



# **Implementation of the 2008 Treasury Board Secretariat Policy and Directive on Transfer Payments**

**AFOA Annual Conference**

**March 2010**





# Why we are all here...

- The new Treasury Board Secretariat Policy on Transfer Payments will have an effect on the way we do business
  - Risk based decision making
  - Funding agreements will change
- We have an opportunity to learn from experiences

**This affects us all...**



# Overview

- Purpose
- 2008 Treasury Board Secretariat Policy (TBS) and Directive on Transfer Payments
- Expected Impacts on Recipients
- Next Steps
- Engagement



## Some Background – Why a new Policy

- Blue Ribbon Panel on Grants & Contributions
- Engagement of First Nations, Inuit, Métis, Northerners, their organizations, and federal department staff



## Objective of the Policy\*

To ensure that transfer payment programs are:

- Managed with integrity, transparency and accountability
- Sensitive to risk
- Citizen- and recipient-focused
- Designed and delivered to address priorities and achieve results

\* <http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=13525>



## The Core Elements in a Nutshell

*The 2008 TBS policy and directive apply to all federal departments and. . .*

- Clarify roles and responsibilities
- Require departments to adopt a risk-based approach
- Require departments to engage recipients, when appropriate
- Require departments to establish service standards
- Require departments to pursue harmonization and standardization
- Require departments to make public on their website their plan for renewal of transfer payment programs\*

\* <http://www.ainc-inac.gc.ca/ai/arp/es/0910/rpp/rrp09-eng.asp>



# Requirements related to Aboriginal Recipients

## *The 2008 TBS policy and directive . . .*

- Take into account the unique circumstances in making transfer payments to Aboriginal recipients
- Recognize the wide range of programs targeted to Aboriginal peoples
- Recognize that many departments are involved in managing these programs
- Recognize many programs are long-term in nature
- Make additional contribution funding approaches available to all departments

**Indian and Northern Affairs is working with TBS and other departments to implement**



# Assessing Risk and Capacity

- All recipients will undergo some form of assessment focused on risk and capacity
- Results will help shape:
  - Duration of agreements
  - Monitoring regimes
  - Frequency and type of reporting
  - Frequency and amount of payments
  - Audit arrangements
- Results will also identify possible capacity strengthening opportunities

**Indian and Northern Affairs is developing tools to assess risk and capacity**



# Factors that may be taken into account

## ▪ Risk factors:

- External factors or extraordinary events
- Major change (being undertaken by the recipient)
- Status of development or remedial plans
- Governance
- Planning
- Entity (e.g., communities or organizations) management (finance and administration)
- Program management

## ▪ Process that includes:

- Dialogue with partners
- Assessment
- Identification of agreement management recommendations
- Internal Review
- Overall Department monitoring of process and results

**New tools that enable INAC staff, working with First Nation communities, organizations or businesses (among other recipients), to identify strengths and challenges relating to abilities to meet agreement terms and conditions**



# Benefits from assessing risk and capacity

- Supports the identification of options for increased flexibilities where capacity and proven abilities warrant
- Supports use of multi-year agreements for Aboriginal organizations
- Facilitates planning and the simplification of reporting
- Is a more transparent process that will facilitate meaningful dialogue between INAC and stakeholders
- Provides an annual check up
- Can inform approaches to support capacity development
- Supports the development of horizontal approaches with other government departments



## Funding Agreements - Contribution Approaches

- Standard transfer payment instruments:
  - Grant, and
  - Contribution;
  - Traditionally INAC had 2 categories: fixed and block agreements
  - INAC funding recipients will now benefit from a third possibility: flexible contribution funding
- The 2008 policy provides for additional contribution funding approaches for Aboriginal recipients:

	<b>FIXED</b>
<b>Entry Criteria</b>	None specified in the Directive.
<b>Duration</b>	Can be multi-year
<b>Flexibilities</b>	Ability for the recipient to retain unexpended funding, following satisfactory completion of the agreement to be used for purposes consistent with program objectives, or other purposes as agreed to by the department.





# Funding Agreements - Contribution Approaches

	FLEXIBLE
<b>Entry Criteria</b>	Recipients must have demonstrated capacity to manage transfer payments.
<b>Duration</b>	Multi year
<b>Flexibilities</b>	<p>Ability for the recipient to:</p> <ul style="list-style-type: none"><li>- Redirect funding among specified cost categories; and</li><li>- Carry forward unexpended amounts during the term of the agreement.</li></ul> <p><i>Note:</i> unexpended funding remaining at the expiry of the agreement is recoverable.</p>





# Funding Agreements - Contribution Approaches

	<b>BLOCK</b>
<b>Entry Criteria</b>	Recipients must have demonstrated capacity to manage transfer payments.
<b>Duration</b>	Multi year
<b>Flexibilities</b>	Ability for the recipient to: <ul style="list-style-type: none"><li>- Receive advances;</li><li>- Adjust the priority of programs and redirect funding to address its evolving priorities;</li><li>- Retain unexpended funding, following satisfactory completion of the agreement to be used for purposes consistent with program objectives, or other purposes as agreed to by the department; and</li><li>- Submit annual reporting.</li></ul>





# Funding Agreement Action Plan

The new agreements are being developed based on the following principles:

- Recipient engagement
- Minimization of the impact of changes on recipients
- Provide flexibility to allow multi-departmental funding
- Reflect Treasury Board and departmental policy
- Clear and consistent language



# Planned Next Steps

- **Spring 2010**
  - Engage recipients
  - Try out new tools
  
- **Summer 2010**
  - Refinement of tools
  - Finalization of funding agreement models
  
- **Fall 2010/ Winter 2011**
  - Finalize agreements with recipients
  
- **April 2011**
  - Departmental implementation of the Policy on Transfer Payments





# Engagement Strategy

- Recognize the diversity of recipients
- Expect to hear from Regional offices
- General information sessions and smaller think-tank sessions with individual recipients and small groups
- Link with other departmental engagement activities, including
  - 7 AFOA regional workshops on Consistent Audited Financial Statements



# How to Stay Informed

*Recipients can*

- Contact regional officials
- Visit the departmental website on Transfer Payments
- Attend upcoming information sessions



Thank you.