

**Annex I Quick Reference: Financial Arrangements**

<b>Grants and Contributions Agreements</b>	<b>O&amp;M Arrangements</b>
<i>PRE-APPROVAL</i>	<i>LEGAL REQUIREMENTS</i>
<ul style="list-style-type: none"> <li>• <b>Recipient.</b> Describe the material against which the recipient was evaluated.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Title.</b> MOU (with a government agency) or Arrangement (non-government agency)</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Financial Limitations.</b> Ensure all other sources plus total government assistance is identified.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Effective Date</b> or date of the last signature</li> <li>• <b>Legal Name of other party</b> to whom we make the cheque.</li> </ul>
<i>G&amp;C AGREEMENT</i>	<i>FINANCE-RELATED REQUIREMENTS</i>
<ul style="list-style-type: none"> <li>• <b>Effective Date.</b> Cannot be earlier than last signature date.</li> <li>• <b>Whereas.</b> Ensure reference to the “purpose” part of the relevant terms and conditions. (Annexes B-F of this guide).</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Whereas.</b> Is it clear that this is neither G&amp;C nor a procurement contract, i.e. <ul style="list-style-type: none"> <li>→ that this is cost-shared</li> <li>→ that the department or agency needs a good or service in its hands</li> <li>→ that the other party has a mutual vested interest</li> <li>→ that the other party is not making a profit</li> </ul> </li> </ul>
1. <b>Purpose.</b> In addition to the outputs of this particular agreement, should be linked to a higher result, and to the departmental business line result.	<ul style="list-style-type: none"> <li>• <b>The Funding</b> <ul style="list-style-type: none"> <li>→ What is the total value?</li> <li>→ How much is department or agency paying and for what specifically?</li> <li>→ How much is the Party paying and for what?</li> </ul> </li> </ul>
2. <b>Activities.</b> Include performance indicators/measures.	<ul style="list-style-type: none"> <li>• <b>The Payments</b> <ul style="list-style-type: none"> <li>→ Milestones for payment</li> <li>→ How much and for what?</li> <li>→ Send invoice to file manager</li> <li>→ Send cheque to ...?</li> </ul> </li> </ul>
3. <b>Funding</b> Include <u>non-monetary</u> as well as monetary information. Ensure contributions of others plus total government assistance complete.	<ul style="list-style-type: none"> <li>• <b>The signature</b> Head level or higher</li> </ul>
	<i>MANAGEMENT-RELATED REQUIREMENTS</i>

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4. <b>Allowable expenditures.</b> Watch that you are not paying the full GST.	<ul style="list-style-type: none"> <li>• <b>Purpose.</b> Must include bigger results plus business line result.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Activities.</b> Include performance indicators/measure</li> </ul>
5. <b>Method of Payment.</b> Ensure advances conform.	<ul style="list-style-type: none"> <li>• <b>Evaluation and Monitoring.</b> Is it clear how we will ensure we achieve our goal and how well we have done?</li> </ul>
6. <b>Intellectual Property (IP).</b> Ensure that this issue is addressed.	<i>MORE LEGAL REQUIREMENTS</i>
<b>Signature.</b> Ensure the signature of a manager or above.	<ul style="list-style-type: none"> <li>• Liabilities/Partnership/Termination clauses (minimum)</li> </ul>
<p><b><i>FINANCE SHOULD HAVE ON FILE</i></b></p> <ol style="list-style-type: none"> <li>1. The approval form</li> <li>2. The signed agreement</li> <li>3. The cash flow statement</li> <li>4. <b><i>(if applicable)</i></b> Document from recipient stating all other sources of funding when our contribution is greater than \$100,000 (needed to complete Clause 3 of the agreement)</li> <li>5. <b><i>(if applicable)</i></b> Document explaining the appropriateness of the department or agency's contribution level in light of other sources of funding.</li> <li>6. Each invoice</li> <li>7. <b><i>(if applicable)</i></b> Documentation from recipient at end of project of all sources of funding, especially if the department or agency's contribution is greater or equal to \$100,000. Any increase of other sources of funding may warrant a reduction in our payment.</li> </ol>	<p><b><i>FUNCTIONAL EXPERTS REQUIREMENTS</i></b></p> <ul style="list-style-type: none"> <li>• OSH</li> <li>• Risk Sharing</li> <li>• Official Languages</li> <li>• Intellectual Property</li> <li>• Assets</li> </ul>

## Confirm the type of financial arrangement needed

Before you begin commenting on the details of a given agreement:

- Take time to define the type of agreement.
- If it is not a procurement contract, assume that it is G & C, unless 1) you are in receipt of a departmental good or service and/or 2) the department controls the activities being carried out.

	<b>Procurement Contract</b>	<b>O&amp;M Arrangement</b>	<b>G&amp;C Agreement<sup>23</sup></b>
\$\$	O&M	O&M	G&C
Purpose	Must have a Good or service in hand, in order to do the department's job.	Must have a Good or service in hand, in order to do the department's job	Want to "enable" partner to do something that furthers departmental policies; <b>NO direct good or service.</b> May have a by-product
Contribution	Full <u>price</u>	Cost-shared	Cost-shared to full <u>cost</u>
Relationship	Supplier; may be construed to be acting on behalf of department	Partner (not legally); each party acts on its own behalf.	Partner (not legally); <b>does not act on behalf of department</b>
Party's interest?	Profit	Vested interest; no profit allowed	Vested interest; no profit allowed
Degree of control	Very prescriptive; a lot of control	Very prescriptive; a lot of control	Conditions in agreement. <b><u>May not subsequently control the use of funds</u></b>
When to pay?	At end, or at milestones; normally in arrears	At end, or at milestones; always in arrears	Based on cash flow needs; can be in advance

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<sup>23</sup> For the purpose of this document, we do not consider repayable contributions.