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Services**

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RECOVERABLE FUNDING

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

This policy applies to all Transfer Payment Recipients (TPRs) that provide services funded by the ministry. This includes Consolidated Municipal Service Managers (CMSMs), District Social Service Administration Boards (DSSABs), and First Nations.

TPRs that provide services funded by the ministry are required to provide financial reports on its ministry-funded services. At the end of each budget year the TPR must provide a Year-End Reconciliation Report that indicates eligible expenditures and recoverable funding.

Recoverable funding refers to the amount of funding to be recovered by the ministry which is identified through the TPR year-end reconciliation process. This amount includes any operating surplus and unearned funding accumulated over one or more fiscal periods.

This policy provides the parameters for the ministry to identify and recover funding from a TPR.

2. APPROVALS AND RESPONSIBILITIES

The ministry determines the TPRs eligible funding and confirms any recoverable funding.

Designated ministry staff have the responsibility to account for all public funds allocated for transfer payment programs and to ensure that provincial funds are either used as specified in legal agreements or returned to the provincial treasury.

3. MANDATORY REQUIREMENTS

COVID-19 Financial Flexibility has been extended into fiscal year 2022-23; please see the Financial Flexibility Policy 1-14-E for more details.

The major components of funding recovery are as follows:

1. Identification of Recoverable Funding
2. Assessment and Confirmation of Identified Recoverable Funding
3. Recovery of Identified Recoverable Funding
4. Overpayment

3.1 IDENTIFICATION OF RECOVERABLE FUNDING

Recoverable funding is identified through the year-end reconciliation process as an operating surplus and/or unearned funding. Year-End/Annual Reconciliation Reports identify, as organized by program component, and within financial flexibility parameters any recoverable funding for the year.

Refer to Year-End Reconciliation policy for report types and policy exceptions.

3.2 ASSESSMENT AND CONFIRMATION OF IDENTIFIED RECOVERABLE FUNDING

The identified recoverable funding is assessed and confirmed by designated ministry staff who are required to review, analyze and verify the Year-End/Annual Reconciliation Reports and Audited Financial Statements. A TPR may also be required to provide other information as required during the review process.

The date the government reports its financial position is March 31st of the fiscal year. This is known as the Financial Statement Date.

The recoverable funding identified in any reconciliation report for any TPR must be confirmed by the ministry office within twelve (12) months of the government's applicable Financial Statement Date.

3.3 RECOVERY OF IDENTIFIED RECOVERABLE FUNDING

Recovery of funding must commence within twelve (12) months of the government's applicable Financial Statement Date. All recoverable funding must be fully recovered within twenty-four (24) months of the government's applicable Financial Statement Date.

All ministry offices must keep a complete record, by component, of the identified recoverable funding and the actual funding recovered from TPRs.

At the discretion of the ministry, the funding is recovered by:

- Deducting the recoverable funding from future cash flows; or
- Requesting a cheque from the TPR payable to the Minister of Finance.

3.4 OVERPAYMENT

Overpayments identified in-year or at year-end must be recovered by the ministry.

At the discretion of the ministry, the overpayment is recovered by:

- Deducting the overpayment amount from future cash flows; or
- Requesting a cheque from the TPR payable to the Minister of Finance.

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.