

Covers costs of formal child care arrangements of Ontario Works participants.

**DATA ELEMENTS:****Shortname:** CHISERF#**Name:** Number of children served - Ontario Works**Definition:**

The number of children of Ontario Works participants provided with child care in licensed child care settings. Each child is counted only once in the fiscal year.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** PARTSERV1#**Name:** Number of Participants/Families Served - Ontario Works**Definition:**

The number of Ontario Works participants receiving fee subsidies. Each participant/family is counted only once in the fiscal year.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** AVGINFSER#**Name:** Average Monthly Number of Infants Served

**Definition:**

The number of infants of Ontario Works participants provided with child care in licenced child care settings. Each infant is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of infants of Ontario Works participants provided with child care in licenced child care settings. For infants, less than 18 months old. Each child will move up to the next age group according to their birth date.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** AVGTODSER#

**Name:** Average Monthly Number of Toddlers Served

**Definition:**

The number of toddlers of Ontario Works participants provided with child care in licenced child care settings. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of toddlers of Ontario Works participants provided with child care in licenced child care settings. For toddlers, 18 months of age and over up to and including 30 months of age. Each child will move up to the next age group according to their birth date.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements  
Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** AVGPRESER#

**Name:** Average Monthly Number of Preschoolers Served

**Definition:**

The number of preschoolers of Ontario Works participants provided with child care in licenced child care settings. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of preschoolers of Ontario Works participants provided with child care in licenced child care settings. For preschoolers, more than 30 months of age up to and including 4 years of age. Each child will move up to the next age group according to their birth date.

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000:          Attestation (Year-End)

---

**Shortname:** AVGJKSER#

**Name:** Average Monthly Number of JK Children Served

**Definition:**

The number of JK children of Ontario Works participants provided with child care in licenced child care settings. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of JK children of Ontario Works participants provided with child care in licenced child care settings. For JK children who are 3 years and 8 months of age, as of September 1st of each year, up to and including 5 years of age.

**Data Type:**                      Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000:          Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000:          Attestation (Year-End)

---

**Shortname:** AVGSKSER#

**Name:** Average Monthly Number of SK Children Served

**Definition:**

The number of SK children of Ontario Works participants provided with child care in licenced child care settings. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of SK children of Ontario Works participants provided with child care in licenced child care settings. For SK children who are 4 years and 8 months of age, as of September 1st of each year, up to and including 6 years of age.

**Data Type:**                      Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000:          Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000:          Attestation (Year-End)

---

**Shortname:** AVGSCHSER#

**Name:** Average Monthly Number of School-Age Children Served

**Definition:**

The number of school-aged children of Ontario Works participants provided with child care in licenced child care settings. Each child is counted once every month. The number

reported in each financial submission cycle is the year-to-date average (mean) of the number of school-aged children of Ontario Works participants provided with child care in licenced child care settings. For school-aged children who are 5 years and 8 months of age, as of September 1st of each year, up to and including 12 years of age (under 18 for children with special needs).

**Data Type:** Service Specific – Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)



|   |
|---|
| <b>B076-B171/ CHILD CARE- ONTARIO WORKS</b> |
|---|

**Detail Code:****A403 - FN Ont Works-Informal Child Care****Funding Legislation: MCSS****Funding Formula: 100%****Detail Code Definition:**

Covers the cost of informal child care arrangements of Ontario Works participants.

**DATA ELEMENTS:****Shortname:** AVGMTHCHD#**Name:** Average Monthly Number of Children Served – Ontario Works Informal**Definition:**

The number of children receiving Ontario Works Informal child care. Each child is counted once every month. The number reported in each financial submission cycle is the year-to-date average (mean) of the number of children receiving Ontario Works Informal child care in each month.

**Data Type:** Service Target – Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** CHISERV#**Name:** Number of Children Served - Ontario Works**Definition:**

The number of children of Ontario Works participants provided with child care in unlicensed child care settings. Each child is counted only once in the fiscal year.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

**Shortname:** PARTSERV2#

**Name:** Number of Participants/Families Served - Ontario Works

**Definition:**

The number of Ontario Works participants receiving funding in unlicensed child care settings. Each participant/family is counted only once in the fiscal year.

**Data Type:** Service Specific - Cumulative

**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

**B076-B179/ SUPPORTS TO CHILD CARE PROGRAM****Detail Code:****A375 - Repairs & Maintenance-Child Care****Funding Legislation: MCSS****Funding Formula: 100%****Detail Code Definition:**

Funding to delivery agents to fund repairs, minor renovations, furnishings and equipment required by agencies providing child care programs.

**DATA ELEMENTS:****Shortname:** CCRPRMNT#**Name:** Number of licenced programs funded for repairs and maintenance

**Definition:** The number of licensed programs, child care centres or private-home day care agencies, that received funding to address health and safety concerns or repairs and maintenance.

**Data Type:** Service Specific - Cumulative**Frequency:**

Allocation Above \$350,000: Estimates, Revised Estimates, Financial Statements

Allocation Below \$350,000: Attestation (Year-End)

---

**APPENDIX B**

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**REVIEW (AUDIT) ENGAGEMENT REPORT REQUIREMENTS**

First Nations are required to adhere to the review engagement report requirements by one of two methods:

- 1) Separate Review Engagement\*
- 2) Details / notes to their audited financial statements

Enclosed is a template of each method for reference purposes.

**REVIEW ENGAGEMENT REPORT**

This report should contain 3 elements:

- A. Review Engagement Report
- B. Schedule of Revenues and Expenditures
- C. Notes to Review Engagement Report

**DETAILS / NOTES TO THE AUDITED FINANCIAL STATEMENTS**

- D. Sample note disclosure

\* First Nations can choose a separate audit engagement

**A. Review Engagement Report**

To xxx <name of First Nation>,

At the request of xxx <name of First Nations>, we have reviewed the Schedule of Revenues and Expenditures – Children’s Services for the year ended March 31, 2013, meet the financial reporting requirements specified by the Ministry of Education (see note 1(b)). Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussions related to information supplied to us by the First Nations.

A review does not constitute an audit and consequently we do not express an audit opinion on this financial information.

Based on our review, nothing has come to our attention that causes us to believe that this financial information is not, in all material aspects, in accordance with the <First Nation’s basis of accounting>.

The schedule of revenue and expenditures has been prepared solely for the information and use of the addressee and the Ministry of Education for the stated purpose, and are not intended to be and should not be used by anyone other than the specified users, or for any other purpose.

Chartered Accountants  
Date

First Nation Name

**B. Schedule of Revenues and Expenditures – Children’s Services**

For the year ended March 31, 2013

(Unaudited)

|                                       | REVENUES                    |                          |       | Total | EXPENDITURES | SURPLUS /<br>(DEFICIT) |
|---------------------------------------|-----------------------------|--------------------------|-------|-------|--------------|------------------------|
|                                       | Ministry<br>of<br>Education | Legislated<br>Cost Share | Other |       |              |                        |
| A370 – Fee Subsidy                    |                             |                          |       |       |              |                        |
| A402 – Ontario Works, Formal          |                             |                          |       |       |              |                        |
| A403 – Ontario Works, Informal        |                             |                          |       |       |              |                        |
| A375 – Repairs & Maintenance          |                             |                          |       |       |              |                        |
| A377 – Special Needs Resourcing       |                             |                          |       |       |              |                        |
| A432 – Wage Subsidy, Commercial, ELCC |                             |                          |       |       |              |                        |
| <b>TOTAL</b>                          | \$                          | \$                       | \$    | \$    | \$           | \$                     |

First Nation Name

**C. Notes Accompanying Schedule of Revenues & Expenditures – Children’s Services**

For the year ended March 31, 2013  
(Unaudited)

The xxx <name of First Nation> Children’s Service Program, is a program funded by the Ministry of Education that aims to xxx < insert purpose>.

1. Significant Accounting Policies

(a) Revenue recognition

Revenue is recognized when it is determined to be receivable.

(b) Basis of Accounting

<Insert basis of accounting used>

## D. Notes to the Financial Statements

**Note <insert number>. CHILD CARE SERVICE AGREEMENT WITH THE MINISTRY OF EDUCATION**

<Insert name of First Nation> has a child care service agreement with the Ministry of Education. A requirement of the service agreement is the production of supplementary information by detail code (funding type), which summarizes all revenues and expenditures relating to the service contracts.

A review of these revenues and expenditures, by detail code, are outlined below. The identified surplus / (deficit) position is reflected prior to the application of flexibility in accordance with the Child Care Business Practices Guidelines.

|                                 | REVENUES              |                       |       |       | EXPENDITURES | SURPLUS / (DEFICIT) |
|---------------------------------|-----------------------|-----------------------|-------|-------|--------------|---------------------|
|                                 | Ministry of Education | Legislated Cost Share | Other | Total |              |                     |
| A370 – Fee Subsidy              |                       |                       |       |       |              |                     |
| A402 – Ontario Works, Formal    |                       |                       |       |       |              |                     |
| A403 – Ontario Works, Informal  |                       |                       |       |       |              |                     |
| A375 – Repairs & Maintenance    |                       |                       |       |       |              |                     |
| A377 – Special Needs Resourcing |                       |                       |       |       |              |                     |
| A392 – Wage Subsidy             |                       |                       |       |       |              |                     |
| <b>TOTAL</b>                    |                       |                       |       |       |              |                     |

These results comprise part of the <insert name of revenue category> and <insert name of expenditure category> that are included in the consolidated statement of operations.



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## **APPENDIX C**

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### **ADMISSIBLE/INADMISSIBLE EXPENDITURES**

#### **Amortizations**

Amortizations (tangibles and intangibles) are inadmissible expenditures under the ministry's modified accrual basis of accounting.

#### **Appropriations**

Appropriations (i.e. charges to reserves or allowances) are inadmissible expenditures under the ministry's modified accrual basis of accounting.

#### **Bonuses, Gifts and Honoraria**

Bonuses (including retiring bonuses), gifts and honoraria are admissible expenditures when paid to staff on the condition that the value is reported on the employee's annual T4. Bonuses, gifts and honoraria are inadmissible expenditures when paid to Board members.

#### **Capital Expenditures**

Capital expenditures are admissible when expended for the purpose outlined in the transition capital guideline.

#### **Capital Loans**

Principal and interest on capital loans are admissible expenditures only in ministry approved debt retirement situations (i.e., the retiring or paying out of a mortgage). A Mortgage Funding Agreement must be executed in these cases.

#### **Donations and Transfers**

Donations and/or transfer of funds made by the First Nation to other charitable institutions / organizations are inadmissible expenditures.

#### **Fund Raising**

Fund raising expenditures are admissible if the revenue raised is used to offset costs eligible for ministry funding entitlement

#### **Interest on Operating Loans**

Interest on operating loans is an inadmissible expenditure unless approved by the ministry.

#### **Lease/Rental Costs when paid to Non-Arms Length Corporations**

Lease/Rental Costs when paid to Non-Arms Length Corporations which are reasonable are admissible with prior ministry approval, provided expenditures do not exceed those that would be paid if the transaction were at arms length.

#### **Mortgage Financing**

Principal and interest payments are admissible expenditures with prior ministry approval.

### **Pension Expense and Pension Contribution**

Pension expenses are an employer's expense (accruals) for the company's pension plan during a period. They are non-cash item hence are inadmissible, whereas, Pension Contributions are an employer's actual payments/obligations into a fund and hence are admissible.

### **Professional Organization Fees**

Fees paid on behalf of staff for membership in professional organizations as a condition of employment are inadmissible expenditures.

### **Property Taxes**

Property taxes are admissible expenditures with ministry approval.

### **Provisions for Unused Vacation/Sick Leave, Wage Settlements**

Provisions or reserve funds for unused vacation/sick leave, wage settlements are inadmissible expenditures. The costs become an admissible expenditure when the actual payments are made.

### **Provisions for Repairs or Replacements**

Provisions for repairs or replacements are inadmissible expenditures.

### **Provisions for Bad Debts**

The provision for bad debts is an inadmissible expenditure.

### **Replacement Expenditures**

Expenditures for the replacement of furniture, equipment or vehicles are admissible expenditures only with prior ministry approval and if the full trade-in value of the replaced item is recorded or if the asset records provide satisfactory evidence of the manner in which the item was disposed.

### **Retainer Fees**

Fees paid as a retainer to have legal or other professional services available on a stand-by basis are inadmissible expenditures. Reasonable fees for services rendered are admissible expenditures.

### **Travel Expenses**

Travel Expenses are admissible expenditures where the expenditure represents a reimbursement of actual travel expenses incurred in conducting business related to services and programs subsidized by the ministry. First Nations should refer to the Ministry policies on travel expenditures as a guide.