

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

Business Planning and Corporate
Services Division

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

Division des services ministériels
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FINANCIAL FLEXIBILITY

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 policy is to define financial flexibility parameters to enhance a Transfer Payment Recipients' (TPR) ability to meet their negotiated service targets while addressing financial, volume, and caseload pressures.

2. APPLICATION AND SCOPE

TPRs are allowed **in-year** financial flexibility to move dollars on a **one-time** basis without approval from the ministry provided that all financial flexibility criteria are met. In-year refers to the funding period identified in the Transfer Payment Agreement.

This policy applies to all TPRs including non-profit organizations, Consolidated Municipal Service Managers, District Social Service Administration Boards, First Nations, and Indigenous Agencies that provide services funded by the ministry through transfer payments. Ministry transfer payments can take the form of legislated entitlements, service agreements, approval letters, and grants.

TPRs must report any realignment of funding through year-to-date and year-end reconciliation reports. As part of the year-to-date and year-end reconciliation reports, TPRs are also required to demonstrate that the realignments were consistent with financial flexibility criteria outlined in Sections 5 and 6 of this document.

**COVID-19 Financial Flexibility in the fiscal year 2022-23;
The ministry will provide further updates by September 30, 2022 on flexibility measures as the current environment evolves.**

The Ministry will continue to support agencies' financial flexibility consistent with 2021-22 measures, into 2022-23:

- Flexibility to shift funding within Program Groupings, in accordance with the Appendix appended to the end of this document
- Caps will not be placed on administrative spending
- TP Recipients will be asked to report on what progress was made on service targets and performance measures through interim report backs but are not being held to pre-COVID-19 service targets
- These flexibility measures are extended for all agencies and partners with current TP agreements who were assessed as low or medium risk by the ministry
- These financial supports are also extended for TP Recipients assessed as high risk who received ministry approval to participate in these flexibility measures

Updates have been made to the 2021-22 MCCSS Budget Package Annual Reconciliation Report to capture financial flexibility transfers made in FY 2021/22 due to COVID-19. Please speak to your Program Supervisor if you have questions/concerns related to these requirements.

For other MCCSS funding categories, program specific, and customized reports please consult with your ministry lead for details regarding specific templates and instructions.

Note: Program specific policies and guidelines may provide additional directions and provisions regarding financial flexibility. Please check program specific materials, such as manuals, policies, and guidelines to ensure full financial reporting compliance. Program specific legislation, regulations, directives, policies, and guidelines supersede this policy.

3. ANNUALIZED FUNDING APPROVAL

No changes to annualized funding can be made without the approval of the ministry through a new or amended service agreement.

TPRs cannot realign funds from the same detail code for two or more consecutive years without prior approval from the ministry. The Ministry approved permanent and/or annualized changes to service contracts are to be negotiated for the following year.

4. FINANCIAL FLEXIBILITY – REQUIRED CONDITIONS

Realignments:

Each of the following criteria must be met by the TPR for **in-year, one-time** financial flexibility to be permissible and done without ministry approval:

- A. The TPR will not reduce their ability to deliver legislated, mandated services by reallocating resources to non-mandatory programs. Any in-year budget realignments must first be applied to volume/caseload increases in legislated, mandated services.
- B. The TPR has a mechanism in place to monitor and report achievement of its service targets as demonstrated in its most recent year-to-date report.
- C. The TPR submitted all year-to-date reports on time.
- D. The realigned funding is identified through the year-end reconciliation reporting.

Additional Considerations

Ministry staff may consider the following in a TPRs' financial flexibility request:

- Service targets, as defined in the service agreement, are met to the satisfaction of the ministry.
- Outcomes are consistent with stated government and ministry policy directions as well as community priorities.
- Financial flexibility improves/increases services and improves outcomes to clients.
- Services are delivered in the most effective, efficient, and affordable manner.
- The explanation of variances aligns with the application of financial flexibility.

5. REALIGNMENTS - REQUIRED CONDITIONS

Funds may be realigned for one-time in-year funding without ministry approval if **ALL** six of the following conditions are met:

1. Funds are within the same Program Grouping.
2. Funds are within the same service agreement.
3. Use of funds must be compliant with existing ministry funding/financial policies and guidelines.
4. Realignment is of operating funding only.
5. Realignment does not increase administrative cost categories. This includes all general administration categories including salaries, wages, and benefits.

6. Funds do not include components that are identified as exempt from financial flexibility.

6. ADDITIONAL PROGRAM BASED PARAMETERS TO FINANCIAL FLEXIBILITY

Capital Programs

There is no financial flexibility for capital programs. Funding approvals are project-specific for major capital and minor capital. TPRs are not permitted to move dollars in-year for major and minor capital detail codes without ministry approval.

Child Welfare

Children's Aid Societies have full financial flexibility to manage eligible child protection operating expenditures within their approved budget allocations. However, funding for targeted subsidies and customary care financial assistance cannot be used to offset pressures in child protection operating expenses.

Dedicated Supportive Housing (DSH)

Financial flexibility exceptions are identified through the Annual Information Return found in the DSH transfer payment budget package.

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.

APPENDIX B

Flexibility may be applied across TPON Components within each Program Grouping listed below.

| Program Grouping | TPON Component (Program) |
|------------------|---|
| 7831 | Learning Earning and Parenting (LEAP) |
| | OW Employment Assistance |
| E530 | Child Welfare – Community and Prevention Supports |
| | Indigenous Child, Youth and Family Well Being |
| | Community Support-Native Services on Reserve |
| | Northwest Prevention Initiative |
| | Child Welfare Natives Services on Reserve |
| | Child & Fam Intervention – Nat Srvs on Reserve |
| E531 | Alternatives to Custody and Community Interventions |
| | Community Partnerships |
| | Reintegration/Rehabilitation Services – Community |
| | Mental Health/Specialized Programming |
| | Indigenous Services |
| | Other Services |
| | Open Custody/Detention |
| | Secure Custody/Detention |
| | YJD – Sundry |
| F510 | Prevention |
| | DSRS – Adults' Community Accommodation |
| | DSRS Children's Community Accommodation |
| | Adults' DS Community Support Services |
| | Vocational Alternative Supports-Adult |
| | DSB-Employment Supports (Transition) |
| | Children's DS Community Support Services |
| F514 | Broader Public Sector-Other-Developmental Services |
| | IHWS – Crisis Intervention |
| | IHWS – Curative and Rehabilitative Care |
| | IHWS – Promotion and Prevention |
| | IHWS – Supportive Resources, Training and Capacity Building |
| | Intervenors Services |
| | Interpreters Services |
| | Homelessness Initiatives and other Community Services |
| | Domiciliary Hostels |
| | Youth Initiatives |

| Program Grouping | TPON Component (Program) |
|------------------|---|
| | Violence Against Women |
| | Anti-Human Trafficking Community Supports |
| | Broader Public Sector-Other-Adults' Social Services |
| E532 | Healthy Child Development |
| | Broader Public Sector-Other-Children's Services |
| | Early Intervention |
| | Child Treatment Services - Operating |
| | Children's Rehabilitation Services |
| | Respite Services |
| | Coordinated Service Planning |
| | Services for Children and Youth with Complex Needs |
| 7847 | Violence Prevention Initiatives |
| | Economic Empowerment Initiatives |

Flexibility measures cannot be applied for the following Program Groupings unless approved by the ministry:

| Program Grouping | TPON Component (Program) |
|------------------|--|
| 7830 | Ontario Works Basic Financial Assistance |
| | Ontario Works Administration |
| | BPS - Other Social Assistance |
| 7831 | Employment Supports Funding |
| | Home & Vehicle Modification Program |
| | OW Addiction Services Initiative |
| E532 | Special Services at Home |
| | Student Nutrition |
| E560 | Child Welfare Services – Operating |
| | Provincial Initiatives |
| E590 | Autism |
| E644 | Complex Special Needs |
| 7831 | Employment Supports Funding |
| | Home & Vehicle Modification Program |
| | OW Addiction Services Initiative |