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**2012: ELCC1**

**MEMORANDUM TO:** Chief Administrative Officers, CMSMs/DSSABs  
General Managers/Commissioners, CMSMs/DSSABs  
Children's Service Managers, CMSMs/DSSABs  
Children's Services Finance Leads, CMSMs/DSSABs

**FROM:** Andrew Davis  
Director  
Financial Analysis and Accountability Branch

**DATE:** January 16, 2012

**SUBJECT:** 2011 Year End Reporting Requirements

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I am pleased to share additional details regarding the 2011 year-end reporting requirements for Consolidated Municipal Service Managers/District Social Services Administration Boards (CMSMs/DSSABs) as referenced in the Child Care Business Practices Guidelines issued in May 2011.

In our ongoing efforts to streamline reporting and ensure the continuity of best practices where applicable, the year-end reporting requirements, as outlined below, remain largely unchanged from prior years under the Ministry of Children and Youth Services (CYS) although we have eliminated one of the reporting requirements, The Transfer Payment Annual Reconciliation (TPAR) Report.

The following four components represent the 2011 year-end reporting requirements:

1. Audited financial statements for the municipality / district which covers all programs provided by the municipality / district including child care;
2. A review engagement report (or an auditor's report) prepared on the Ministry's basis of accounting, outlining supplementary information segmented by specific detail code for child care programs, unless this information is already included as part of the audited financial statements (samples provided as attachment);
3. A post audit management letter issued by the external auditors. If such a letter is not available, confirmation in writing for the reasons for its unavailability; and,
4. An active 2011 EFIS financial statement submission.

**Revised Timelines**

We have also reviewed the reporting timeline for the submission of the year-end reports. The 2011 Child Care Business Practices Guidelines state that the financial statements (year-end) reporting cycle is due April 30<sup>th</sup>. We are extending the due date for the financial statements to May 31<sup>st</sup> to align with the submission timeline of the municipal Financial Information Return (FIR) required by the Ministry of Municipal Affairs and Housing (MMAH).

**Document Set**

The 2011 EFIS document set will be available for data entry by mid-February 2012.

**Late Filing**

The four year-end reporting requirements are due to the Ministry by May 31, 2012. Late filling of any of these four reporting requirements may result in a cash flow penalty as per the late filing policy as outlined in the Child Care Business Practices Guidelines. Upon submission of the year-end reporting requirements, the Ministry will revert back to the normal monthly payment process and will include the total amount withheld up to that point in the monthly payment.

Please contact your Financial Analyst directly if you have any questions/concerns regarding this memo and the enclosed materials.



Andrew Davis  
Director  
Financial Analysis & Accountability Branch

cc. Pam Musson, Director, Early Learning and Child Care Implementation Branch

## How to Satisfy Review (Audit) Engagement Report Requirements

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CMSMs/DSSABs can satisfy the review engagement report requirements by one of two means:

- 1) Separate Review Engagement (CMSMs/DSSABs can choose a separate audit engagement) which contains 3 elements:
  - A. Review Engagement Report
  - B. Schedule of Revenues and Expenditures
  - C. Notes to Review (Audit) Engagement Report
  
- 2) Details / notes to their audited financial statements
  - D. Sample note disclosure

We have enclosed a template of each for reference purposes.

## **A. Review Engagement Report**

To xxx <name of CMSM/DSSAB>,

At the request of xxx <name of CMSM/DSSAB>, we have reviewed the Schedule of Revenues and Expenditures – Children’s Services for the year ended December 31, 2011 to meet the financial reporting requirements of the <region, city, etc> to 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 CMSM or DSSAB.

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 Ministry of Children and Youth Services basis of accounting and policies governing the 2010/11 government fiscal year.

The schedule of revenue and expenditures has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are 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

CMSM / DSSAB Name

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

For the year ended December 31, 2011

(Unaudited)

	REVENUES				EXPENDITURES	SURPLUS / (DEFICIT)
	Ministry of Education	Legislated Cost Share	Other	Total		
A380 – Administration						
A425 – Administration, ELCC						
A371 – Fee Subsidy, DA						
A429 – Fee Subsidy, ELCC						
A663 – Fee Subsidy, ELCD						
A664 – Fee Subsidy, Extended Day						
A400 – Ontario Works, Formal						
A401 – Ontario Works, Informal						
A661 – Operating, ELCD						
A411 – One-time Start-up Grants, FDELKP						
A393 – Pay Equity Union Settlement						
A375 – Repairs & Maintenance						
A376 – Special Needs Resourcing						
A430 – Special Needs Resourcing, ELCC						
A713 – Transition, Capital						
A665 – Transition, Operating						
A384 - TWOMO						
A446 – Wage Improvement, Non-Profit						
A644 – Wage Improvement, Commercial						
A391 – Wage Subsidy, Commercial						
A432 – Wage Subsidy, Commercial, ELCC						
A390 – Wage Subsidy, Non-Profit						
A431 – Wage Subsidy, Non-Profit, ELCC						
<b>TOTAL</b>	\$	\$	\$	\$	\$	\$

CMSM / DSSAB Name

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

For the year ended December 31, 2011

(Unaudited)

The xxx <name of CMSM / DSSAB> Children’s Service Program, is a program funded in part 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

Ministry reporting is based on modified accrual accounting which forms the basis of funding and is also guided by the following ministry policies and program guidelines:

- Admissible / inadmissible expenditures (2010/11)
- Retainable and Non-Retainable Revenue (2010/11)

This method of accounting requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of the budget year-end.

The modified accrual basis of accounting, as defined by the ministry, does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenses do not represent an actual cash expenditure related to the current period.

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

The xxx <insert name of CMSM/DSSAB> has a child care service contract with the Ministry of Education. A requirement of the service contract is the production of supplementary information by detail code (funding type) which summarizes all revenues and expenditures relating to the service contracts.

Ministry reporting is based on modified accrual accounting which forms the basis of funding and is also guided by the following ministry policies and program guidelines:

- Admissible / inadmissible expenditures (2010/11)
- Retainable and Non-Retainable Revenue (2010/11)

This method of accounting requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of the budget year-end.

The modified accrual basis of accounting, as defined by the ministry, does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenses do not represent an actual cash expenditure related to the current period.

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		
A380 - Administration						
A425 – Administration, ELCC						
A371 – Fee Subsidy, DA						
A429 – Fee Subsidy, ELCC						
A663 – Fee Subsidy, ELCD						
A664 – Fee Subsidy, Extended Day						
A400 – Ontario Works, Formal						
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A411 – One-time Start-up Grants, FDELKP						
A393 – Pay Equity Union Settlement						
A375 – Repairs & Maintenance						
A376 – Special Needs Resourcing						

A430 – Special Needs Resourcing, ELCC						
A713 – Transition, Capital						
A446 – Wage Improvement, Non-Profit						
A644 – Wage Improvement, Commercial						
A391 – Wage Subsidy, Commercial						
A432 – Wage Subsidy, Commercial, ELCC						
A390 – Wage Subsidy, Non-Profit						
A431 – Wage Subsidy, Non-Profit, ELCC						
<b>TOTAL</b>						

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