

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

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



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# **RETAINABLE AND NON- RETAINABLE REVENUE**

**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 retainable revenue and non-retainable revenue.

Transfer Payment Recipients (TPRs) are required to report revenues earned from various sources.

The treatment of revenue is determined by its source and by the purpose for which it was received. Revenue generated from ministry funding may include a portion of the TPRs legislated share of operating expenditures, where applicable.

### **2. APPLICATION AND SCOPE**

This policy applies to all TPRs who provide services funded by the ministry and its agencies, boards, and commissions through expenditure-based transfer payments. This includes Consolidated Municipal Service Managers (CMSMs), District Social Service Administration Boards (DSSABs), and First Nations. Where applicable, the retainable and non-retainable revenue must also comply with program specific policies, processes and/or procedures.

This policy does not apply to Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) who provide Dedicated Supportive Housing Program.

### 3. MANDATORY REQUIREMENTS

A TPR may be required as part of its funding agreement to generate revenue for a portion of its approved expenditures. Excess generated revenue can be retainable or non-retainable and must be treated as follows.

**3.1 RETAINABLE REVENUE:** Retainable revenue generated from non-ministry funded resources is applied to meet the TPRs legislated share of approved expenditures (referred to as Revenue [Legislated Share] in the Budget Schedule). Excess retainable revenue not legislatively assigned is available for the TPRs other costs or deficits.

Retainable revenue includes the following:

- general donations
- any monies received for capital purposes (e.g. specific donations, endowments, bequests)
- fund raising where the revenue is generated through activities not involving the use of ministry resources
- interest revenue arising from the investment of retainable revenue; and
- other grants or subsidies received for activities not ordinarily funded by the ministry

**3.2 NON-RETAINABLE REVENUE:** If produced from ministry funded resources, the excess revenue is subtracted from the gross expenditures, which reduces the expenditures eligible for ministry funding.

Revenue generated from ministry funded resources is applied to meet the TPRs legislated share of expenditures (referred to as offsetting revenue in the Budget Schedule). Non-retainable revenues must be deducted from the gross approved expenditures, which determine ministry funding. Non-retainable revenue must be used towards reducing approved expenditures in the Budget Section in the Submission Form. They are not available for any other purpose.

Non-retainable revenue includes the following:

- Expenditure recoveries
- Interest revenue earned on ministry funds
- Refunds or recoveries of previous expenditures (e.g. recovery of overpayments, refunds of sales, gasoline, harmonized sales tax, property, or municipal taxes)

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- Specific operating donations (e.g., a donation for a specific operating purpose in connection with an approved service), an offset for admissible expenditures included in ministry's funding such as a donated audit fee
- Net revenue arising from the sale of goods and/or the provision of services provided by the TPR (e.g. workshop sales and resident accommodation)
- Any monies raised/received from non-ministry funding sources for supporting ministry funded services. Non-ministry funding revenues (for supporting ministry funded services), including any excess of projected revenues, must all be used to offset any expenditures/deficits in ministry funded services
- Parental contributions which include all payments received from parents, guardians, or others
- Inter-agency chargebacks including revenue received from charges to other TPRs also receiving ministry funding
- Consulting or training fees which includes fees charged for services provided to other organizations (e.g. training, consulting, or other related services)
- Revenue generated from charges levied for the use of ministry-funded resources (e.g. parking fees, charges for staff or visitor accommodation or meals, space or equipment rentals, transportation charges, charges to residents for social services, activities and comforts) and including rental income from capital assets that the ministry has an interest in, and
- Training/assessment fees from other public and private organizations

TPRs who are multi-service and need to allocate shared costs across the programs they provide (such as staffing) should not treat these transactions as intra-department/program revenue. TPRs must report the net cost for each program based on each program's consumption of resources.

## **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.