

**GRANTS AND
CONTRIBUTIONS CHANGE
AGENDA: ADMINISTRATIVE
CHANGES
E-LEARNING FOR
SPONSORS**



TABLE OF CONTENTS

Lesson 1 - Introduction

| | |
|---|----|
| Welcome | 4 |
| Introduction..... | 5 |
| Gs and Cs Admin Changes | 6 |
| Course Objectives | 7 |
| How do I use this e-learning course? | 8 |
| Q & A - Why are these changes being introduced? | 10 |
| Which Specialization and Concentration directives are impacted? | 11 |
| What Programs are impacted? | 12 |
| What are the key changes with the new directives? | 13 |
| When do I start using these new categories and costing options? | 14 |
| What impact will this have on my workload? | 15 |
| Have e-Forms and CSGC been updated with these changes? | 16 |
| Where can I get more information? | 17 |

Lesson 2 - New List of Eligible Costs

| | |
|--|-------------------------------------|
| Lesson 2 Overview and Objectives | 18 |
| What's New..... | 18 |
| Review of New Cost Types and Categories..... | 20 |
| Cost Types Activity Part 1: 1A, 1B, 1C or 2?..... | 23 |
| Category Considerations..... | Error! Bookmark not defined. |
| Cost Types Activity Part 2: "Old Way" to "New Way" | 30 |
| Requesting Organizational Infrastructure Costs | 40 |

Lesson 3 - New Costing Options

| | |
|--|----|
| Lesson 3 Overview and Objectives | 42 |
| What's New | 43 |
| Costing Methods | 44 |
| Option #1: Departmental Flat Rate..... | 46 |
| Option #2: Organization Specific Percentage Rate..... | 48 |
| Option #3: Reimbursement Based on Actual Expenditures for ALL Cost Types | 50 |
| Important Considerations for Costing Options..... | 52 |
| Combining Flat Rate Percentages and Actuals? | 53 |
| Less Control, Strengthened Partnerships | 54 |

Lesson 4 - Budget Flexibility and Claims Processing

| | |
|--|----|
| Lesson 4 Overview and Objectives | 56 |
| What's New?..... | 57 |
| New Application Form..... | 58 |
| Simplified Cash Flow | 59 |
| Schedule of Flat Rate Payments | 61 |
| Budget Flexibility During the Project | 63 |
| Revised Claim Form and CSGC Capture Claim Screen | 65 |
| Administering Flat Rate Payments for Progress Paying Projects..... | 66 |
| Administering flat rate payments for Advance Paying Projects..... | 68 |
| Documentation with Claims | 71 |
| How does financial monitoring change? | 72 |

Lesson 5 - Other Important Changes and Wrap-Up

| | |
|--|----|
| Lesson 5 Overview and Objectives | 74 |
| What's New?..... | 75 |
| Final-Assessment | 77 |
| Final-Assessment - Answers | 80 |
| Summary | 83 |

| | |
|---|---|
| <p style="text-align: center;">LESSON 1 – INTRODUCTION</p> | <p style="text-align: center;">WELCOME</p> |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> |

Welcome

Here you will find learning activities that will help you better understand the Eligible Costs Listing, flat rate options, and how your work with administering Service Canada programs will be impacted.

| LESSON 1 – INTRODUCTION | INTRODUCTION | |
|----------------------------|--|---|
| Notes | Content | |
| | <p>Introduction</p> <p>This online module aims to provide a starting point to clarify the new directives on eligible costs and costing options for Grants and Contributions programs.</p> <p>This e-learning course will not be able to answer every question that you may have about the new directives. However, this is one tool which will help you better understand what the directives mean to sponsors. Service Canada will continue to develop clarifying notes and additional resources that will help with implementing the changes over the coming months.</p> <p>The changes addressed here are part of a larger initiative around enhancing our services to Canadians. As all phases of the project life cycle and the overall Service Canada vision are operationalized, you will be provided with the needed information in order to apply the changes in your work. Step-by-step we will be moving to a focus that is more on outcomes, rather than on very detailed financial transactions.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 5 |

| | | |
|---|--|-------------------------------------|
| <p style="text-align: center;">LESSON 1 – INTRODUCTION</p> | <p style="text-align: center;">GS AND CS ADMIN CHANGES</p> | |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> | |
| | <p>Gs and Cs Admin Changes</p> <p>Service Canada gives us an unprecedented opportunity to vastly improve the way we manage our relationships with our service delivery partners. We are now ready with the first set of directives for what will be a broad and long term change agenda to do that.</p> <p>This agenda is all about our transformation goal of delivering seamless citizen and community centered service to our stakeholders. It has benefited enormously from some excellent collaboration with the Joint Service Canada/Voluntary Sector Working Group.</p> <p>Reducing some of the administrative burden involved in the management of contribution agreements with this first wave of changes is just the beginning. Our ultimate goal is to streamline and simplify all funding processes for staff and sponsors alike; improve the coherence of the various funding arrangements we use across all the programs we deliver, and improve our overall ability to focus on outcomes and results.</p> <p>These changes are about getting the balance right and not abandoning our commitment to a fully accountable approach that delivers good value for money.</p> | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p style="text-align: right;">6</p> |

| LESSON 1 – INTRODUCTION | OBJECTIVES | |
|----------------------------|---|---|
| Notes | Content | |
| | <p>Course Objectives</p> <p>This module relates to a larger course under development entitled “Budget Development and Assessment” which is aimed at training new Program Officers in this phase of the Project Life Cycle. The larger course introduces many of the skills and knowledge that experienced staff are already comfortable with. For this reason, the lessons in the module you are about to look at present only the key sections that focus on the new Administrative Changes directives.</p> <p>Module Objective:</p> <p>By the end of this course, participants will be able to select the appropriate cost category for proposed cost items, given the Eligible Costs Listing, by answering multiple choice questions.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 7 |

| | | |
|---|---|-------------------------------------|
| <p style="text-align: center;">LESSON 1 – INTRODUCTION</p> | <p style="text-align: center;">HOW DO I USE THIS E-LEARNING COURSE?</p> | |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> | |
| | <p>How do I use this e-learning course?</p> <p>Before beginning this module, please ensure that you have the following directives and resources printed out and read as a pre-reading activity:</p> <ul style="list-style-type: none"> • <u>Appendix 4 - Project Applicant Instruction Sheet:</u> http://www1.servicecanada.gc.ca/en/epb/sid/cia/CCSB/applicantinstructionsheets.html <ul style="list-style-type: none"> ○ <u>Annex A - Cost Category Structure</u> ○ <u>Annex B - Eligible Cost Listing</u> ○ <u>Annex C - Costing Options for Employment Assistance Services Contribution Agreements</u> ○ <u>Annex D - Budget Template for Contribution Project Proposal</u> ○ <u>Annex E - Criteria for a Study Submitted for an Organization Specific Flat Percentage Rate</u> <p>We suggest that you start a binder or file folder to keep all of the directives and notes from this e-learning module together.</p> <p>This module will be referring to these directives throughout. Each lesson will explain which documents are needed to follow along in the activities.</p> <p>The course will not repeat the information in the directives word for word. Instead, it will explain how each of these directives will impact your work, focusing on “What’s New”, what are we starting, stopping, and continuing to do.</p> <p>The course also provides examples and case studies that will help you better understand and work with the new</p> | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p style="text-align: right;">8</p> |

| | | |
|--|---|------------------------|
| <p align="center">LESSON 1 – INTRODUCTION</p> | <p align="center">HOW DO I USE THIS E-LEARNING COURSE?</p> | |
| <p align="center">Notes</p> | <p align="center">Content</p> | |
| | <p>resources throughout the Project Life Cycle.</p> <p>You can complete the e-learning course from start to finish. Or, you can start and stop it as needed to suit your schedule. Because the information is posted on the internet, you can review sections as many times as you need, and print hard-copies of any screen.</p> | |
| <p>2006-01-18</p> | <p><i>ADMINISTRATIVE CHANGES E-LEARNING</i></p> | <p align="right">9</p> |

| | | |
|---|--|-----------|
| <p style="text-align: center;">LESSON 1 – INTRODUCTION</p> | <p style="text-align: center;">Q&A: WHY ARE THESE CHANGES BEING INTRODUCED?</p> | |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> | |
| | <p>Q & A - Why are these changes being introduced?</p> <p>A number of new initiatives are being implemented as a result of consultations between Service Canada and members of the Voluntary Sector. The administrative burden that has been placed on Service Canada staff and sponsors has been difficult due to many control measures put in place since the Audit in 1999. The new directives are viewed as a first step in regaining a balance between support and control: providing quality activities and accounting for public funds.</p> <p>A Joint Service Canada/Voluntary Sector Working Group has released a report that highlights key initiatives that are being developed to strengthen relationships and enhance program delivery.</p> <p>This report is available to sponsors on the Service Canada Internet site and to staff via our intranet. Click on this link to view the report (Note: pages 27- 29 address specifically the Administrative Changes which are the focus of this e-learning course):</p> <p>http://www1.servicecanada.gc.ca/en/epb/sid/cia/CCSB/Report.shtml</p> | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p>10</p> |

| | | |
|---|--|-----------|
| <p style="text-align: center;">LESSON 1 – INTRODUCTION</p> | <p style="text-align: center;">SPECIALIZATION AND CONCENTRATION</p> | |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> | |
| | <p>Which Specialization and Concentration directives are impacted?</p> <ol style="list-style-type: none"> 1. Segregation of Duties – NO CHANGE to existing directive 2. Calls for Proposals – Revised directive with a more streamlined CFP process. This will be addressed in a separate training module, to be launched over the coming months. 3. Internal Review Committees – Revised directive with a single internal review process and new joint IRCs. This e-learning module will introduce the changes in this directive. 4. Financial Controls – Many of the directives that are being implemented apply to financial controls, including: eligible costs list, methods for calculating flat rates, streamlining audit requirements, budget flexibility. These are the focus of this e-learning module. | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p>11</p> |

| LESSON 1 – INTRODUCTION | PROGRAMS IMPACTED | |
|----------------------------|---|----|
| Notes | Content | |
| | <p>What Programs are impacted?</p> <p>The standardized eligible costs list applies to the following programs, effective January 1, 2006.</p> <p>Those are:</p> <ul style="list-style-type: none"> • Employment Benefits and Support Measures (EBSM) <ul style="list-style-type: none"> - EAS; • EBSM - Labour Market Partnerships (including Youth Awareness); • EBSM - Job Creation Partnerships; • EBSM - Community Coordinators / Organizational Agreements: <ul style="list-style-type: none"> ▪ Self-Employment Assistance ▪ Targeted Wage Subsidies ▪ Skills Development • Youth - Partners in Promoting Summer Employment; • Youth - Career Focus; • Youth - Skills Link; • Enabling Fund - Official Language Minority Communities. | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 12 |

| LESSON 1 – INTRODUCTION | KEY CHANGES | |
|----------------------------|---|----|
| Notes | Content | |
| | <p>What are the key changes with the new directives?</p> <ul style="list-style-type: none"> • The key areas affected are: • Common guidelines about the costs that are eligible under Grants and Contributions programs to ensure consistent assessment of project proposals. • Reduction in the number of categories on the revised application and forms: budget, cash flow forecast, claim form. • More flexible approach to budgeting, where some costs may be shifted among and between items without need for amendment. • Streamlining of assessment and monitoring of recurring project costs (i.e., materials and supplies, telephone) through the introduction of flat-rate options. • Recognition of “central administrative” costs as eligible under a new “Organizational Infrastructure Costs” category. • New method for negotiating use of applicant-owned assets in project activities. • Streamlined IRC process to shorten approval times and reduce duplication. | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 13 |

| LESSON 1 – INTRODUCTION | TIMELINES FOR CHANGES | |
|----------------------------|--|----|
| Notes | Content | |
| | <p>When do I start using these new categories and costing options?</p> <p>The List of Eligible Costs will be implemented on January 1, 2006.</p> <p>Other initiatives being announced in December, such as flat-rate costing methods, are to be implemented starting in January 2006. The flat-rate methods for “Other Direct” and “Organizational Infrastructure” costs may be applied to any Employment Assistance Services (EAS) proposal that begins on or after January 1, 2006.</p> <p>Proposals under negotiation in January will be assessed under the new guidelines. Sponsors will be provided with the opportunity to consider the new costing options and to resubmit their budget notes using the new Eligible Costs List.</p> <p><u>NOTE:</u> Employment Assistance Services (EAS) is the only program with flat rate options available in January 2006. This may require amendments (extensions) to existing agreements with an end date in winter 2006 to allow enough time for sponsors and Program Officers to consider the proposals under the new guidelines.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 14 |

| LESSON 1 – INTRODUCTION | WORKLOAD IMPACT | |
|----------------------------|--|----|
| Notes | Content | |
| | <p>What impact will this have on my workload?</p> <p>Over the next few months, it may take you some time to get used to working with the new list of eligible costs, categories and working with the flat-rate costing options. It will require a time investment to complete this e-learning, participate in information sessions, and ask questions along the way if things are not clear.</p> <p>As employees and sponsors become more comfortable with the processes, and all the tools are put in place, the administrative changes are expected to streamline your work with managing agreements. The time spent on negotiating and monitoring is expected to be reduced, since any costs covered under flat rates will not be assessed or monitored.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 15 |

| LESSON 1 – INTRODUCTION | FORMS AND CSGC | |
|----------------------------|--|----|
| Notes | Content | |
| | <p>Have e-Forms and CSGC been updated with these changes?</p> <p>The Applicant Information package and Application Form (EMP5209) will be updated to provide sponsors with information about the new list of eligible costs and categories. In addition, a simplified cash flow forecast and claim form will be updated in e-forms (EMP5216 and EMP5219).</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 16 |


| LESSON 1 – INTRODUCTION | MORE INFORMATION | |
|----------------------------|---|----|
| Notes | Content | |
| | <p>Where can I get more information?</p> <p>Sponsors can learn about these changes by reading the materials, attending an information session with staff either before and/or after e-learning, and through discussions with Service Canada staff.</p> <p>This e-learning module will help to clarify many of the changes, focusing on the cost categories and costing frameworks.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 17 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | OVERVIEW AND OBJECTIVES | |
|---------------------------------------|---|----|
| Notes | Content | |
| | <p>Lesson 2 Overview and Objectives</p> <p>In this lesson, participants will have the opportunity to review the cost types, cost categories and items eligible under Grants & Contributions programs. Participants will be provided with examples to assess the appropriate cost categories for proposed cost items.</p> <p>What You Need for this Lesson:</p> <ul style="list-style-type: none"> • Appendix 4 - Project Applicant Instruction Sheet • Annex A - Cost Category Structure • Annex B - Eligible Cost Listing <p>What You'll Learn:</p> <p>Participants will be able to:</p> <ul style="list-style-type: none"> • classify the eligible costs that fall under each cost category • assess whether a proposed cost is an Activity Related Direct cost, Participant-Related cost, or Other Direct cost | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 18 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | WHAT’S NEW | |
|---------------------------------------|---|----|
| Notes | Content | |
| | <p>What’s New?</p> <ul style="list-style-type: none"> • New standard list of eligible costs • Revised cost types and cost categories • New groupings for cost items to allow some costs to be paid with a flat-rate • New category for costs commonly known as “centralized admin” • New guidelines for calculating how to budget and reimburse eligible assets owned by the applicant <p>What has not changed?</p> <p>We will continue to assess proposals to ensure that requested costs:</p> <ul style="list-style-type: none"> • Are eligible under the Program Terms and Conditions • Are necessary to delivering project activities • Are reasonable • Show good value for money when assessed as a whole <p>Most of the cost items that are included in the new list of eligible costs are familiar to you and may already have been allowed in past or current agreements. However, there are several items which have been ‘grey areas’ for many offices.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 19 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | REVIEW OF NEW COST TYPES AND CATEGORIES | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <p>Review of New Cost Types and Categories <i>Captivate Presentation (storyboard)</i></p> <p><i>Click here to view and print a Word version of this presentation.</i></p> <p>Slide 1 – Presentation Introduction This presentation will walk you through an overview of the eligible costs list. It will clarify what is meant by cost types, cost categories and cost items.</p> <p>“Click here to start”</p> <p>Slide 2 – 4 Cost Types There are 4 NEW Cost Types:</p> <ol style="list-style-type: none"> 1. Project Costs <ol style="list-style-type: none"> A. Activity-Related Direct Project Costs B. Participant-Related Direct Project Costs C. Other Direct Project Costs 2. Organizational Infrastructure Costs <p>A key reason behind these new types is to provide a structure that will allow us to use a flat-rate option for some costs. By grouping all of the eligible expenses under these 4 types, we can separate those costs we will reimburse based on actuals and those which will be covered through a flat-rate percentage.</p> <p>Slide 3 – 11 Cost Categories These 4 types are broken down into more detail on the forms used for the application and management of projects. Click on each of the 4 types on the right to display the 11 cost</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 20 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | REVIEW OF NEW COST TYPES AND CATEGORIES | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <p>categories and how they relate.</p> <p>Slide 4 – Forms and Systems These 11 cost categories will be the new structure for the forms and some COMMON SYSTEM FOR GRANTS AND CONTRIBUTIONS screens that we use for projects:</p> <ol style="list-style-type: none"> 1. Application Form EMP5209 2. Claim Form EMP5219 3. Monitoring Form EMP5220B 4. Budget Detail Screen 5. Schedules A and B 6. Capture Claim Screen <p>E-Forms and the COMMON SYSTEM FOR GRANTS AND CONTRIBUTIONS screens listed above will be updated by January 1, 2006 with the new cost categories.</p> <p>Slide 5 – Cost Items Each of the 11 cost categories contain a number of cost items that are eligible. These are the specific costs that applicants may request but they must clearly explain how the costs relate to project activities in the proposal.</p> <p>Click on each of the 11 cost categories to see examples of cost items included. <i>Note: Not all items are included here. Please refer to the “List of Eligible Costs” for the full list of items.</i></p> <p>Slide 6 – Cost Items that Appear in More than One Category Some cost items appear under more than one cost category. On your printed “List of Eligible Costs”, take a few minutes to cross-reference and highlight those items which appear more</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 21 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | REVIEW OF NEW COST TYPES AND CATEGORIES | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <p>than once on the list.</p> <p>Examples: utilities, telephone, professional fees. In our current application and forms, we are used to considering a cost under one specific category. Now, when the sponsor submits the proposal, they must identify under which cost category they are requesting the cost items and support the categorization in the proposal. If a similar cost item is requested in more than one category, we must carefully consider the rationale for this.</p> <p>Slide 7 – All Cost Items are Negotiable</p>  <p>Important Note: Although expenses may be identified as ‘eligible’ within a cost category, all are subject to negotiation. Important considerations:</p> <ul style="list-style-type: none"> • Costs must fall within the Program Terms & Conditions under which the sponsor has applied. The Ts and Cs take precedence over the List of Eligible Costs. • The proposed costs must be deemed to be necessary and reasonable for the proposed project activities. • All costs are negotiable: just because a proposed cost is <i>eligible</i>, it does not mean that we would simply recommend it as requested. • We still assess all costs on an individual basis for each proposal, while also considering the overall value for the money that will be spent on the project. <p>Re-Start Presentation</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 22 |

| | | |
|---|--|-----------|
| <p>LESSON 2 – NEW LIST OF ELIGIBLE COSTS</p> | <p>COST TYPES ACTIVITY PART 1: 1A, 1B, 1C OR 2?</p> | |
| <p>Notes</p> | <p>Content</p> | |
| | <p>Cost Types Activity Part 1: 1A, 1B, 1C or 2?</p> <p>In the next activity, we will see how a number of cost items can fit under more than one cost type and cost category on the new Eligible Costs Listing. When an application and proposal for funding are submitted, the sponsor may need to provide a rationale for the categorization of their requested expenses. The Program Officer may also need to discuss some of the cost items with the sponsor to obtain more information in order to ensure costs are recorded in the appropriate categories.</p> | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p>23</p> |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | CATEGORY CONSIDERATIONS | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <p>Category Considerations</p> <p><i>Captivate Presentation (storyboard)</i></p> <p>In this presentation, you will be provided with some considerations for assessing proposed costs and determining how to categorize these under the new costing structure.</p> <p>Throughout this activity, click on the green highlighted areas to display additional information.</p> <p>“Click here to start”</p> <p>The cost category for Bookkeeper will depend on whether the Bookkeeper:</p> <ul style="list-style-type: none"> • is hired as staff for the project (either full time or part time) - Cost Type 1A - 1. Staff Wages, or • is part of the head office support functions - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>The cost category for Computer Tech will depend on whether this IT function will be:</p> <ul style="list-style-type: none"> • A project employee (full or part time) - Cost Type 1A - 1. Staff Wages, or • Part of the head office IT support function - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>The cost type and category would depend on whether the MERCs and other benefits are:</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 24 |


| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | CATEGORY CONSIDERATIONS | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <ul style="list-style-type: none"> • for project staff - Cost Type 1A - 1. Staff Wages, or • for project participants - Cost Type 1B - 7. Participant Wages, or • for head office staff - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>The cost category for furniture and computers (assuming they are capital costs), will depend on whether they are purchased:</p> <ul style="list-style-type: none"> • specifically for the project site and/or project staff to use - Cost Type 1A - 4. Capital Assets, or • for use in head office support functions - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>These costs are specific to participants.</p> <p>Next>></p> <p>These Bookkeeping/ Accounting costs will be categorized depending on whether they are:</p> <ul style="list-style-type: none"> • contracted professional fees specifically for the project - Cost Type 1A - 2. Prof Fees, or • part of the support functions provided by the head office - Cost Type 2 - 11. Org Infrs. <p>Audit costs will now be categorized depending on whether they are:</p> <ul style="list-style-type: none"> • Audit costs specifically for the project (departmentally mandated) - Cost Type 1A - 5. Audit Costs, or | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 25 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | CATEGORY CONSIDERATIONS | |
|---------------------------------------|---|----|
| Notes | Content | |
| | <ul style="list-style-type: none"> • Audit costs related to the larger organization (not project specific) - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>For costs such as photocopier and equipment rental, repair, maintenance, as well as furniture and computer software (which are not capital assets), we would categorize these costs differently depending on whether they are:</p> <ul style="list-style-type: none"> • for use by project staff specifically - Cost Type 1A - 6. Other Activity Related, or • 1C - Other Direct Project Costs, or • for the larger head office support functions - Cost Type 2 - 11. Org. Infrs. <p>We would need to find out if the Books and Resources are being purchased and used by:</p> <ul style="list-style-type: none"> • project staff - Cost Type 1A - 6. Other Activity Related, or • project participants - Cost Type 1B - 9. Other Participant-Related. <p>Office Supplies will be categorized depending on whether they are:</p> <ul style="list-style-type: none"> • specific to the project, Cost Type 1C - 10. Other Direct Costs, or • to be used by project participants - Cost Type 1B - 9. Other Participant Related Costs, or • part of the supplies for the head office support functions - Cost Type 2 - 11. Org Infrs. <p>Next>></p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 26 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | CATEGORY CONSIDERATIONS | |
|---------------------------------------|---|----|
| Notes | Content | |
| | <p>These types of costs will be categorized differently depending on whether they are:</p> <ul style="list-style-type: none"> • “significant” direct project costs - Cost Type 1A - 6. Other Activity Related, or • recurring, day-to-day costs for the project - Cost Type 1C - 10. Other Direct Costs, or • related to the head office support functions - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>These travel and transportation costs would need to be detailed as to whether they are:</p> <ul style="list-style-type: none"> • kilometric rates to be reimbursed based on actual expenditures - Cost Type 1A - 3. Travel, or • off-site parking to be included in flat rate payments - Cost Type 1C - 10. Other Direct Costs, or • specific to the project, participants - Cost Type 1B - 9. Other Participant Related, or • related to head office support functions - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>Rent may be:</p> <ul style="list-style-type: none"> • specifically for the project site - Cost Type 1A - 6. Other Activity Related, or • a portion of head office rental costs - Cost Type 2 - 11. Org Infrs. <p>In addition, whether this is a rented space or applicant-owned</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 27 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | CATEGORY CONSIDERATIONS | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <p>will be a consideration in negotiations.</p> <p>Next>></p> <p>These utility and professional fees will be categorized depending on whether they are:</p> <ul style="list-style-type: none"> • for the project site specifically - Cost Type 1A - 2. Prof Fees, and 6. Other Direct Costs, or • for the head office - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>Professional development could be categorized differently depending on the professional development is for:</p> <ul style="list-style-type: none"> • project staff and specifically related to delivering project activities - Cost Type 1A - 6. Other Activity Related, or • project staff and part of the organization’s required routine training - Cost Type 1C - 10. Other Direct Costs, or • head office staff professional development - Cost Type 2 - 11. Org Infrs. <p>Bank charges and insurance will be categorized depending on whether they are:</p> <ul style="list-style-type: none"> • for the project specifically - Cost Type 1C - 10. Other Direct Costs, or • part of the head office functions - Cost Type 2 - 11. Org Infrs. <p>Memberships will be categorized depending on whether they are:</p> <ul style="list-style-type: none"> • for the project specifically - Cost Type 1A - 6. Other | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 28 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | CATEGORY CONSIDERATIONS |
|---------------------------------------|---|
| Notes | Content |
| | <p>Activity Related Costs, or</p> <ul style="list-style-type: none"> part of the head office functions - Cost Type 2 - 11. Org Infrs. <p>Next>></p> <p>Categorizing proposed costs becomes extremely important when an applicant has chosen one of the flat rate costing options for categories 1C and 2.</p> <p>We will look more at the reasons for this in lesson 3. For projects where all costs will be negotiated and reimbursed on actuals, the categorization may be less critical, however it will still be important to organize costs appropriately.</p> <p>Re-Start Presentation</p> |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | COST TYPES ACTIVITY PART 2: “OLD WAY TO NEW WAY” | |
|---------------------------------------|--|----|
| Notes | Content | |
| | <p>Cost Types Activity Part 2: “Old Way” to “New Way”</p> <p>In this activity, we will look at a proposed budget for an Employment Assistance Services (EAS) project submitted under the previous cost structure. Our goal will be to re-group the cost items under the new 4 cost types and 11 cost categories, working with the Eligible Costs Listing.</p> <p>Our goal in the next activity is not to memorize the list of costs, but instead to start to become familiar with where cost items ‘fit’ and understand why some costs appear in more than one category on the list.</p> <p> Note: There are many different programs delivered by Service Canada, and not all regions work with EAS, however it would not be feasible to provide a separate activity for every program. The cost types and cost categories explored in this activity apply to many programs as listed in lesson 1.</p> <p><i>In this activity, assume all costs are reasonable and necessary to the project.</i></p> <p>Budget Worksheet</p> <p>Download and print this worksheet. Use the Eligible Costs Listing to write in both the cost type(s) and cost category(ies) for each of the items.</p> <p>Once you have completed the worksheet, click here to view the answer sheet.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 30 |

Budget Worksheet

The columns on this chart show the “old way” that costs were categorized, in comparison to the new cost structure. The column “New Cost Type” below indicates the Cost Type (1A Activity Related Direct Project Costs, 1B Participant Related Direct Project Costs, 1C Other Direct Project Costs or 2 Organizational Infrastructure Costs) for the cost item.

INSTRUCTIONS: For each cost item listed under “Previous Cost Categories” below:

- look up the cost item under the new cost type(s) on the Eligible Costs List (1A, 1B, 1C, 2), then
- write the new cost category(ies) (numbered 1-11) for the cost item in the right hand column.

The first 6 costs are completed below as an example.

| PREVIOUS COST CATEGORIES | Total Project | <u>NEW COST TYPE (1A, 1B, 1C, 2)</u> | <u>NEW COST CATEGORY (1-11)</u> |
|--|---------------|--------------------------------------|--|
| A. WAGES | | | |
| • Administrative Wages(Project Staff) | | | |
| 6 CounsellorsX52X37.5X23.69 | 277,173 | 1A | 1-Staff Wages |
| 2 Admin/Asstx.X52X37.5X16.60 | 64,740 | 1A | 1-Staff Wages |
| 1 Program MngX52X30hrs/wk x \$27.00/hr | 42,120 | 1A | 1-Staff Wages |
| 1 Exec. DirX52X16.28hrs/wkX \$33.21/hr | 28,114 | 2 | 11-Org Infrs. |
| 1 BookkeeperX52X11.25X22.00 | 12,870 | 1A 2 | 1-Staff Wages 11-Org Infrs. |
| 1 Comp. TechX52X15.75hrs/wkX22.00 | 18,018 | 1A 2 | 1-Staff Wages 11-Org Infrs. |
| Total Administrative Wages | 443,035 | | |
| • Benefits (% rate and \$ amount) | | | |
| CPP 4.95% X 443,035 = | 21,930 | 1A 1B 2 | _____ _____ _____ |
| EI 2.73% X 443,035= | 12,095 | 1A 1B 2 | _____ _____ _____ |

| | | | | |
|--|--|----------------|---------------|-------|
| Group Insurance | | 13,312 | 1A 1B 2 | _____ |
| WCB 443,035 X .89/100 | | 3,943 | 1A 1B 2 | _____ |
| | | | | _____ |
| Total Benefits | | 51,280 | | |
| A. TOTAL WAGES | | 494,315 | | |
| B. CAPITAL COSTS | | | | |
| Furniture | | | 1A 2 | _____ |
| * Computers | | 8,161 | 1A 2 | _____ |
| | | | | _____ |
| B. TOTAL CAPITAL COSTS | | 8,161 | | |
| C. SUPPORT TO INDIVIDUALS | | | | |
| Assistance for persons with disabilities | | | 1B | _____ |
| Dependent Care | | | 1B | _____ |
| Personal Support Costs | | | 1B | _____ |
| C. TOTAL SUPPORT TO INDIVIDUALS | | | | |
| D. PROJECT ACTIVITY COSTS | | | | |
| • Professional Fees | | | | |
| * Audit | | 6,210 | 1A 2 | _____ |
| * Bookkeeper/Accounting | | 725 | 1A 2 | _____ |

| | | | | |
|--|--|---------------|---------------|-------------------------|
| | | | | |
| | | | | |
| Total Professional Fees | | 6,960 | | |
| • Materials and Supplies | | | | |
| * Office/Stationery supplies | | 13,006 | 1B 1C 2 | _____ _____ _____ |
| * Books and Resources | | 1,035 | 1A 1B | _____ _____ |
| * Photocopy rental/supplies | | 10,239 | 1A 1C 2 | _____ _____ _____ |
| *Computer sup./software (Under \$1000) | | 7,737 | 1A 2 | _____ _____ |
| * Equipment Repair/Maintenance | | 621 | 1C 2 | _____ _____ |
| * Furniture/Equipment (under \$1000) | | 1,066 | 1A 2 | _____ _____ |
| * Testing Materials | | 13,272 | 1B | _____ _____ |
| Total Materials and Supplies | | 46,976 | | |
| • Printing and Communications | | | | |
| * Printing and Advertising | | 787 | 1A 1C 2 | _____ _____ _____ |
| * Telephone/Fax/Internet Service | | 9,502 | 1A 1C 2 | _____ _____ _____ |
| | | | | |

| | | | | |
|--|--|---------------|---------------|-------------------------|
| Total Printing and Communications | | 10,289 | | |
| • Travel | | | | |
| Participant Travel | | 3,000 | 1B | _____ |
| Staff Travel -- \$.41.5/km + offsite parking | | 360 | 1A 1C | _____ _____ |
| Public Transportation | | | 1B 1C 2 | _____ _____ _____ |
| Total Travel | | 3,360 | | |
| • Rent | | | | |
| * Rent | | 93,937 | 1A 2 | _____ _____ |
| | | | | |
| Total Rent | | 93,937 | | |
| • Utilities | | | | |
| * Gas/Hydro | | 7,286 | 1A 2 | _____ _____ |
| * Janitorial | | 5,390 | 1A 2 | _____ _____ |
| * Plumber | | 621 | 1A 2 | _____ _____ |
| * Security | | 259 | 1A 2 | _____ _____ |
| Total Utilities | | 13,556 | | |
| • Other Project Activity Costs | | | | |
| Bank Charges | | 2,400 | 1C 2 | _____ _____ |
| Memberships | | 1,035 | 1A 2 | |

| | | | | |
|--|--|----------------|---------------|--|
| | | | | |
| Professional Development | | 2,070 | 1A 1C 2 | |
| Insurance | | 3,135 | 1C 2 | |
| | | | | |
| Total Other Project Activity Costs | | 8,640 | | |
| D. TOTAL PROJECT ACTIVITY COSTS | | 183,718 | | |
| | | | | |
| E. TOTAL PROJECT COST (A+B+C+D=E) | | 686,169 | | |

**ANSWERS: BUDGET WORKSHEET
(Self-Assessment)**

| PREVIOUS COST CATEGORIES | Total Project | NEW COST TYPE (1A, 1B, 1C, 2) | NEW COST CATEGORY (1-11) |
|--|-----------------------------------|-------------------------------|--|
| A. WAGES | | | |
| • Administrative Wages(Project Staff) | | | |
| 6 CounsellorsX52X37.5X23.69 | 277,173 | 1A | <u>1-Staff Wages</u> |
| 2 Admin/Asstx.X52X37.5X16.60 | 64,740 | 1A | <u>1-Staff Wages</u> |
| 1 Program MngX52X30hrs/wk x \$27.00/hr | 42,120 | 1A | <u>1-Staff Wages</u> |
| 1 Exec. DirX52X16.28hrs/wkX \$33.21/hr | 28,114 | 2 | <u>11-Org Infrs.</u> |
| 1 BookkeeperX52X11.25X22.00 | 12,870 | 1A 2 | <u>1-Staff Wages</u> <u>11-Org Infrs.</u> |
| 1 Comp. TechX52X15.75hrs/wkX22.00 | 18,018 | 1A 2 | <u>1-Staff Wages</u> <u>11-Org Infrs.</u> |
| Total Administrative Wages | 443,035 | | |
| • Benefits (% rate and \$ amount) | | | |
| CPP 4.95% X 443,035 = | 21,930 | 1A 1B 2 | <u>1-Staff Wages</u> <u>7-Participant Wages</u> <u>11-Org Infrs.</u> |
| EI 2.73% X 443,035= | 12,095 | 1A 1B 2 | <u>1-Staff Wages</u> <u>7-Participant Wages</u> <u>11-Org Infrs.</u> |
| Group Insurance | 13,312 | 1A 1B 2 | <u>1-Staff Wages</u> <u>7-Participant Wages</u> <u>11-Org Infrs.</u> |
| WCB 443,035 X .89/100 | 3,943 | 1A 1B 2 | <u>1-Staff Wages</u> <u>7-Participant Wages</u> <u>11-Org Infrs.</u> |
| | | | |
| Total Benefits | 51,280 | | |
| A. TOTAL WAGES | 494,315 | | |
| B. CAPITAL COSTS | | | |
| Furniture | | 1A 2 | <u>4-Capital Assets</u> <u>11-Org Infrs.</u> |
| * Computers | 8,161 | 1A 2 | <u>4-Capital Assets</u> <u>11- Org Infrs.</u> |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | | 36 |

| | | | | |
|--|--|--------------|---------------|--|
| B. TOTAL CAPITAL COSTS | | 8,161 | | |
| C. SUPPORT TO INDIVIDUALS | | | | |
| Assistance for persons with disabilities | | | 1B | 9-Other Participant Related |
| Dependent Care | | | 1B | 9-Other Participant Related |
| Personal Support Costs | | | 1B | 9-Other Participant Related |
| C. TOTAL SUPPORT TO INDIVIDUALS | | | | |
| D. PROJECT ACTIVITY COSTS | | | | |
| • Professional Fees | | | | |
| * Audit | | 6,210 | 1A 2 | 5-Audit Costs 11-Org Infrs. |
| * Bookkeeper/Accounting | | 725 | 1A 2 | 2-Prof Fees 11-Org Infrs. |
| Total Professional Fees | | 6,960 | | |
| • Materials and Supplies | | | | |
| * Office/Stationery supplies | | 13,006 | 1B 1C 2 | 9-Other Participant Related 10-Other Direct Costs 11-Org Infrs. |
| * Books and Resources | | 1,035 | 1A 1B | 6-Other Activity Related 9-Other Participant Related |
| * Photocopy rental/supplies | | 10,239 | 1A 1C 2 | 6-Other Activity Related 10-Other Direct Costs 11-Org Infrs. |
| * Computer sup./software (Under \$1000) | | 7,737 | 1A 2 | 6-Other Activity Related 11-Org Infrs |
| * Equipment Repair/Maintenance | | 621 | 1C 2 | 10-Other Direct Costs 11-Org Infrs |
| * Furniture/Equipment (under \$1000) | | 1,066 | 1A 2 | 6-Other Activity Related |

| | | | | |
|--|--|---------------|---------------|--|
| | | | | 11-Org Infrass |
| * Testing Materials | | 13,272 | 1B | 9-Other Participant Related |
| Total Materials and Supplies | | 46,976 | | |
| • Printing and Communications | | | | |
| * Printing and Advertising | | 787 | 1A 1C 2 | 6-Other Activity Related 10-Other Direct 11-Org Infrass. |
| * Telephone/Fax/Internet Service | | 9,502 | 1A 1C 2 | 6-Other Activity Related 10-Other Direct 11-Org Infrass. |
| | | | | |
| Total Printing and Communications | | 10,289 | | |
| • Travel | | | | |
| Participant Travel | | 3,000 | 1B | 9-Other Participant Related |
| Staff Travel -- \$.41.5/km + offsite parking | | 360 | 1A 1C | 3-Travel 10-Other Direct |
| Public Transportation | | | 1B 1C 2 | 9-Other Participant Related 10-Other Direct 11-Org Infrass. |
| Total Travel | | 3,360 | | |
| • Rent | | | | |
| * Rent | | 93,937 | 1A 2 | 6-Other Activity Related 11-Org Infrass. |
| | | | | |
| Total Rent | | 93,937 | | |
| • Utilities | | | | |
| * Gas/Hydro | | 7,286 | 1A, 2 | 6-Other Activity Related 11-Org Infrass. |
| * Janitorial | | 5,390 | 1A, 2 | 2-Prof Fees 11-Org Infrass. |
| * Plumber | | 621 | 1A, 2 | 2-Prof Fees 11-Org Infrass. |
| * Security | | 259 | 1A, 2 | 2-Prof Fees 11-Org Infrass. |
| Total Utilities | | 13,556 | | |

| | | | | |
|--|--|----------------|---------------|---|
| • Other Project Activity Costs | | | | |
| Bank Charges | | 2,400 | 1C 2 | 10-Other Direct Costs 11-Org Infrs. |
| Memberships | | 1,035 | 1A 2 | 6-Other Activity Related 11-Org Infrs. |
| Professional Development | | 2,070 | 1A 1C 2 | 6-Other Activity Related 10-Other Direct Costs 11-Org Infrs. |
| Insurance | | 3,135 | 1C 2 | 10-Other Direct Costs 11-Org Infrs. |
| | | | | |
| Total Other Project Activity Costs | | 8,640 | | |
| D. TOTAL PROJECT ACTIVITY COSTS | | 183,718 | | |
| | | | | |
| E. TOTAL PROJECT COST (A+B+C+D=E) | | 686,169 | | |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | REQUESTING ORGANIZATIONAL INFRASTRUCTURE COSTS | |
|---------------------------------------|---|----|
| Notes | Content | |
| | <p>Requesting Organizational Infrastructure Costs</p> <p>When a sponsor prepares an application and proposal for funding, they will be using the Project Applicant Instruction Sheet which includes the Eligible Costs Listing, and information to help them understand the cost structure and cost options.</p> <p>There are no restrictions as to the type of organization that can claim organizational infrastructure costs under a flat rate scenario. This payment methodology is not only to address the needs of large organizations. Sponsors will declare if they have such costs. To determine if these costs apply, the sponsor should consider if their organization has resources which guide and enable effective program delivery and contribute to the success of the project by providing support through overall organization governance, management, planning, finance, communications, human resources and information technology. If this applies, then the organization may declare that they incur organizational infrastructure costs.</p> <p>It is important to understand that though many of these cost items are not directly related to delivering specific project activities, they do contribute to the project through these support functions. The cost of doing business with some private, public and not-for-profit organizations, is that the projects they deliver benefit greatly from the central or head office support functions.</p> <p>Note: In smaller communities, this type of organization may not be that common, while in larger centres there could be a</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 40 |

| LESSON 2 – NEW LIST OF ELIGIBLE COSTS | REQUESTING ORGANIZATIONAL INFRASTRUCTURE COSTS |
|---------------------------------------|--|
| Notes | Content |
| | <p>larger number of organizations that this could apply to.</p> <p>Though this is a new cost type and cost category, many of the expenses that are eligible under Organizational Infrastructure have been negotiated and included in some projects. Under the previous costing structure, head office type costs may have been detailed under the Other General Project Costs, or even under Wages (for example, a portion of a head-office payroll position may have been allocated to the project and budgeted into the costs). Under the new structure, these head office costs are categorized separately in order to allow for a flat rate option for calculating and reimbursing these. We will learn more about this in lesson 3.</p> |

| LESSON 3 – NEW COSTING OPTIONS | OVERVIEW AND OBJECTIVES | |
|--------------------------------|---|----|
| Notes | Content | |
| | <p>Lesson 3 Overview and Objectives</p> <p>In this lesson, participants will review case studies and analyze how “Other Direct” and “Organizational Infrastructure” costs would be calculated, forecasted, claimed and monitored based on the 3 options introduced in the directive.</p> <p>What You Need for this Lesson:</p> <ul style="list-style-type: none"> • <u>Appendix 4 - Project Applicant Instruction Sheet</u> <ul style="list-style-type: none"> ○ <u>Annex A - Cost Category Structure</u> ○ <u>Annex B - Eligible Cost Listing</u> ○ <u>Annex C - Costing Options for Employment Assistance Services Contribution Agreements</u> ○ <u>Annex D - Budget Template for Contribution Project Proposal</u> ○ <u>Annex E - Criteria for a Study Submitted for an Organization Specific Flat Percentage Rate</u> <p>What You’ll Learn:</p> <p>Participants will be able to:</p> <ul style="list-style-type: none"> • calculate the eligible amount for “other direct” and “organizational infrastructure” costs for EAS projects based on the 3 options | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 42 |

| LESSON 3 – NEW COSTING OPTIONS | WHAT’S NEW | |
|--------------------------------|---|----|
| Notes | Content | |
| | <p>What’s New</p> <ul style="list-style-type: none"> • New groupings for cost items to allow some costs to be paid with a flat-rate • New options to sponsors for reimbursement of cost items • Some cost items that were more heavily scrutinized before have the option to be included under a flat rate. <p>It is important to learn about the new costing methods as these will eventually apply to all programs. However, in January 2006, the flat rate options will only apply to Employment Assistance Services (EAS) until other programs have been reviewed.</p> <p>What has not changed?</p> <p>Some programs that do not yet have a flat-rate percentage for costs will continue to negotiate and reimburse based on actuals until the program-specific rate is introduced.</p> <p>We will continue to negotiate and reimburse a number of costs based on actual amounts. This will remain an option to all sponsors.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 43 |

| LESSON 3 – NEW COSTING OPTIONS | COSTING METHODS | |
|--------------------------------|---|----|
| Notes | Content | |
| | <p>Costing Methods</p> <p>A new directive is introducing new options for some types of costs. In January 2006, a flat rate option will be available to applicants applying for Employment Assistance Services (EAS) projects. The flat rate option will apply to two types of costs from the List of Eligible Costs which we looked at in lesson 2:</p> <ol style="list-style-type: none"> 1C. Other Direct Project Costs and 2. Organizational Infrastructure Costs <p><u>Annex C - Costing Options for Employment Assistance Services Contribution Agreements</u> explains the 3 options available for the application and reimbursement of these types of costs. Annex C should be used with the Eligible Costs Listing. The costing option chosen will have an impact at different aspects of the project life cycle (for example, Financial Management).</p> <p>This lesson will provide an overview of these options and refer to three case studies which detail each option.</p> <p>Service Canada has reviewed a significant number of EAS files to analyze the cost items in order to determine a fair and consistent flat rate percentage for cost items categorized as "Other Direct Project Costs" and "Organizational Infrastructure Costs". These rates have been presented to FAS, Treasury Board and the Office of the Auditor General and all are supporting these administrative changes.</p> <p>Over the coming months, the same file review will be applied</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 44 |

| LESSON 3 – NEW COSTING OPTIONS | COSTING METHODS |
|--------------------------------|--|
| Notes | Content |
| | <p>to other programs in order to determine appropriate and accurate flat rate percentages.</p> |

| | |
|---------------------------------------|--|
| LESSON 3 – NEW COSTING OPTIONS | OPTION #1: DEPARTMENTAL FLAT RATE |
|---------------------------------------|--|

| | |
|--------------|----------------|
| Notes | Content |
|--------------|----------------|

Option #1: Departmental Flat Rate

In Annex C - Costing Options for Employment Assistance Services Contribution Agreements, Option #1 is to use a Service Canada departmental flat rate percentage for the application and reimbursement of costs under 1C. Other Direct Project Costs and 2. Organizational Infrastructure Costs:

- Option #1: Departmental flat rate percentage.
 - For EAS agreements, 1C Other Direct Project Costs are calculated as 6% of the total of cost types 1A + 1B (Total Activity Related Direct Project Costs + Total Participant Related Direct Project Costs).
 - For EAS agreements, 2 Organizational Infrastructure Costs are calculated as 14% of the total of cost types 1A + 1B + 1C (Total Activity Related Direct Project Costs + Total Participant Related Direct Project Costs + Flat Rate amount calculated for 1C Other Direct Project Costs).
 - In addition, the cost items under 1C and 2 would not be monitored under this costing option. We would continue to monitor actual costs under 1A and 1B.

| <u>Cost Type</u> | <u>Cost Category</u> |
|---|---------------------------|
| 1A. Activity Related Direct Project Costs | 1. Staff Wages |
| | 2. Professional Fees |
| | 3. Travel |
| ACTUALS | 4. Capital Assets |
| | 5. Audit Costs |
| | 6. Other Activity Related |

| | | | | | | | | | | | | | | |
|--|--|----|--|----------------------|---|----------------------|--|------------------------------|--|--|--|--------------------------------|--|---|
| LESSON 3 – NEW COSTING OPTIONS | OPTION #1: DEPARTMENTAL FLAT RATE | | | | | | | | | | | | | |
| Notes | Content | | | | | | | | | | | | | |
| | <table border="1"> <tr> <td data-bbox="675 373 1089 417"></td> <td data-bbox="1092 373 1513 417">Direct Project Costs</td> </tr> <tr> <td data-bbox="675 422 1089 604">1B. Participant Related Direct Project Costs ACTUALS</td> <td data-bbox="1092 422 1513 466">7. Participant Wages</td> </tr> <tr> <td data-bbox="675 470 1089 604"></td> <td data-bbox="1092 470 1513 514">8. Participant Tuition Costs</td> </tr> <tr> <td data-bbox="675 518 1089 604"></td> <td data-bbox="1092 518 1513 604">9. Other Participant Related Project Costs</td> </tr> <tr> <td data-bbox="675 609 1089 791">1C. Other Direct Project Costs OPTION #1: 6% of (1A + 1B)</td> <td data-bbox="1092 609 1513 791">10. Other Direct Project Costs</td> </tr> <tr> <td data-bbox="675 795 1089 978">2. Organizational Infrastructure Costs OPTION #1: 14% of (1A + 1B + 1C)</td> <td data-bbox="1092 795 1513 978">11. Organizational Infrastructure Costs</td> </tr> </table> | | | Direct Project Costs | 1B. Participant Related Direct Project Costs ACTUALS | 7. Participant Wages | | 8. Participant Tuition Costs | | 9. Other Participant Related Project Costs | 1C. Other Direct Project Costs OPTION #1: 6% of (1A + 1B) | 10. Other Direct Project Costs | 2. Organizational Infrastructure Costs OPTION #1: 14% of (1A + 1B + 1C) | 11. Organizational Infrastructure Costs |
| | Direct Project Costs | | | | | | | | | | | | | |
| 1B. Participant Related Direct Project Costs ACTUALS | 7. Participant Wages | | | | | | | | | | | | | |
| | 8. Participant Tuition Costs | | | | | | | | | | | | | |
| | 9. Other Participant Related Project Costs | | | | | | | | | | | | | |
| 1C. Other Direct Project Costs OPTION #1: 6% of (1A + 1B) | 10. Other Direct Project Costs | | | | | | | | | | | | | |
| 2. Organizational Infrastructure Costs OPTION #1: 14% of (1A + 1B + 1C) | 11. Organizational Infrastructure Costs | | | | | | | | | | | | | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 47 | | | | | | | | | | | | |

| LESSON 3 – NEW COSTING OPTIONS | OPTION #2: ORGANIZATION SPECIFIC PERCENTAGE RATE | |
|--------------------------------|---|----|
| Notes | Content | |
| | <p>Option #2: Organization Specific Percentage Rate In <u>Annex C - Costing Options for Employment Assistance Services Contribution Agreements</u>, Option #2 is to submit their own proposed percentage rate for the application and reimbursement of costs under 1C. Other Direct Project Costs and 2. Organizational Infrastructure Costs:</p> <ul style="list-style-type: none"> • For example, if the sponsor has their own method for calculating these costs and can submit a study to request a higher percentage rate, this will be considered by a centralized office. • Criteria for a Study Submitted for an Organization Specific Flat Percentage Rate (December 30, 2005) update link • The request for this new flat rate will be submitted to the Program Officer who will send this to Head Quarters for consideration. <ul style="list-style-type: none"> ○ The Program Officer is not expected to analyze and assess the organization specific percentage rate. This will be the role of Head Quarters in Service Canada. ○ If approved, the sponsor will submit the proposal and application with the approved organization specific rates. ○ If this is a national or regional organization, the rates approved will apply to other projects submitted under this organization. The rate will be in effect for 3 years. ○ The Program Officer is not expected to assess the proposal and application while the organization specific flat rate is being | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 48 |

**LESSON 3 – NEW COSTING
OPTIONS**

**OPTION #2: ORGANIZATION SPECIFIC
PERCENTAGE RATE**

Notes

Content

considered.

- o In addition, the cost items under 1C and 2 would not be monitored under this costing option. We would continue to monitor actual costs under 1A and 1B.

Example: If the sponsor’s organization specific percentage rates were submitted and approved at 10% for 1C. and 18% for 2:

| <u>Cost Type</u> | <u>Cost Category</u> |
|--|--|
| 1A. Activity Related Direct Project Costs ACTUALS | 1. Staff Wages |
| | 2. Professional Fees |
| | 3. Travel |
| | 4. Capital Assets |
| | 5. Audit Costs |
| | 6. Other Activity Related Direct Project Costs |
| 1B. Participant Related Direct Project Costs ACTUALS | 7. Participant Wages |
| | 8. Participant Tuition Costs |
| | 9. Other Participant Related Project Costs |
| 1C. Other Direct Project Costs OPTION #2: 10% of (1A + 1B) | 10. Other Direct Project Costs |
| 2. Organizational Infrastructure Costs OPTION #2: 18% of (1A + 1B + 1C) | 11. Organizational Infrastructure Costs |

| <p>LESSON 3 – NEW COSTING OPTIONS</p> | <p>OPTION #3: REIMBURSEMENT BASED ON ACTUAL EXPENDITURES FOR ALL COST TYPES</p> | | | | | | | | | |
|--|---|------------------|----------------------|---|----------------|----------------------|-----------|---------|-------------------|----------------|
| <p>Notes</p> | <p>Content</p> | | | | | | | | | |
| | <p>Option #3: Reimbursement Based on Actual Expenditures for ALL Cost Types</p> <p>Application and reimbursement of all cost items will remain an option to sponsors who do not wish to use the flat rate percentages. This is not a new option, and in fact has been the method used for all projects over the past several years.</p> <p>This is the only option available currently to most programs. Only EAS projects will be eligible for the flat rates in January 2006. Flat rates will be introduced for other programs in the coming months.</p> <ul style="list-style-type: none"> ○ It will continue to be an option to all sponsors should they not want to use a flat rate option for costs under cost types 1C or 2. ○ Cost items will be detailed for all cost types in the proposal. Each individual cost item will be assessed by the Program Officer. ○ In the agreement (Schedule B), the budget will be detailed according to the 11 cost categories. ○ Under this option, all costs would be monitored. <table border="1" data-bbox="675 1583 1511 1866"> <thead> <tr> <th><u>Cost Type</u></th> <th><u>Cost Category</u></th> </tr> </thead> <tbody> <tr> <td rowspan="3">1A. Activity Related Direct Project Costs</td> <td>1. Staff Wages</td> </tr> <tr> <td>2. Professional Fees</td> </tr> <tr> <td>3. Travel</td> </tr> <tr> <td rowspan="2">ACTUALS</td> <td>4. Capital Assets</td> </tr> <tr> <td>5. Audit Costs</td> </tr> </tbody> </table> | <u>Cost Type</u> | <u>Cost Category</u> | 1A. Activity Related Direct Project Costs | 1. Staff Wages | 2. Professional Fees | 3. Travel | ACTUALS | 4. Capital Assets | 5. Audit Costs |
| <u>Cost Type</u> | <u>Cost Category</u> | | | | | | | | | |
| 1A. Activity Related Direct Project Costs | 1. Staff Wages | | | | | | | | | |
| | 2. Professional Fees | | | | | | | | | |
| | 3. Travel | | | | | | | | | |
| ACTUALS | 4. Capital Assets | | | | | | | | | |
| | 5. Audit Costs | | | | | | | | | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p>50</p> | | | | | | | | |

**LESSON 3 – NEW COSTING
OPTIONS**

**OPTION #3: REIMBURSEMENT BASED ON
ACTUAL EXPENDITURES FOR ALL COST
TYPES**

Notes

Content

| | |
|--|--|
| | 6. Other Activity Related Direct Project Costs |
| 1B. Participant Related Direct Project Costs ACTUALS | 7. Participant Wages |
| | 8. Participant Tuition Costs |
| | 9. Other Participant Related Project Costs |
| 1C. Other Direct Project Costs ACTUALS | 10. Other Direct Project Costs |
| 2. Organizational Infrastructure Costs ACTUALS | 11. Organizational Infrastructure Costs |

| LESSON 3 – NEW COSTING OPTIONS | IMPORTANT CONSIDERATIONS FOR COSTING OPTIONS | |
|--------------------------------|--|----|
| Notes | Content | |
| | <p data-bbox="659 422 1409 457">Important Considerations for Costing Options</p> <ul data-bbox="708 527 1523 1402" style="list-style-type: none"> <li data-bbox="708 527 1523 743">• The Project Applicant Instruction Sheet “Budget Templates” for flat rate percentages and actuals clearly show how the 4 different cost types and 11 cost categories will be detailed in the application according to the option chosen. <li data-bbox="708 764 1523 1024">• When preparing and submitting an application and proposal, the sponsor will need to clearly detail the individual cost items under cost types 1A and 1B. If they are opting for the departmental flat rates or organization specific rate for EAS, they will then apply the percentages to the total of the costs they detailed. <li data-bbox="708 1045 1523 1213">• During negotiations, the cost items in 1A and 1B may change. This will also affect the totals for cost types 1C and 2, since the flat rates will be applied to the final negotiated totals for 1A and 1B. <li data-bbox="708 1234 1523 1402">• Cost items under 1A and 1B still must be thoroughly assessed and negotiated according to Program Terms and Conditions, reasonableness and whether they are necessary to project activities. | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 52 |

| | | |
|--|---|-----------|
| <p>LESSON 3 – NEW COSTING OPTIONS</p> | <p>COMBINING FLAT RATE PERCENTAGES AND ACTUALS?</p> | |
| <p>Notes</p> | <p>Content</p> | |
| | <p>Combining Flat Rate Percentages and Actuals? Can a sponsor choose a flat rate for one category, and actuals for another in the same agreement?</p> <p>No. A sponsor cannot combine a flat rate option and actuals option for categories 1C and 2 in the same agreement.</p> <p>For example, for an EAS proposal the sponsor CANNOT request the flat rate of 6% for the 1C Other Direct Project Costs, and request actuals for category 2 Organizational Infrastructure Costs.</p> <p>The combination of formats increases the complexity and is counter to the intent to lessen the administrative burden and simplify. There may be a higher risk of error if the methods are combined.</p> | |
| <p>2006-01-18</p> | <p>ADMINISTRATIVE CHANGES E-LEARNING</p> | <p>53</p> |

| LESSON 3 – NEW COSTING OPTIONS | LESS CONTROL, STRENGTHENED PARTNERSHIPS | |
|--------------------------------|--|----|
| Notes | Content | |
| | <p>Less Control, Strengthened Partnerships</p> <p>The reduction in administrative requirements and processes does not change the need to follow the Generally Accepted Accounting Principles and maintain adequate and accurate records of project financial activities.</p> <p>Most organizations have their own accounting processes. When accountants verify expenditures, they will sample records to verify that they balance. Should they find problems, they would then need to conduct a more in-depth verification. Auditors will also look carefully at an organization’s accounting practices to ensure they are adhering to the generally accepted principles and that the same expenditures are not charged to more than one account (or more than one funder).</p> <p>Some cost categories will continue to be monitored in a detailed way, including project staff wages and other employment related costs, participant-related costs and all costs reimbursed on actual expenses.</p> <p>What is changing is the role of Service Canada in requesting financial records for every single cost incurred in an agreement. The amount of time and energy that is spent on monitoring very detailed, yet small dollar amount items is affecting both staff and sponsors’ time that will be spent focusing on strengthening relationships with one another in order to better serve clients. With these administrative changes, we will be letting go of some of the controls. What we will be gaining is more time to spend on strengthening partnerships and building capacity.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 54 |

| LESSON 3 – NEW COSTING OPTIONS | LESS CONTROL, STRENGTHENED PARTNERSHIPS |
|--------------------------------|--|
| Notes | Content |
| | <p>Service Canada has been listening to concerns voiced by sponsors and staff over the past few years since stricter financial controls have been implemented. It's time to start following through on many of the suggestions and bring a more balanced approach to enabling effective projects that are good value for dollar. While there will need to be more time invested over the coming months to learn to work with the new guidelines, these efforts will lead to a more streamlined approach.</p> |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | OVERVIEW AND OBJECTIVES | |
|---|--|----|
| Notes | Content | |
| | <p>Lesson 4 Overview and Objectives</p> <p>This lesson will provide examples of how the new cost categories will be applied throughout the Project Life Cycle and to forms.</p> <p>What You Need for this Lesson:</p> <ul style="list-style-type: none"> • <u>Appendix 4 - Project Applicant Instruction Sheet</u> <ul style="list-style-type: none"> ○ <u>Annex A - Cost Category Structure</u> ○ <u>Annex B - Eligible Cost Listing</u> ○ <u>Annex C - Costing Options for Employment Assistance Services Contribution Agreements</u> ○ <u>Annex D - Budget Template for Contribution Project Proposal</u> <p>What You'll Learn:</p> <p>Participants will be able to:</p> <ul style="list-style-type: none"> • explain the new policy on movement of funds between and within cost categories • compare how “other direct” and “infrastructure” costs will be forecast, claimed and monitored according to the costing option agreed upon | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 56 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | WHAT'S NEW | |
|---|---|----|
| Moderator's Notes | Content | |
| | <p>What's New?</p> <ul style="list-style-type: none"> • New forms to include the 11 cost categories in the new Eligible Costs Listing • New Project Applicant Instruction Sheet to provide sponsors with information on the new Eligible Costs Listing and flat-rate costing options <p>What has not changed?</p> <ul style="list-style-type: none"> • Service Canada will continue to request a revised cash flow if there is a significant variation between what was forecast and what was claimed. • Service Canada will continue to complete Articles of Agreement. • Service Canada will continue to enforce the requirements around contracting/sub-contracting and purchase of capital assets. • Service Canada will continue to negotiate the type of payment the project will follow: Progress or Advances; and indicate this in the agreement. | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 57 |

| | | |
|--|--|-------------------------|
| <p align="center">LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING</p> | <p align="center">NEW APPLICATION FORM</p> | |
| <p align="center">Moderator’s Notes</p> | <p align="center">Content</p> | |
| | <p>New Application Form</p> <p>A new Application Form (EMP5209) has been updated with the new 11 cost categories. In addition, a Project Applicant Instruction Sheet is provided which provides the sponsor with the detailed list of eligible costs and the options for negotiating cost types 1C Other Direct Project Costs and 2 Organizational Infrastructure Costs.</p> <ul style="list-style-type: none"> • EMP5209 Application Form: http://www.hrsdc.gc.ca/cgi-bin/search/eforms/index.cgi?app=list&group=HRI&lang=e • Project Applicant Instruction Sheet • Budget Template <p>Applicants are still expected to provide a proposal which details the proposed activities and the rationale for the requested costs.</p> | |
| <p>2006-01-18</p> | <p align="center">ADMINISTRATIVE CHANGES E-LEARNING</p> | <p align="right">58</p> |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | SIMPLIFIED CASH FLOW | |
|---|--|----|
| Notes | Content | |
| | <p>Simplified Cash Flow</p> <p>In the past, Service Canada has requested a very detailed cash flow. Each month or period of the project was presented on chart, and included the specific amounts needed for each separate cost item.</p> <p>However, the amount of work involved in preparing this and in keeping it up to date over the life of the project is cumbersome for all involved. It has often served as a tool in the assessment and monitoring phases.</p> <p>With increased flexibility in managing budgets that is being introduced with these directives, there is no longer a need to maintain a very detailed cash flow.</p> <p>The key purpose of the cash flow forecast is to identify when money will be needed/expended. Under the new guidelines, the cash flow will only list the total amount of funds needed for each month of the project.</p> <ul style="list-style-type: none"> • EMP5216B Forecast of Cash Flow : http://www.hrsdc.gc.ca/cgi-bin/search/eforms/index.cgi?app=list&group=HRI&lang=e <p>This cash flow may need to be updated during the project if cash flow needs shift due to unforeseen issues.</p> <p>This will include the totals of all of the cost categories, including those that were calculated using a flat rate.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 59 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | SIMPLIFIED CASH FLOW | |
|---|---|----|
| Notes | Content | |
| | <p>Once the budget has been negotiated, the sponsor will submit a revised cash flow and a “schedule of payments” which will detail separately how the flat-rate amounts will be needed over the project (if they chose costing options #1 or #2). The “schedule of payments” is explained on the next screen.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 60 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | SCHEDULE OF FLAT RATE PAYMENTS | |
|---|---|----|
| Notes | Content | |
| | <p>Schedule of Flat Rate Payments</p> <p>When preparing the cash flow forecast, the sponsor will also need to establish and submit separately a “schedule of flat rate payments” if they have chosen one of the flat rate costing methods for cost types 1C and 2.</p> <p>The “schedule of flat rate payments” should list how the flat rate amounts will be needed over the life of the project. For example, the sponsor may anticipate needing an equal amount for the flat rate categories over each month of the project. Or, they may anticipate needing a larger portion at different times.</p> <p>Note: While a cash flow is still a requirement for most types of projects, the “schedule of flat rate payments” is only needed for those projects using a flat rate percentage for 1C and 2 type costs. Projects using actual expenditures for ALL cost types will not need a “schedule of payments” as this applies only to flat rate options.</p> <p>Let’s look at an example of what a “schedule of flat rate payments” might look like. In the case study for costing option #1 (departmental flat rates), the budgeted flat rate amounts for cost types 1C and 2 are \$29,310 and \$72,495 respectively.</p> <p>A flat rate payment schedule of the following was submitted and agreed upon during negotiations:</p> <p><u>Payment period:</u> First month of project</p> <ul style="list-style-type: none"> • <u>Payment amount:</u> 25% of 1C = \$7,327 | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 61 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | SCHEDULE OF FLAT RATE PAYMENTS | |
|---|---|----|
| Notes | Content | |
| | <ul style="list-style-type: none"> • <u>Payment amount</u>: 25% of 2 = \$18,123 <p><u>Payment period</u>: fourth month of project</p> <ul style="list-style-type: none"> • <u>Payment amount</u>: 25% of 1C = \$7,327 • <u>Payment amount</u>: 25% of 2 = \$18,123 <p><u>Payment period</u>: eighth month of project</p> <ul style="list-style-type: none"> • <u>Payment amount</u>: 25% of 1C = \$7,327 • <u>Payment amount</u>: 25% of 2 = \$18,123 <p><u>Payment period</u>: Last month of project</p> <ul style="list-style-type: none"> • <u>Payment amount</u>: 25% of 1C = \$7,329 • <u>Payment amount</u>: 25% of 2 = \$18,126 <p>The sponsor would then add the flat rate amounts for each period to the amounts forecast for cost types 1A and 1B and input the totals in the cash flow form.</p> <p>For example, in the cash flow for the first and second periods of the project, the sponsor's total amounts forecast were:</p> <p>Month 1: \$75,450 (this includes forecasted \$42,000 for the categories under 1A and \$8,000 for 1B cost categories, plus the flat rate amounts of \$7,327 for 1C and \$18,123 for 2).</p> <p>Month 2: \$39,864 (this includes forecasted \$38,504 for the categories under 1A and \$1,360 for 1B cost categories)</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 62 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | BUDGET FLEXIBILITY DURING THE PROJECT | |
|---|---|----|
| Notes | Content | |
| | <p>Budget Flexibility During the Project</p> <p>Keeping some flexibility in managing a project budget is closely tied with how the agreement is written and to how much detail Service Canada requires at the claims processing and monitoring stages.</p> <p>Sponsors may overspend or under spend by 10% in the following cost categories:</p> <ul style="list-style-type: none"> 2: Professional fees 3: Travel 4: Capital Assets 5: Audit Costs 6: Other Activity related Direct Project Costs <p>It should be noted that any additional spending in cost category 4: Capital Assets may require the sponsor to inform Service Canada should an additional asset be purchased with a value greater than \$x, where x is determined by the programs T&Cs (but is most commonly \$1,000).</p> <p>Sponsors may also overspend (but cannot under spend) by 10% in the following cost categories.</p> <ul style="list-style-type: none"> 7: Participant Wages 8: Participant Tuition Costs 9: Other Participant Related Project Costs <p>Sponsors have complete budgetary flexibility to spend their negotiated or calculated budgets</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 63 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | BUDGET FLEXIBILITY DURING THE PROJECT | |
|---|--|----|
| Notes | Content | |
| | <p>on eligible expenditures, as they see fit, in all cost categories with the exception of :</p> <p style="padding-left: 40px;">1: Salaries and Wages.</p> <p>No change may be made to this category without prior approval from Service Canada.</p> <p>Adjustment of funds between cost categories cannot exceed the total Service Canada contribution amount.</p> <p>It should be noted that sponsors may also seek approval from Service Canada should they wish to alter their negotiated budget in a more significant way than provided for above.</p> <p>Adjustment of funds between cost categories cannot exceed the total Service Canada contribution amount.</p> <p>If the sponsor is considering moving more than 10% from one of these categories into another, they would need to discuss this with the Program Officer and attain written approval before expending the costs.</p> <p>If the Program Officer approves, they would provide this in writing to the sponsor and amend the agreement.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 64 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | REVISED CLAIM FORM | |
|---|--|----|
| Notes | Content | |
| | <p data-bbox="659 451 1409 533">Revised Claim Form and CSGC Capture Claim Screen</p> <p data-bbox="659 560 1414 636">In January 2006, the claim form (EMP5219) will be updated with the new cost types and 11 cost categories.</p> <p data-bbox="659 695 1442 770">Projects in progress will continue to have access to previous cost categories.</p> <p data-bbox="659 833 1459 957">The Cost Categories that are in effect when the project is created are the ones that will always be available to the project.</p> <p data-bbox="659 1016 1442 1140">We will look next at how the claims should be submitted according to whether the project is a Progress Payment project or Advance Payment project.</p> <p data-bbox="659 1199 1516 1505">Note: For sponsors who select Option #3 Actuals for all of the project costs, the procedure for claiming and recording data remains unchanged; but will again use the new cost categories. The sponsor will claim their actual amounts expended for all categories, rather than input the forecasted amounts for categories 1C and 2. A Schedule of Payments will not be used for this type.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 65 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | ADMINISTERING FLAT RATE PAYMENTS FOR PROGRESS PAYING PROJECTS | |
|---|---|----|
| Notes | Content | |
| | <p>Administering Flat Rate Payments for Progress Paying Projects</p> <p>This method is followed for projects under costing options 1 and 2 for EAS only at the moment. When flat rates are available for other programs, the process will be the same, only the flat rate percentages may differ.</p> <p>Once a progress payment project begins, the sponsor will submit claims in accordance with the agreement.</p> <p>Under all costing options (flat rates and actuals), the claim form submitted should reflect the actual expenditures for categories 1A and 1B.</p> <p>For costing options #1 and #2 (departmental flat rates and organization-specific flat rates). When claims are submitted to account for periods which are represented on the flat rate schedule of payments, it is essential that the amount of the flat rate payment is included in the amount being claimed. This will ensure that the appropriate flat rate payment is issued when processed.</p> <p>For example, under case study #1, the flat rate payment schedule for the first month was:</p> <p>Payment period: First month of project</p> <ul style="list-style-type: none"> • Payment amount: 25% of 1C = \$7,327 • Payment amount: 25% of 2 = \$18,123 <p>The sponsor would input the actual amounts expended for the cost categories under 1A (\$39,500) and 1B (\$8,500) on</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 66 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | ADMINISTERING FLAT RATE PAYMENTS FOR PROGRESS PAYING PROJECTS |
|---|--|
| Notes | Content |
| | <p>the claim form (for example). The sponsor would then refer to their Schedule of Payments, and input the flat rate payment amounts for 1C and 2 that were forecast. In the example above the sponsor would be submitting a claim form for the first period of the project with the following amounts:</p> <p>Total 1A = \$39,500 Total 1B= \$8,500 1C= \$7,327 2 = \$18,123 TOTAL CLAIMED = \$73,450</p> <p>The Common System for Grants and Contributions would issue a payment for \$73,450.</p> |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | ADMINISTERING FLAT RATE PAYMENTS FOR ADVANCE PAYING PROJECTS | |
|---|---|----|
| Notes | Content | |
| | <p>Administering flat rate payments for Advance Paying Projects</p> <p>This method is followed for projects under costing options 1 and 2 for EAS only at the moment. When flat rates are available for other programs, the process will be the same, only the flat rate percentages may differ.</p> <p>Administration of flat rate payments for advance paying projects requires effective management of both the cash flow forecast and claims processing.</p> <p>Program Officers will be required to ensure that the payment amounts noted in the flat rate schedule of payments are represented in the sponsor's cash flow forecast. This will guarantee the appropriate amount of funds will be advanced to the sponsor for project costs paid on actuals (1A & 1B) and flat rate payments (1C & 2).</p> <p>IMPORTANT NOTE:</p> <p>For advance paying projects making use of costing options #1 and #2 (flat rates), it is absolutely essential that the portion of funds advanced to cover the flat rate payment amount for a month/period be fully claimed for that period.</p> <p>Looking again at the example from the progress payment lesson, we will see how this would work in an advance payment scenario.</p> <p>For example, under case study #1, the flat rate payment schedule for the first month was:</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 68 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | ADMINISTERING FLAT RATE PAYMENTS FOR ADVANCE PAYING PROJECTS | |
|---|--|----|
| Notes | Content | |
| | <p>Payment period: First month of project</p> <ul style="list-style-type: none"> • Payment amount: 25% of 1C = \$7,327 • Payment amount: 25% of 2 = \$18,123 <p>In the cash flow forecast for the first month, the sponsor's total amounts forecast were:</p> <p>Month 1:</p> <p>\$75,450 (this includes forecasted \$42,000 for the categories under 1A and \$8,000 for 1B cost categories, plus the flat rate amounts of \$7,327 for 1C and \$18,123 for 2).</p> <p>The Program Officer issues the initial advance for \$75,450.</p> <p>When the sponsor prepares the claim for the first month, they will record the actual amounts expended for cost categories under 1A and 1B, and it is essential that they claim the exact flat rate amounts that were advanced for the first month. This will prevent the Common System for Grants and Contributions from reducing subsequent advance amounts as a result of the flat rate payment being considered unaccounted for.</p> <p>For example, the sponsor submits a claim with the following amounts:</p> <p>Total 1A = \$39,500 Total 1B= \$8,500 1C= \$7,327 2 = \$18,123 TOTAL CLAIMED = \$73,450</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 69 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | ADMINISTERING FLAT RATE PAYMENTS FOR ADVANCE PAYING PROJECTS | |
|---|--|----|
| Notes | Content | |
| | <p>COMMON SYSTEM FOR GRANTS AND CONTRIBUTIONS would reconcile the claimed amount of \$73,450 against the advance amount of \$75,450. This represents \$48,000 for actual cost incurred during the first month of the project and \$25,450 in flat rate payments.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 70 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | DOCUMENTATION WITH CLAIMS | |
|---|--|----|
| Notes | Content | |
| | <p>Documentation with Claims</p> <p>Many offices have their own practices when it comes to the amount of supporting documentation required from sponsors when they submit claims.</p> <p>Offices will need to discuss the documentation requirements based on the new list of eligible costs and the flat rate costing options being introduced. For the types of costs that are covered under the flat rate options for EAS agreements (types 1C and 2), documentation of actual expenditures is not required.</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 71 |

| LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING | HOW DOES FINANCIAL MONITORING CHANGE? | |
|---|--|----|
| Notes | Content | |
| | <p>How does financial monitoring change?</p> <p>In monitoring, the focus will eventually shift from focusing on detail in sponsor’s finances; and instead on whether the project is meeting its results. If some funds are shifted between cost categories, but the expenditures are reasonable and contributed to the outcomes, then it should not be a concern.</p> <p>Staff Wages are not as flexible. Any change in staffing levels must be negotiated with the Program Officer.</p> <p>Participant Related Costs category</p> <p>Sponsors will have the flexibility to add funds into these participant-related costs, but not to take funds out. Services and resources to participants must not be compromised.</p> <p>The total amount reimbursed for cost types using a flat percentage rate (cost type 1C and, if relevant, cost type 2) will be based on the final amount of actual costs incurred for cost types 1A and 1B.</p> <p>Flat Rate Costing Options:</p> <p>The final adjustment of the amount paid for flat percentage rates will be done in the final payment of the project (or the final payment in each fiscal year, for multiple year agreements).</p> <p>Monitoring and audits will be done only on actual costs incurred, except that there will be a verification done by Head Quarters that there are Organizational Infrastructure Costs incurred by those sponsors declaring and receiving</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 72 |

| | |
|---|---|
| <p>LESSON 4 – BUDGET FLEXIBILITY AND CLAIMS PROCESSING</p> | <p>HOW DOES FINANCIAL MONITORING CHANGE?</p> |
| <p>Notes</p> | <p>Content</p> |
| | <p>funding for that cost type.</p> |

| | |
|--|---|
| <p style="text-align: center;">LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP</p> | <p style="text-align: center;">OVERVIEW AND OBJECTIVES</p> |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> |

Lesson 5 Overview and Objectives

Participants will review the revised IRC Directive.
Participants will review the new messaging and requirements around separate bank accounts and proof of other funding.

What You’ll Learn:

Participants will be able to:

- explain the requirements relating to separate bank accounts for projects and the declaration of other funding

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | WHAT’S NEW |
|--|------------|
| Notes | Content |

What’s New?

- Under the new directives, projects will be subject to one single Internal Review process.
- It is expected that this streamlined process will shorten approval/wait times, and reduce the number of times a Program Officer and/or sponsor will be required to provide additional information during the review process.
- The directive provides clarification on the roles and responsibilities of IRC members
- Service Canada has removed the question from the Application Form (E5209) asking the applicant if they will have a separate bank account for the project.
- Service Canada removed the requirement for applicants to provide a letter from other funders to prove their contributions.

What has not changed?

It has never been *required* that sponsors maintain a separate bank account for project financial activities. However, many staff and applicants have interpreted that a separate account is needed, simply because there was a question on the application form.

Service Canada programs will continue to encourage, and in some cases require, that applicants develop relationships with other partners who will contribute cash or in-kind contributions to the project.

We will continue to request that applicants declare other

| | | |
|------------|-----------------------------------|----|
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 75 |
|------------|-----------------------------------|----|

| | |
|--|--|
| <p style="text-align: center;">LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP</p> | <p style="text-align: center;">WHAT’S NEW</p> |
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> |

funding sources. Other provisions under Partnerships and Stacking of Assistance are not changing at this time. It is only the documentation requirement that has changed.

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | FINAL ASSESSMENT | |
|--|--|----|
| Notes | Content | |
| | <p>Final-Assessment</p> <p>Once you have completed the test, print this screen. Click on the answer sheet link at the bottom of the screen to view the correct answers.</p> <ol style="list-style-type: none"> 1. Telephone charges <i>may</i> fall under which of the following cost types: (<i>check all that apply</i>) <ol style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs 2. Dependant care falls under which of the following categories (<i>check all that apply</i>): <ol style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs 3. Expenses incurred for head office support functions, are now grouped under which cost type: <ol style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs 4. Which of the following is an ineligible cost, regardless of program: <ul style="list-style-type: none"> Software Advertising Fundraising | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 77 |

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | FINAL ASSESSMENT | |
|--|--|----|
| Notes | Content | |
| | <p style="text-align: center;">Travel and Transportation</p> <p>5. An applicant is requesting \$1000 to send two facilitators for the proposed EAS project on a CPR course. This type of training is required for all regular employees of the organization. This would be eligible under which cost type:</p> <ul style="list-style-type: none"> As professional development under the cost type 1A. <p>Activity Related Direct Project Costs</p> <ul style="list-style-type: none"> As professional fees under the cost type 1B. <p>Participant Related Costs</p> <ul style="list-style-type: none"> As professional development under the cost type 1C. <p>Other Direct Project Costs</p> <ul style="list-style-type: none"> As professional development under the cost type 2. <p>Organizational Infrastructure Costs</p> <p>6. The following costs are all covered under which cost type: Wages, travel, tuition, bonuses, materials and supplies, sub-contracted professional fees</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs <p>7. This formula: $6\% \times (1A + 1B)$ is a new flat rate option for EAS projects for this type of cost:</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs <p>8. The formula for calculating Organizational Infrastructure</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 78 |

| <p style="text-align: center;">LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP</p> | <p style="text-align: center;">FINAL ASSESSMENT</p> | |
|--|--|-----------|
| <p style="text-align: center;">Notes</p> | <p style="text-align: center;">Content</p> | |
| | <p>Costs for EAS projects under the new departmental flat rate option is:</p> <ul style="list-style-type: none"> 14% x (1A + 1B + 1C) 6% x (1A + 1B + 1C) 14% x (1A + 1B) | |
| <p>2006-01-18</p> | <p><i>ADMINISTRATIVE CHANGES E-LEARNING</i></p> | <p>79</p> |

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | FINAL ASSESSMENT - ANSWERS | |
|--|---|----|
| Notes | Content | |
| | <p>Final-Assessment - Answers</p> <p>1. Telephone charges <i>may</i> fall under which of the following cost types: (<i>check all that apply</i>)</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs + 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs + 2. Organizational Infrastructure Costs + <p>2. Dependant care falls under which of the following categories (<i>check all that apply</i>):</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs + 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs <p>3. Expenses incurred for head office support functions, are now grouped under which cost type:</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs + <p>4. Which of the following is an ineligible cost, regardless of program:</p> <ul style="list-style-type: none"> Software Advertising Fundraising + Travel and Transportation <p>5. An applicant is requesting \$1000 to send two facilitators for</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 80 |

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | FINAL ASSESSMENT - ANSWERS | |
|--|---|----|
| Notes | Content | |
| | <p>the proposed EAS project on a CPR course. This type of training is required for all regular employees of the organization. This would be eligible under which cost type:</p> <ul style="list-style-type: none"> As professional development under the cost type 1A. <p>Activity Related Direct Project Costs</p> <ul style="list-style-type: none"> As professional fees under the cost type 1B. <p>Participant Related Costs</p> <ul style="list-style-type: none"> As professional development under the cost type 1C. <p>Other Direct Project Costs +</p> <ul style="list-style-type: none"> As professional development under the cost type 2. <p>Organizational Infrastructure Costs</p> <p>6. The following costs are all covered under which cost type: Wages, travel, tuition, bonuses, materials and supplies, sub-contracted professional fees</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs + 1C. Other Direct Project Costs 2. Organizational Infrastructure Costs <p>7. This formula: $6\% \times (1A + 1B)$ is a new flat rate option for EAS projects for this type of cost:</p> <ul style="list-style-type: none"> 1A. Activity Related Direct Project Costs 1B. Participant Related Direct Project Costs 1C. Other Direct Project Costs + 2. Organizational Infrastructure Costs <p>8. The formula for calculating Organizational Infrastructure Costs for EAS projects under the new departmental flat rate option is:</p> <p>$14\% \times (1A + 1B + 1C) +$</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 81 |

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | FINAL ASSESSMENT - ANSWERS | |
|---|--|----|
| Notes | Content | |
| | <p>6% x (1A + 1B + 1C) 14% x (1A + 1B)</p> | |
| 2006-01-18 | <i>ADMINISTRATIVE CHANGES E-LEARNING</i> | 82 |

| LESSON 5 – OTHER IMPORTANT CHANGES AND WRAP-UP | SUMMARY | |
|--|--|----|
| Trainer’s Notes | Content | |
| | <p>Summary</p> <p>Thank you for taking the time to review the materials and activities in this online module. This course will be updated as new information and clarification is available on the cost categories and new processes being implemented through the Change Agenda.</p> <p>Should you require additional clarification about the topics addressed in this online module, please follow up with a Service Canada Centre.</p> <p>The “Stakeholder Engagement” site on the Service Canada Internet also provides additional information on the initiatives being implemented through the Joint Service Canada/Voluntary Sector Working Group: http://www1.servicecanada.gc.ca/en/epb/lmd/sc/call_for_proposal.shtml</p> | |
| 2006-01-18 | ADMINISTRATIVE CHANGES E-LEARNING | 83 |