

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

Business Planning and
Corporate Services Division

Operational Finance Branch

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

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

Division des services ministériels
et de la planification des activités

**Branche de Finance
Opérationnelle**

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



CORRECTIVE ACTIONS POLICY

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

In accordance with the terms and conditions of the signed transfer payment agreements and related MCCSS financial policies, Transfer Payment Recipients (TPRs) must comply with mandatory reporting requirements. Appropriate reporting provides meaningful information and supports accountability.

Ministry staff must take appropriate steps to monitor and ensure TPRs comply with reporting requirements. Correspondingly, ministry staff must undertake a process of corrective action(s) in a timely manner if TPRs have not complied with such requirements.

2. APPLICATION AND SCOPE

The Corrective Actions Policy applies when a TPR is not in compliance with funding agreement reporting requirements and deliverables or applicable legislation and regulations. Examples of required reports include (but is not limited to) year-to-date reporting, year-end reporting, reconciliation reporting, and attestation under the Broader Public Sector Accountability Act.

3. PRINCIPLES

Under the Transfer Payment Accountability Directive, the ministry is required to monitor transfer payment agreements to ensure activities are carried out and services provided as outlined in the transfer payment agreement. The ministry must also ensure legal terms and conditions and reporting requirements are met.

This policy establishes the following principles to further guide the administration of corrective actions in the management of transfer payment relationships.

- Clear roles and responsibilities: The responsibility to ensure full compliance lies with the Regional/Corporate Branch Director and is delegated to the appropriate ministry staff
- Information collection and its use: The information collected in reports provides valuable information for financial accountability and for evidence-based decision-making
- Proactive approach: The ministry is expected to maintain effective working relationships with TPRs in order to identify and mitigate situations of non-compliance as early as possible
- Proportional oversight: Corrective actions must be progressive in nature and proportional to the degree of non-compliance. Proportionality allows ministry staff to tailor oversight approaches based on the relationship with the TPR and the risks assessed
- Risk-based approach: Situations where transfer payment recipients are subject to repeated and escalating corrective actions should be taken into consideration when completing future risk-assessments of the transfer payment recipient

4. REQUIREMENTS

This policy sets out the corrective actions to be taken by ministry staff to manage relationships with TPRs, including how to ensure reporting requirements and deliverables are met, and address compliance issues when necessary.

The Regional/Corporate Branch Director has the discretion to develop alternate timeframes on a case-by-case basis.

The ministry's Legal Services Branch must be involved before engaging in more severe corrective actions, such as reclaiming funds or termination of the transfer payment agreement.

Corrective Actions:

A. Initial Notice Non-Compliance

Ministry staff must send an email notification to inform the TPR of any outstanding compliance issues as stated in the transfer payment agreement terms and conditions.

The TPR can explain factors that contributed to non-compliance. Ministry staff and the TPR must establish a *secondary reporting deadline* that must not exceed sixty days from the initial deadline. During this time, ministry staff can identify any capacity issues or additional supports the TPR may require to be able to comply with reporting requirements.

B. Secondary Notice Non-Compliance

Ministry staff must send a letter by mail or email to the TPR if the outstanding compliance issues have not been addressed by the *secondary reporting deadline*. This letter will be addressed to the Executive Director or equivalent. See *Template - Corrective Actions Letter 1*.

The TPR must resolve the outstanding compliance issues and/or provide a response to the Corrective Actions Letter 1 within two weeks from the *secondary reporting deadline*.

C. Final Notice Non-Compliance

If the TPR has not fulfilled its mandatory reporting requirements after the above mentioned actions have been taken, ministry staff must send a final letter to the TPR's Board Chair or equivalent. See *Template – Corrective Actions Letter 2*.

The letter to the Board Chair must request a meeting and indicate that the TPR has not fulfilled its mandatory reporting requirements. Once this letter has been sent, ministry staff and the TPR will set an appropriate date for a meeting. At the meeting with the Board Chair, ministry staff must:

- Clarify mandatory reporting requirements and reinforce their importance as per the terms and conditions of the transfer payment agreement
- Work with the TPR to set a date for the compliance resolution and/or outstanding report(s) to be submitted; and
- Communicate the escalated corrective actions the ministry may take should the issues continue to be unresolved

A summary of the meeting, documenting the expected outcomes and agreed upon dates, must be drafted and shared with the Executive Director and the Board Chair.

The summary must include the following information:

- Date of meeting
- Names of participants

- Report(s) required
- Deadline for resolution and
- Additional items/ issues discussed

D. Escalated Corrective Actions

The Regional/Corporate Branch Director is expected to use professional judgment to determine whether, and how, to address ongoing cases of non-compliance.

It is recommended that ministry staff carefully consider client service and broader implications before taking the following escalated corrective actions:

- Update the non-compliant transfer payment recipient's risk assessment to elevated risk level for future funding decisions or expansion proposals
- Suspend financial flexibility privileges
- Initiate an operational review of the TPR, particularly if other concerns have been identified
- Suspend VOR access
- Suspend cash flow in full or in part on existing transfer payment agreements
- Involve the Ontario Internal Audit Division, Community Services Audit Service Team
- Reclaim funds, and
- Terminate the contract

Note: The ministry's Legal Services Branch must be involved before engaging in more severe corrective actions, such as reclaiming funds or termination of the transfer payment agreement.

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.