

Ministry of Education

Financial Analysis and
Accountability Branch
20th Floor, Mowat Block
900 Bay Street
Toronto, Ontario M7A 1L2
Tel: (416) 326-0201
Fax: (416) 325-2007
Email: Marie.Li@ontario.ca

Ministère de l'Éducation

Direction de l'analyse et de la
Responsabilité financières
20th étage, édifice Mowat
900, rue Bay
Toronto, Ontario M7A 1L2
Tél: (416) 326-0201
Télé: (416) 325-2007
Courriel: Marie.Li@ontario.ca



2014: EYCC5

**MEMORANDUM TO: Children's Services Managers, CMSMs/DSSABs
Children's Services Finance Leads, CMSMs/DSSABs**

FROM: Marie Li
Director, Financial Analysis & Accountability Branch Financial
Policy and Business Division

DATE: April 29, 2014

SUBJECT: 2013 Child Care Financial Statements

Please find attached information on completing your 2013 Financial Statement submission. The deadline for completing your Financial Statement submission is **June 9, 2014**.

Included in this memorandum is information on:

- What's changed between Revised Estimates and Financial Statements
- Accessing and submitting the Financial Statement forms, plus required additional documentation
- Materials to forward to the Ministry
- Late filing policy
- Funding adjustments
- Capital retrofit funding and carry-forward into 2014

What's changed between Revised Estimates and Financial Statements

To assist Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) prepare their 2013 Financial Statements, Ministry staff provided a summary of the changes between 2013 Revised Estimates and Financial Statements at the recent 2014 Adobe Estimates training sessions. For your convenience the summary slide outlining the changes is attached to this memo. Please direct any questions regarding completing your submission to your Financial Analyst.

Accessing and submitting Financial Statement forms or submission

The Financial Statement forms can be accessed at the [FAAB website](#). Under the Child Care heading located in the bottom right portion of the home page, select the Financial Statement link. Under the CMSM/DSSAB heading, click 2013 then click on EFIS.

CMSMs and DSSABs are required to promote their submission to "Active" status by June 9, 2014.

Materials to Forward to the Ministry

CMSMs and DSSABs are required to forward one original signed copy (hard copy) of the following:

- Title Page (cover page) and
- Schedule 3.1 (all pages).

The Ministry also requires all CMSMs/DSSABs to email their completed Explanation report to childcarefunding@ontario.ca. Be sure to save your Explanation Report in accordance with the file naming convention attached to this memo.

In addition to the above documents, CMSMs and DSSABs are required to submit the following information as outlined in the *Ontario Child Care Service Management and Funding Guidelines* (Updated July 2013) (Page 14) as soon as it becomes available.

- **Audited Financial Statements**, including auditors' report and the notes to the financial statements.
- **Post audit management letter** issued by external auditors. If such a letter is not available, confirmation in writing of the rationale is required.
- **Special purpose audit report*** (review or audit engagement report) that includes the breakdown of expenditures and other restrictions prepared in accordance with the Ministry's modified accrual basis of accounting, unless this information is already included as a separate part of the financial statement.

- **Written confirmation to the Ministry** that all requirements as outlined in the *Ontario Child Care Service Management and Funding Guideline* have been adhered to.

* To assist CMSMs and DSSABs complete the required review engagement or audit engagement report for the child care program, attached to this memo is an excel document that was presented during the February 2014 and March 2014 Estimates training sessions. This excel document is **not** mandatory but is being shared to assist CMSMs and DSSABs meet the requirement.

DSSABs are required to also send the following:

- Approved 2013 DSSAB budget; and
- 2013 Levy Apportionment details.

Please send the above required documentation to:

Manager
Childcare Finance Team
Financial Analysis & Accountability Branch
20th Floor, Mowat Block, 900 Bay Street
Toronto, Ontario
M7A 1L2

Late filing policy

In the event that Financial Statements are filed after the June 9th due date, cash flow may be withheld from the CMSMs/DSSABs regular cash flow as per the late filing policy outlined on Schedule D of your 2013 Child Care Service Agreement. Upon submission of the Financial Statements, 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.

Funding adjustments

Funding adjustments, both positive and negative, resulting from the financial review of 2013 Financial Statements will be recovered or paid to the CMSM or DSSAB through an adjustment to the monthly cash flow. Funding owed to the CMSM/DSSAB will be added to a future cash flow payment and any funding recovery will be deducted from a future cash flow payment. Cash flow adjustments resulting from the processing of your 2013 Financial Statement submission will be communicated to you by your Financial Analyst prior to the amount being processed. Please note that information from your 2013

Financial Statement submission will be used in determining 2015 child care funding allocations.

In order for the Ministry to ensure earlier issuance of your 2015 Child Care Service Agreement, we require submission of your 2013 year-end financial statement submission in EFIS and the review engagement or audit engagement report for the child care program.

Capital retrofit funding & carry forward into 2014

As outlined in memo 2013: ELCC2, dated March 8, 2013, 2013 capital retrofit funding can be carried forward to the next calendar year provided the funds have been committed to non-profit child care centres through the CMSMs/DSSABs approvals process by December 31, 2013. Further to memo 2013: ELCC9, dated June 7, 2013, unspent transformation allocations can be moved into capital retrofit to address spending pressures (Schedule 2.3, line 2.1).

In 2013 **only** unspent transformation allocations that are moved into capital retrofit and committed to non-profit child care centres through the CMSMs/DSSABs approvals process by December 31, 2013 can be carried forward to 2014. This is captured in schedule 4.1 of the 2013 Financial Statements.

In 2014, as outlined in the *Ontario Child Care Service Management and Funding Guideline*, Section 5 on capital retrofit (page 58) **only** 2014 capital retrofits allocations that have been committed to non-profit child care centres through the CMSMs/DSSABs approvals process by December 31, 2014 can be carried forward to 2015.

Should you have any questions about this memorandum or any aspect of the financial reporting process, please contact your Financial Analyst

Sincerely,

Original signed by:

Marie Li
Director
Financial Analysis & Accountability Branch
Financial Policy and Business Division
Ministry of Education

Enclosures: Instructions, Financial Analyst Assignment Listing, 2013 suggested Financial Statement Review Engagement Template, Summary of changes between Revised Estimates and Financial Statements, Naming Convention.

cc:

Pam Musson, Director Early Years Implementation Branch
Child Care Advisors, Early Years Implementation Branch
Financial Analysts, Financial Analysis & Accountability Branch