

**Ministry of Children,
Community and Social
Services**

**Ministère des Services à
l'enfance et des Services
sociaux et communautaires**



Business Planning and
Corporate Services Division

Division des services ministériels
et de la planification des activités

Operational Finance Branch

**Branche de Finance
Opérationnelle**

315 Front Street West, 4th Floor
Toronto, Ontario M7A 0B8
Telephone: 416-460-3554

315 rue Front Ouest, 4^e étage
Toronto (Ontario) M7A 0B8
Telephone: 416-460-3554

ALLOCATED CENTRAL ADMINISTRATION

VERSION: FEBRUARY 2022

PREAMBLE

MCCSS is required to comply with financial management directives and policies as enacted by the government and enforced by Treasury Board.

These directives and policies include (but may not be limited to) the [Transfer Payment Accountability Directive](#), and the [Transfer Payment Operational Policy](#).

Where applicable, these directives and policies inform and constrain MCCSS-specific financial policies. A description of relevant directives and policies can be found in Appendix A at the end of this document.

All ministry-specific and Treasury Board financial management policies are subject to [Public Sector Accounting Standards](#).

1. PURPOSE

The purpose of the Allocated Central Administration policy is to identify and describe the treatment of administrative expenditures that are associated with the delivery of a program service but are recorded as part of a ministry-funded organization's overall administrative costs.

2. APPLICATION AND SCOPE

This policy applies to all Transfer Payment Recipients (TPRs) who provide services funded by the ministry through expenditure-based funding, including Consolidated Municipal Service Managers (CMSMs), District Social Service Administration Boards (DSSABs) and First Nations. Funding is normally provided through a Service Contract, *Child, Youth and Family Services Act* (CYFSA) Approval or Grant Letter.

Where applicable, the program specific policies/ processes/ procedures must be used.

3. DEFINITION OF ALLOCATED CENTRAL ADMINISTRATION COSTS

Allocated Central administration costs refer to costs associated with operating an organization. Allocated Central administration costs include:

- salaries/benefits of the Executive Director (ED) or other management staff who spend all or a portion of their time dedicated to administrative functions
 - if the ED or other management staff spends a portion of their time providing direct care or clinical support/consultation, the salary should be pro-rated accordingly
- costs of secretarial functions that are not fully dedicated to specific programs

- costs of all Human Resources, Finance, Information Systems and Legal staff
- purchased professional services that are not client related, including all costs incurred in purchasing professional services for which the agency itself does not employ staff (e.g., fees for administrative or corporate legal work, audit or bookkeeping fees, costs to develop or maintain information systems)
- office expenses, including computer costs, telephone, printing/copying, stationary, postage and courier, office equipment rental and repairs, periodicals, journals, and microfilming
- advertising costs related to the recruitment of staff
- financing and fundraising costs
- insurance including the cost of fire, theft, damage, as well as bonding and liability
- insurance for staff, board members and volunteer
- fees paid to professional associations, and
- where an agency has operations that cross Regional Office jurisdictions, a pro-rated portion of staffing and occupancy costs for the head office (heat, hydro, utilities, mortgage/rent, realty taxes, HST)

Allocated Central Administration costs do not include program administrative functions that directly support service to the client. Direct client services consist of functions involving interaction with the client and direct supports to client services, such as supervision of direct care staff or frontline workers. Administration costs that can logically be assigned to a program are considered program administration costs.

Allocated Central administration costs associated with unfunded agencies services and programs must be covered from other revenue sources and shown on the budget appropriately.

To determine employee salaries and wages, include total gross salary and wage payments to all full-time, part-time, temporary, relief and staff on paid leave of absence.

Total salaries equal gross pay including overtime, paid vacation, paid sick leave, statutory holidays, etc. When calculating benefits costs, include the employer's share of employee benefits.

Costs that may be pro-rated are:

- Staffing costs where staff performs both central administration and program functions. Pro-rating should be based on an estimate of staff time devoted to

administrative or program delivery activity

- Building occupancy costs - pro-rating should be based on area allocated to central administration functions

3.1 ALLOCATED CENTRAL ADMINISTRATION COSTS:

Allocated Central Administration costs are not to exceed 10 percent of total net expenditures (except in the North region where Allocated Central Administration costs are not to exceed 10.5 percent of total net expenditures). This limit is a tool for the regions to assess agency Allocated Central Administration and contract administrative costs where necessary.

Generally, Allocated Central Administration costs are calculated at the entire contract level and may be at an individual Component or Program Grouping level. However, Allocated Central Administration costs across Components/Program Grouping should reflect the actual level of Allocated Central Administration activity provided to support the services and may vary from one Component/Program Grouping to another.

APPENDIX A

Transfer Payment Accountability Directive (TPAD)

The *Transfer Payment Accountability Directive* (TPAD) establishes the principles, requirements and responsibilities for ministries and provincial agencies when overseeing transfer payment activities. It is essential the TPAD is consulted to understand governance and oversight requirements.

Transfer Payment Operational Policy (TPOP)

This policy is established under the authority of TPAD. The purpose of the TPOP is to set out operational requirements and best practices that support a consistent approach for effective and proportional oversight of transfer payment activities and productive relationships with transfer payment recipients.