

**JOINT SERVICE CANADA / VOLUNTARY SECTOR
WORKING GROUP**

**REPORT ON
DEVELOPING NEW APPROACHES
TO FUNDING RESULTS**

November 15, 2005

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November 15, 2005

Letter to the Honourable Belinda Stronach, P.C., M.P.
Minister responsible for Service Canada and
Minister Responsible for Democratic Renewal

Minister Stronach,

It is with pleasure that we present the Joint Service Canada/Voluntary Sector report on “Developing New Approaches to Funding Results,” which signals a new approach to working with and serving Canadians. We are particularly proud of the achievements of the Joint Working Group, and the strides it has made in securing a strong and dynamic partnership between the voluntary sector and Service Canada.

In September 2005, you created the Joint Working Group, comprised of representatives from the new Service Canada and an array of voluntary sector organizations, and mandated it to review the policy context, and develop a streamlined administrative process for agreements between organizations and Service Canada. Our mandate also included the establishment of a permanent advisory committee to facilitate ongoing consultation between the voluntary sector and Service Canada.

We are therefore pleased to present you with this report containing concrete recommendations for streamlining the administration of agreements with third-party service providers. This endeavour is indeed a tangible and substantive contribution towards improving the employment services provided to Canadians.

In the spirit of the Voluntary Sector Initiative, the Government of Canada continues to recognize the voluntary sector as “the third pillar in Canadian society with an essential role in contributing to the social and economic well-being of Canadians.” (A Shared Journey: Midterm Reflections on the Voluntary Sector Initiative)

We are available to meet with you to discuss the report and recommendations and look forward to your response. On behalf of the Joint Working Group, we thank you for your support and the confidence placed in us.

The Honourable Peter Adams, M.P. , Parliamentary Secretary to the Minister Responsible for Service Canada and for Democratic Renewal Co-chair VS/Service Canada Working Group	Maryantonett Flumian Deputy Minister, Service Canada Co-chair VS/Service Canada Working Group	Heather McGregor Executive Director YWCA Toronto Co-chair VS/Service Canada Working Group
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EXECUTIVE SUMMARY

In order to enable and ensure effective delivery of the labour market programs to Canadians and our communities, the Honourable Belinda Stronach, P.C., M.P., Minister responsible for Human Resources and Skills Development Canada, Service Canada and Minister responsible for Democratic Renewal recently struck a Joint Working Group to work in partnership to identify and develop short and longer-term administrative improvements while rebuilding and strengthening an ongoing, collaborative relationship.

This Joint Working Group has three co-chairs to facilitate the participation of the voluntary sector, Service Canada, and the Government of Canada. The co-chairs are Heather McGregor, Executive Director, YWCA Toronto, representing YWCA Canada; Maryantonett Flumian, Deputy Minister, Service Canada; and the Honourable Peter Adams, M.P., Parliamentary Secretary to the Minister.

The following report summarizes the work of the Joint Working Group to date, and lays out the strategy for continuing a mutually beneficial relationship between the voluntary sector and the Government of Canada, consistent with the *Accord Between the Government of Canada and the Voluntary Sector*.

The report also highlights the cooperation between Service Canada and the voluntary sector and reflects the Government of Canada's commitment to ensuring that all partners and stakeholders are treated fairly and equitably, and are provided with the highest quality of service.

The report outlines the recommendations made by the Joint Working Group to achieve its stated objectives. In summary, those recommendations are:

- 1) that the Joint Working Group continue its work on an interim basis and with additional members representing the prairie provinces and Atlantic Canada with some staff support from Service Canada until April 2006;
- 2) that the recommendations of the five sub-committees be accepted as presented in their attached reports, and that this work continues as needed on an interim basis pending the establishment of the permanent advisory committee in April 2006;
- 3) that the new administrative cost framework comes into effect for all renewals and new agreements as early as January 2006, but no later than May 1, 2006. Service Canada commits to completing the full training for staff no later than May 1, 2006;
- 4) that in principle, we are in favour of multi-year funding and that with respect to integrating multi-year funding into *new agreements* (including agreements which emerge from any remaining Call for

Proposals for the 2005-2006 fiscal year), and recommend that Service Canada proceed on a regional basis as long as redress options for unsuccessful incumbent applicants are in place.

With respect to multi-year funding and *existing agreements*, Service Canada may extend/renew these agreements to multi-year funding on a regional basis, as long as the following conditions are met:

- that incumbent agencies who were unsuccessful through recent Call for Proposals may discuss with Service Canada their transition issues and service delivery gaps, until the next Call for Proposals is launched in their area/region;
- 5) that all new Call for Proposals be implemented on a regional basis in accordance with the national roll-out and readiness strategy, once improvements to the assessment grid have been made, as well as administrative changes and associated instruments implemented in accordance with what Service Canada has committed to in the Joint Working Group. This implies full training of project officers to understand and implement the changes effectively. This also implies that agencies are given full information and adequate notice of these changes; and,
 - 6) the Joint Working Group Co-Chairs recommend that Minister Stronach accept the final report and its recommendations, and that the Minister endorse the continued dialogue with the voluntary sector and Service Canada with respect to careful, thoughtful and progressive implementation.

MANDATE AND SCOPE

In order to enable and ensure effective delivery of the labour market programs to Canadians and our communities, The Honourable Belinda Stronach, P.C., M.P., Minister of Human Resources and Skills Development Canada and Service Canada, mandated the establishment of a Joint Working Group of representatives from the voluntary sector and Service Canada in September 2005. The Group set out to achieve the following three main objectives:

1. to rebuild, and strengthen, the collaborative relationship between the Government of Canada and the voluntary sector sponsors of labour market programs;
2. to work in partnership to identify and develop short- and longer-term administrative changes; and,
3. to encourage a shift from administrative focus to one based on achieving meaningful outcomes for individuals.

Within its specific Terms of Reference (see Appendix A), the Working Group set out to review the policy context and develop a streamlined administrative process for agreements with Service Canada that would include:

- a results-based agreement model;
- short-term administrative change (e.g. simplified approach to determining overhead costs);
- longer-term administrative changes; and,
- the establishment of a permanent advisory committee to facilitate ongoing communications and information exchange between the voluntary sector and Service Canada

The scope of the activities undertaken by the Joint Working Group covers programs currently delivered through Service Canada, and which are funded under Part II of the *Employment Insurance Act*, as well as the Youth Employment Strategy. There is scope in the future for the enhancements to be extended to all programs delivered by Service Canada at the regional and local levels, as well as for nationally-delivered HRSDC and SDC programs.

The vehicle through which the group sought to achieve these goals was the creation of a results-based agreement and funding process that could serve as a model for a new generation of agreements between Service Canada and voluntary sector organizations.

The Joint Working Group has met four times, three times in the Toronto area and once in Gatineau, Quebec. The work of the group was accomplished through the establishment of the following five sub-committees.

- creation of a permanent Voluntary Sector Advisory Committee on Employment;
- review of administrative costs and reduction of administrative burden;
- creation of a Fairness Advisor;
- review of transition issues; and,
- focus on outcomes

Inherent in the group's work was the expectation to uphold the principles of dialogue, cooperation and collaboration as set out in the *Voluntary Sector Accord* (for funding principles see Appendix B).

We are pleased to report that the Joint Working Group has made substantial progress on the first two objectives in an extremely short period of time. The group's success in these areas is a direct reflection of the considerable goodwill and dedication that voluntary sector and Service Canada representatives brought to the process.

The group's third objective of achieving a paradigm shift towards outcomes is a much larger goal and beyond the scope of what could be achieved by the group so far. As the Joint Working Group wraps up this phase of dialogue, there is strong commitment from both sides to continue to work towards implementation of the sub-committees' recommendations, as well as continue discussion on outcomes.

BACKGROUND

The Government of Canada Accord with the Voluntary Sector

The Government of Canada and the voluntary sector have a long history of working together to improve the quality of life for Canadians. The most public testament to this relationship is the *Accord Between the Government of Canada and the Voluntary Sector*, which was ratified by the federal government in December 2001.

The Accord was produced through the Voluntary Sector Initiative (VSI), a unique undertaking that was begun in June 2000 to enhance the relationship between the federal government and the voluntary sector. Through the VSI's work and development of the Accord, the Government of Canada recognized the need for an active partnership with a strong and vital voluntary sector. A five-year funding commitment of \$94.6-million dollars was provided to support the VSI's work.

The Accord sets out the framework by which the relationship between the voluntary sector and the Government of Canada can develop and evolve, and it recognizes and enshrines the unique contribution that the voluntary sector makes to improve the quality of life for Canadians. The Accord is also designed as a public commitment to the six values seen as the foundation of the relationship between the Government of Canada and the voluntary sector: democracy, active citizenship, equality, diversity, inclusion, and social justice.

Apart from calling on both parties to be accountable to Canadians, the Accord requires that:

- the Government will consider the implications of legislation, policies and programs on the sector and engage the sector in open, informed and sustained dialogue, and;
- the voluntary sector will identify important or emerging issues and trends and bring them to the Government of Canada's attention and call upon the full depth and diversity of voluntary organizations when at the table.

In October 2002, the VSI released two Codes of Good Practice to accompany the Accord. Each code outlines the framework by which the federal government and the voluntary sector are to work on public policy and funding issues. The

Accord and the two Codes are intended to entrench the principles of transparency, consistency, balanced accountability, engagement, and sustained organizational capacity and effectiveness in meeting the mandates of both voluntary sector organizations and the Government of Canada.

The *Code of Good Practice on Funding* is an examination of current funding practices and provides recommendations to guide the funding relationship between the voluntary sector and the Government of Canada (see Appendix B for more information about this Code). Among its many provisions, the Code calls for funding to reflect the nature and scale of the issue at stake. For example, many social issues such as labour force development require long-term funding commitments to make real progress. So the Code encourages clear and consistent communication about funding, streamlined administrative requirements so as not to detract attention away from service delivery, and also encourages multi-year agreements. The Code also pushes for simplified application and reporting procedures and improved access to information about funding.

The *Code of Good Practice on Policy Dialogue* commits both the Government of Canada and the voluntary sector to engage in open dialogue throughout the public policy process. Both parties are supposed to inform each other of the policy implications of their activities, as well as take into account any differing regional impacts of policies.

Management of Grants and Contributions

As a result of the 1999 audit on Grants and Contributions and a subsequent review by the Auditor General, Human Resources Development Canada (HRDC) (subsequently Human Resources and Skills Development Canada (HRSDC) and Service Canada as of September 14, 2005) undertook a number of internal changes to strengthen the management and administration of grants and contributions programs. The Six-Point Action Plan was initiated in 2000, and included a series of actions to deal with immediate problems identified by the internal audit, as well as longer-term changes.

For example, the Department's internal control framework for grants and contributions was strengthened to ensure proper administrative controls, greater transparency and the highest standards of integrity and accountability. Based on recommendations provided by an external consulting firm, Human Resource Development Canada undertook a number of additional change initiatives to improve file administration, clarify accountabilities, and strengthen the use of risk management within the file administration process.

Changes included, for example:

- a strengthened quality assurance framework to improve program administration and report on progress;
- an electronic common system for Grants and Contributions to standardize the management and administration of agreements across all Human Resource Development Canada (HRDC) programs and improve reporting;
- coordinated strategy for the design and delivery of operational training to improve the knowledge and expertise of all front-line staff; and,
- greater standardization of operational policies to uniformly address cross-cutting delivery issues.

Consistent with these initiatives, in February 2004, Human Resources and Skills Development released four directives under the Specialization and Concentration initiative. The four directives were effective immediately and included:

1. Segregation of duties: Intended to provide a division of project officer accountability, and improve integrity by having different project officers responsible for different phases of the project lifecycle;
2. Internal Review Committees: Intended to increase the transparency and accountability in funding decision-making processes;
3. Call for Proposals (CFP) process to select sponsors: Intended to increase transparency and consistency in awarding contribution agreements through competition; and,
4. Enhanced financial controls, mandatory audit and holdback clauses: Intended to increase financial accountability and control through the use of an independent third party to conduct compliance audits.

Up until the point of implementation of the February 2004 directives, most of the Department's activities to improve the overall delivery structure and efficiency of grants and contribution administration were internal changes. Since the release of the directives, the Department has received sustained feedback from voluntary sector agencies on the increased burden borne by HRSDC contribution recipients as a direct result of the directives. The speed and manner of implementation immediately caused the voluntary sector to raise concerns regarding the Department's adherence to the *Voluntary Sector Accord*. Specifically, concerns were raised about the speed and manner of implementation leading to inconsistencies, the limited amount of consultation, delays in establishing funding agreements that resulted in gaps in service provision, and inadequate information to stakeholders.

The directive on Call for Proposal (CFP) specifically caused concern as a result of the termination of long-standing relationships with the department when several incumbent voluntary sector service providers were unsuccessful through that process. Prior to the CFP directive, service providers entered into yearly agreements with HRSDC to provide labour market programs that are either geared towards certain target groups or the provision of particular types of services and supports (for example, an employment resource centre or

assessment centre). It should be noted that the CFP process replaced another less standardized selection process for high-dollar value agreements, one that had always resulted in there being some unsuccessful applicants, and that this process continues to be used to award agreements of a value under \$500,000.

Comments and feedback from the voluntary sector reflected that a lack of preparation to implement the CFP process meant that the sector's unique history and strength of service delivery was not adequately recognized. Non-profits with decades of expertise in providing services to Canadians felt that their holistic and responsive approach to delivering employment programs was not acknowledged. The voluntary sector also suggested that the specialization and concentration directives (segregation of duties and internal review committees) may have actually led to greater opaqueness and inconsistency in funding decisions made by the Department.

Over the course of 2004, individual agencies and voluntary sector networks began to mobilize to voice their concerns about implementation of the directives, and specifically the CFP process. In January 2005, a number of Toronto-based community agencies that were unsuccessful, incumbent CFP applicants hosted a public forum to draw attention to their concerns about this new selection process. Over 200 representatives from voluntary sector agencies across the GTA participated to collectively strategize. Several elected officials from federal, provincial and municipal governments were present at the forum.

The issue began to receive media coverage through local and national channels and was ultimately brought to the attention of the Standing Committee on Human Resources, Skills Development, Social Development and Status of Persons with Disabilities (HUMA). Through the Standing Committee, the voluntary sector was able to raise its concerns. Particular attention was given to the Call for Proposals process, the challenges associated with its implementation, and its impact on service delivery to clients.

The Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities (HUMA) released its report on the issue in May 2005. The Standing Committee stressed the need to work with the voluntary sector to ensure a balanced approach to contribution funding that respects the goals of service providers.

In the response that the Department submitted to HUMA in September 2005, Service Canada acknowledged the need for improvements to its grants and contributions control framework and processes to address concerns raised by the voluntary sector and specifically to reduce administrative burden. It further committed to undertake this work in partnership with the voluntary sector.

This spirit of partnership led to the establishment of the Joint Working Group with the voluntary sector to ensure their participation and collaboration in re-balancing

controls consistent with the principles of the *Voluntary Sector Accord*. Social Development Canada is also working with the voluntary sector to ensure that future programming is consistent with the Accord and two Codes of Good Practice. Its efforts are reflected in the Task Force on Community Investment that will examine horizontal management issues within the Government of Canada.

About the Joint Working Group

The first meeting of the Joint Service Canada/Voluntary Sector Working Group on Developing New Approaches to Funding Results was held in Toronto on September 2, 2005. A draft terms of reference was developed to provide the framework for discussion of short- and long-term changes necessary to develop a new generation of funding agreements between Service Canada and the voluntary organizations (see Appendix A). All changes would be designed not just to build on the existing control and accountability frameworks that both sectors have already established, but to re-focus attention on ensuring meaningful outcomes and high-quality program delivery.

Members of the Joint Working Group also stressed that improvement must not be confined simply to the alleviation of administrative burden, but must take tangible form through the establishment of a permanent mechanism for policy dialogue and a commitment to review labour market policy and program design through the appropriate channels with the sector.

In keeping with the spirit of the *Voluntary Sector Accord*, the group's first task was to develop a list of principles to guide the collaborative process needed to develop and implement a concrete action plan.

The group was originally mandated to complete their work within two months. Given the scope of issues, however, and the strong commitment of both sides to sustained dialogue about service improvements, the timeline for the first phase of the joint group's work was extended to November 2005. Subsequent meetings were held in Scarborough on September 14, in Etobicoke on October 5, and in Ottawa on November 2. Sub-group meetings were also held in Peterborough/Belleville on September 12, and in Ottawa-Gatineau on September 13 (please see below for a description of sub-group activity).

Each party selected its own membership (see Appendix D), ensuring that decision makers were at the table. The Joint Working Group has three co-chairs to facilitate the participation of the voluntary sector, Service Canada, and the Government of Canada. Co-chairs are Heather McGregor (Executive Director, YWCA of Toronto, representing YWCA Canada), Maryantonett Flumian (Deputy Minister, Service Canada), and the Honourable Peter Adams, M.P., Parliamentary Secretary to the Minister of Human Resources and Skills Development and Minister Responsible for Democratic Renewal.

Voluntary sector groups representing provincial networks of service providers were invited to participate, as were organizations representing newcomers, youth, persons with disabilities, women and Aboriginals. To facilitate the input of the broader spectrum of labour market service providers, but allow the membership of the joint group to be a reasonable and workable size, the voluntary sector established a number of reference groups. Membership in the reference groups was open to all voluntary sector providers of labour market programs.

Upon completion of the group's first meeting, a list of administrative and process issues related to funding was developed and prioritized for improvement. Agreement was also reached to hold two sub-group meetings to broaden the group's perspective with input from rural and Francophone service providers. Representatives from voluntary sector agencies participated to share their experiences and provide input to the early stages of the group's work.

The voluntary sector held its own reference group meetings to support its contribution to the joint group and two meetings were held in Toronto on September 8 and October 24. Representatives from organizations with national networks consulted with their colleagues across the country. The voluntary sector representatives also distributed three communiqués throughout the sector to provide updates on the process and discussion of issues.

Focussed discussion of the issues began immediately through the formation of four sub-committees at the group's September 14 meeting. Issues were clustered under four areas:

- creation of a Voluntary Sector Advisory Committee on Employment (VSACE);
- review of administrative costs and reduction of administrative burden;
- creation of a Fairness Advisor; and,
- review of transition issues

A fifth sub-committee was struck at the October 14 meeting to focus on outcomes.

Considerable goodwill was established on both sides through the detailed work of the sub-committees and substantial recommendations were developed. The Joint Working Group also had the opportunity to consider the HUMA findings, many of which were consistent with the work of the Joint Working Group's sub-committees.

The voluntary sector and Government of Canada representatives participating in this process feel that positive, transformative change is being proposed through the recommendations of the Joint Working Group.

SUB-COMMITTEE ACTIVITIES

1. Creation of Permanent Voluntary Sector Advisory Committee on Employment (see attached report with detailed recommendations – Appendix C)

The Joint Service Canada/Voluntary Sector Working Group has outlined a framework to establish a permanent advisory group, which will be comprised of voluntary sector members, and will act as a primary vehicle through which the voluntary sector provides advice, assistance, and feedback to Service Canada on matters related to the employment of Canadians.

It is planned that the Voluntary Sector Advisory Committee on Employment be launched and hold its inaugural meeting in April 2006. The committee will be launched with a formal announcement and event attended by the Minister of Service Canada, the Deputy Minister of Service Canada and committee members.

2. Review of Administrative Costs and Reduction of Administrative Burden (see attached report with detailed recommendations – Appendix C)

Service Canada processes and procedures that originated with Human Resources and Skills Development Canada and Social Development Canada for the administration of a contribution agreement held by community-based organizations have become overly cumbersome, and interpretations have become inconsistent over time. It is important that this burden be eased through the elimination of unnecessary steps and/or requirements, and through the general streamlining of administrative processes. It is also important to acknowledge that complex rules and inconsistent interpretations around eligible costs have had a negative impact on the recovery of full costs. The committee has made very positive recommendations in the following areas:

- eligible costs
- new cost categories and budget flexibility at payment claim stage
- simplified options for the payment of some eligible expenditures
- shortening of approval cycle time (streamlining the Internal Review Committee process)
- streamlining audit requirements
- elimination of need for separate bank account
- elimination of need for written proof of additional funders

On November 14, 2005, the voluntary sector representatives presented a proposal to re-scope the applicability of the administrative cost changes being recommended by this sub-committee. This proposal is:

- that the new administrative cost framework comes into effect for all renewals and new agreements as early as January 2006, but no later than May 1, 2006. Service Canada commits to completing the full training for staff no later than May 1, 2006.

3. Creation of a Fairness Advisor (see attached report with detailed recommendations – Appendix C)

The Joint Service Canada/Voluntary Sector Working Group identified that there is a need to provide a mechanism for service delivery partner organizations to voice their concerns and complaints, and their suggestions for improvement, concerning the processes related to delivery of grants and contributions (including the Call for Proposal process) by Service Canada. The Joint Working Group is therefore proposing the creation of an office of Fairness Advisor, to serve as a key point of contact to enable dialogue and feedback on issues of fairness, integrity and respect for the rules and to recommend solutions in a timely manner. In addition, the Advisor would use the "lens" of Service Canada's values and the principles contained in the Government's Accord with the voluntary sector and the Code of Good Practice on Funding to assist in the consideration of complaints.

Finally, the Advisor would be empowered to analyze trends and categories of complaints, in order to develop advice on development of best practices to address more complex or systemic problems and to assist in establishing and maintaining a fair and effective partnership in the future.

4. Addressing Transition Issues (see attached report with detailed recommendations – Appendix C)

The Joint Service Canada/Voluntary Sector Working Group has reviewed issues relating to Service Canada's Call for Proposals (CFP) process and has outlined recommendations to address transition issues connected to the close-out of a contribution agreement.

Key issues of discussion have included:

- the importance of a phased close-out for service providers winding down a project(s);
- the additional costs associated with winding down a project;
- the human resource, administrative and financial implications for service providers during a period of transition; and,
- the need for Service Canada to develop standard Call for Proposal transition guidelines, including notification timelines, communication procedures, and administrative practices, to be applied consistently across the country.

Finally, when a relationship between Service Canada and a community organization ends due to a close-out of a contribution agreement, there is potential for that respective community to lose service delivery capacity. The organization can work with Service Canada officials to identify potential gaps in client service within the community and determine whether the organization could deliver activities that fill the mutually identified gaps, while ensuring that community capacity for service delivery is retained.

On November 2, 2005, the Voluntary Sector representatives presented a statement during the final Joint Working Group meeting concerning the CFP delay. It read:

“The government and voluntary sector share a commitment to ensuring employment programs effectively respond to the employment needs of all Canadians and their communities. The experience in Ontario showed us that changes that are introduced too quickly in one region can have a damaging effect on the capacity of the sector and relationships between the government and the sector.

In order to avoid this happening in any region of the country, the voluntary sector representatives have been striving to ensure the quality of government processes, including the CFP process. The request for a delay was based on the belief that making the required quality changes will take time – the delay was secondary to the goal of quality improvement.

The voluntary sector requests that all new CFP’s be implemented incorporating the improvements to the assessment grid, the administrative burden, and associated instruments that Service Canada has committed to in the Joint Working Group.

The voluntary sector also requests a detailed consultation in the re-development of the assessment grid, as this topic has not been addressed in detail in the Joint Working Group. The critical issues of community capacity and the value of the voluntary sector must be addressed in this consultation. In addition, the assessment grid review must strive to ensure high-quality and accessible services to disadvantaged or marginalized Canadians.

The voluntary sector also requests a firm date by which time Service Canada can guarantee effective roll out on a regional basis. This implies full training of project officers to understand and implement the changes effectively. This also implies that agencies are given full information and adequate notice of these changes.

The voluntary sector members of the Joint Working Group recognize the scope of the challenge presented by these changes. The representatives offer to be a resource in support of the training and other needs to make this transition. We see this support being provided in the context of the permanent Advisory Committee. We believe the successful implementation of this will promote a new era of cooperation between the Government and the voluntary sector.

On November 14, 2005, the voluntary sector representatives refined this statement to read:

That all new Call for Proposals be implemented on a regional basis, once improvements to the assessment grid have been made, as well as administrative changes and associated instruments implemented in accordance with what Service Canada has committed to in the Joint Working Group. This implies full training of project officers to understand and implement the changes effectively. This also implies that agencies are given full information and adequate notice of these changes.

5. Focus on Outcomes (see attached report with detailed recommendations – Appendix C)

The Focus on Outcomes Sub-committee was formed at the October 5 meeting in order to meeting the following Joint Working Group objectives:

- identify short, medium, and long-term process changes that will potentially increase the focus of Government and project sponsors on outcomes for clients; and,
- identify potential changes to employment program outcome measures and make recommendations to HRSDC

As this sub-committee was formed in the final weeks of the life of the Joint Working Group, its work will continue as a sub-committee of the interim Voluntary Sector Advisory Committee on Employment (VSACE).

SUMMARY OF JOINT RECOMMENDATIONS

A summary of the recommendations of the sub-committees is listed below. The Joint Working Group proposes that these be addressed immediately or as soon as possible:

Administrative Burden

- Eliminate need for separate bank account
- Eliminate need for written proof of additional funders
- Shorten approval cycle time (streamlining the Internal Review Committee process)
- Streamline audit requirements
- New eligible costs list
- New cost categories and budget flexibility at payment claim stage
- Provide simplified options for the payment of some eligible expenditures (including, for example, flat rate option)

Fairness Advisor

- Announce creation of office of Fairness Advisor
- Develop job description and related competencies
- Arrange interim “team” for advisor role

Voluntary Sector Advisory Committee on Employment (VSACE)

- Finalize the Terms of Reference for the permanent committee
- Develop and approve a matrix to shape the composition of the permanent committee

Transition issues (Calls for Proposals)

- Immediately devise an outreach approach to the voluntary sector to work with incumbent organizations that were not successful in a past CFP process
- Develop and implement a consistent set of procedures for use in winding-down the activities of organizations that will in the future, no longer be delivering employment programs and services under agreement with Service Canada

Focus on Outcomes

- Establish inventory of existing outcome measures and define current use
- Review CFP assessment grid to ensure a results dimension is adequately incorporated
- Define “community capacity” objectives in the context of the proposal selection, client selection, and results-based agreements, and examine potential for establishing community capacity building as an intended outcome for programs
- Review CFP materials to ensure that the outcomes sought through the contribution agreement are clearly stated at the outset
- Identify improvements to CFP application guidelines to ensure applications more closely reflect requirements of the final contribution agreement

The following work represents **next steps** to be pursued following the submission of this report:

Administrative Burden

- Determine and publish a schedule for the development of flat rates for other Service Canada delivered programs
- Consider the existing government policies and practices involving revenue generation within a project

Fairness Advisor

- Report on progress of implementation and early results (March 31, 2006)
- First full public Annual Report (March 31, 2007)
- Evaluation of implementation and impact of office (October 2007)

Voluntary Sector Advisory Committee on Employment (VSACE)

- Inaugural meeting in April, 2006
- Ensure that the progress made by the Joint Service Canada/Voluntary Sector Working Group is advanced by monitoring the implementation of all recommendations

Transition Issues (Calls for Proposals)

- Develop and implement an enhanced CFP Operational Policy (November – April 2006)
- Draft a legal clause, to be included in contribution agreements, which addresses a project close-out, transition period and plan, and eligible wind-down costs (November – April 2006)

Focus on Outcomes

- Define results-based agreement model
- Define “community capacity” objectives in the context of the proposal selection, client selection, and results-based agreements, and examine potential for establishing community capacity building as an intended outcome for programs
- Examine current practice around the translation of program outcome measures into performance targets for Employment Assistance Services agreements and Skills Link programs to identify issues and any required changes to practice
- Identify additional process changes to emphasize the focus on results throughout the project lifecycle (results-based agreement model)

PARTNERSHIP VISION FOR THE FUTURE

The issuance of this report marks the end of the work of the Joint Service Canada/Voluntary Sector Working Group on Developing New Approaches to Funding Results. However, both Service Canada and voluntary sector representatives are determined to strengthen the partnership through a permanent mechanism for consultation and dialogue. Our shared objective remains improved employment outcomes for individual Canadians and their communities and partnership associated with Service Canada's delivery mandate. The implementation of the February 2004 directives and the response of the voluntary sector is clear evidence that this shared objective is better met when the relationship between the sector and Service Canada promotes frank exchange and mutual respect.

As part of a commitment to open dialogue, the Minister of Service Canada plans to discuss the work of the Joint Working Group, and to table its final report, during upcoming appearances at the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities.

Service Canada remains committed to ensuring the full accountability to Parliament for the efficient and effective delivery of employment programs and services in partnership with community-based organizations and other stakeholders. The Department will continue to consult with other departments, most notably HRSDC and SDC, on the recommendations of the Joint Working Group. They will also seek an external opinion on the recommendations affecting the administration of contracts, to ensure that they fully comply with generally accepted principles of transparency and accountability.

Service Canada has also made a commitment to provide financial support to the Interim Voluntary Sector Advisory Committee on Employment, and to the permanent body. Although these bodies are not *joint* committees, their mandate can only be achieved with the active participation of Service Canada staff.

Voluntary sector representatives are committed to making ongoing consultation with Service Canada meaningful and productive. That is why the voluntary sector representatives on the Joint Working Group have agreed to continue their work through the Interim Voluntary Sector Advisory Committee on Employment. The voluntary sector representatives also acknowledge the need to improve the representativeness of its membership. In the short term, it will be adding to the group to improve

regional representation; over the long term, the sector is committed to developing a matrix that describes the diversity of skills and perspectives required for a permanent advisory committee to be effective. This information, and the selection process, will be public information.

The Joint Working Group acknowledges the importance of distributing the report widely – within government, the voluntary sector, and to other interested parties. Similarly, Service Canada will adopt the principle of transparency for key documents that it will use to operationalize these changes. The final report will also be available on the Service Canada web site.

Service Canada is attempting to develop a new relationship between Canadians and government by improving service to Canadians and building a citizen-centred government experience. It is significant that one of the first priorities of Service Canada is to improve its relationship with the voluntary sector; the quality of many government services is determined by the capacity, effectiveness and responsiveness of the voluntary sector. Both Service Canada and voluntary sector representatives are grateful for the spirit of goodwill that characterized the deliberations of the Joint Working Group, and we look forward to a sustained relationship built on mutual respect.

APPENDIX A

Terms of Reference
Joint Service Canada/Voluntary Sector Working Group on
Developing New
Approaches to Funding Results
(September 2005/revised: November 15, 2005)

Context

In order to enable and ensure excellent service to the Canadians who depend upon us, representatives from the Voluntary Sector and Service Canada are committed to working cooperatively to develop an agreement that can potentially serve as a model for a new generation of agreements for Service Canada and the Voluntary organizations within a one month timeframe; specifically identifying immediate procedural changes that will reduce administrative burden. The establishment of this Working Group is in keeping with the Accord between the Government of Canada and the Voluntary Sector and supports the implementation of the broad principles of dialogue, cooperation and collaboration inherent in this Accord; an outcome of this working group will be the establishment of an Advisory Committee which will act as a means to continue the dialogue on a long-term basis.

Mandate and Deliverables

The objective of this Working Group is to review the policy context and develop a streamlined administrative process for agreements with Service Canada that will include:

- A results-based agreement model;
- Short-term administrative change (e.g. simplified approach to determining overhead costs),
- Longer-term administrative changes: and
- The establishment of a permanent Advisory Committee to facilitate on-going communications and information exchange between the voluntary sector and Service Canada

It is expected that the Working Group will complement and inform the Task Force on Community Investments that is being led by Social Development Canada.

Membership

The Working Group will be co-chaired by Heather McGregor, Executive Director, YWCA Toronto, Maryantonett Flumian (Deputy Minister, Service Canada) and the Hon. Peter Adams, Parliamentary Secretary to the Minister of Human Resources and Skills Development. Each side is free to select their membership,

ensuring that decision makers are at the table and that voluntary sector groups in other provinces are considered.

Success Measures

Success of this Working Group will be based on the following:

- Shift from administrative focus to outcomes focus;
- The development of a new results based approach to funding; and
- Forged and collaborative relations between the Voluntary Sector and Service Canada

Timelines

The work of this Working Group will be completed within a one month timeframe.

The meeting schedule will be decided mutually by the co-chairs but it is expected that there will be a minimum of three meetings. In some circumstances teleconferences may be required.

Administrative Arrangements

Service Canada will support the costs associated with Working Group including Secretariat support.

APPENDIX B

Principles of the Voluntary Sector (excerpted from: A Code of Good Funding Practice)

The Voluntary Sector's Value

By its very nature and particularly because of its connection to communities, the voluntary sector brings a special perspective and considerable values to its activities, including those it undertakes with the Government of Canada.

Strengthened Sustainable Capacity

Sustainable capacity consists of resources, expertise and infrastructure that allow organizations to manage themselves and carry out their mandate over time.

Co-operation and Collaboration

A close working relationship between the voluntary sector and the Government of Canada will foster the co-operation and collaboration needed to maximize their complementary skills, expertise and experience.

Innovation

The Volunteer sector and the Government of Canada will collaborate to leverage their strengths and expertise, enabling them to explore new and creative ways of responding to community needs.

Diversity and Equitable Access

The people who work and volunteer in the sector are drawn from a range of backgrounds and offer a wealth of unique abilities and experiences. The Government of Canada and the voluntary sector will work together to ensure that funding policies and practices take account of the specific needs, interests and diversity of the sector.

Accountability

Accountability is the requirement to explain and accept responsibility for carrying out an assigned mandate in light of agreed-upon expectations. Both the voluntary sector and the Government of Canada will fulfill their respective accountabilities.

Transparency and Consistency

The voluntary sector and the Government of Canada require clear and timely information on all aspects of funding processes in an open and transparent manner.

Efficiency and Effectiveness

The Government of Canada and the voluntary sector recognize the importance of efficient and affective allocation of funds.

APPENDIX C

CREATING AN OFFICE OF FAIRNESS ADVISOR

BACKGROUND

The Joint Service Canada/ Voluntary Sector Working Group identified that there is a need to provide a mechanism for service delivery partner organizations to voice their concerns and complaints, and their suggestions for improvement, concerning the processes related to delivery of grants and contributions (including the Call for Proposal process) by Service Canada.

RECOMMENDATIONS

The Working Group is therefore proposing the creation of an office of Fairness Advisor, to serve as a key point of contact to enable dialogue and feedback on issues of fairness, integrity and respect for the rules and to recommend solutions in a timely manner. In addition, the Advisor would use the "lens" of Service Canada's values and the principles contained in the Government's Accord with the Voluntary Sector and Code of Good Funding Practice to assist in the consideration of complaints.

Finally, the Advisor would be empowered to analyse trends and categories of complaints, in order to develop advice on development of Best Practices to address more complex or systemic problems and to assist in establishing and maintaining a fair and effective partnership in the future.

NEXT STEPS

- Announce creation of office of Fairness Advisor immediately.
- Develop job description and related competencies in concert with sector colleagues. The selection process will allow for substantial input from the voluntary sector, to ensure that the Fairness Advisor reflects the views of the sector, as well as the Department (November 2005)
- Arrange interim "team" for Advisor role, consisting of two individuals representing experience both internal to government and from within the voluntary sector to provide an immediate capacity, pending a final conclusion of a competitive hiring process (November 2005).
- Report on progress (March 31, 2006), concerning implementation and early results, and first full public Annual Report (March 31, 2007)
- Results of Evaluation of implementation and impact of office, to inform decisions regarding possible course correction or re-framing of responsibilities or approach (including comparison to other possible models), or adjustments to the selection process. (October 2007).

Draft Terms of Reference for Fairness Advisor

A) Mandate to Ensure Fair Application of Current Rules

- Receive complaints from service delivery **partner organizations** and **partner communities**.
- (Forward any complaints received from **individual Canadians**, or business entities, who are **end-user clients** of Service Canada programs to Service Canada Office of Client Satisfaction).
- Inquire into facts and circumstances of specific complaint.
- Confirm normal processes for discussing and resolving complaints have been followed as a first step, thereby ensuring that the Advisor's Office is appropriately used as a "later step", for individual complaints. A complainant would have six months in which to complain once all internal complaints procedures have been exhausted.
- Advise Service Canada staff (managers and officers) and complainant organization of results of inquiries, and make suggestions to address and remedy the complaint.
- Provide mediation, conciliation or any other form of alternative dispute resolution (ADR) services between Service Canada representatives and partner organizations, as required.
- Monitor implementation of agreed-to actions.
- Report to Deputy Minister any situations where no resolution has been achieved, and be empowered to comment freely on the handling of the complaint.
- Report to Minister, Deputy Minister and to Voluntary Sector Advisory Committee on Employment on Employment, on results of work, on an annual basis. Public access to an on-going update of types of complaints, and results achieved will also be available.

The observations and recommendations of the Fairness Advisor, when addressing individual complaints, will be considered as representing important feedback to the Department on the fairness, integrity and respect of the rules of its management of the grants and contributions process. As such, it is expected that only in exceptional circumstances would the Department refuse to accept the Advisor's recommendations. This will assist in righting any specific failings and in using the process to generate continuous improvement in the grants and contributions process.

B) Mandate to Consult and Advise on Development of Future “Best Practices”

- Provide information to partner organizations concerning the office’s role, functions, conclusions and advice regarding administration of grants and contributions.
- Analyze trends and categories of complaints, and gather information from stakeholders and partner groups or communities, in order to develop advice on development of Best Practices, to improve processes related to delivery of grants and contributions.
- Discuss analysis, findings, and recommendations with Voluntary Sector Advisory Committee on Employment on Employment to share views on trends and concerns resulting from discussion with service delivery stakeholder communities (geographic and cultural), in particular to raise issues concerning more complex systemic problems.
- Liaise closely with Service Canada program policy and program delivery colleagues, and others across government, to share input on Best Practices and promote continuous improvement in delivery of grants and contributions.
- Provide advice recommending possible enhancements to staff training, Guides and other tools and communications as vehicles to support improvement to the service delivery process and continuous improvement.

10/26/2005

APPENDIX C

Administrative Cost/Burden Sub-committee Report : November 04, 2005

Issue Statement: Service Canada processes and procedures that originated with HRSDC and SDC for the administration of a contribution agreement held by community-based organizations have become overly cumbersome, and interpretations have become inconsistent over time, and so it is important that this burden be eased through the elimination of unnecessary steps and/or requirements, and through the general streamlining of administrative processes. It is important to acknowledge that complex rules and inconsistent interpretations around eligible costs have had a negative impact on the recovery of full costs.

Items Developed and Recommended for Implementation Affecting Employment Programs Delivered by Service Canada

Eligible Costs List (see attached)

- The sub-committee finalized a list of expanded costs that are eligible for consideration as part of an agreement budget for all employment programs, effective December, 2005. A key change is that centralized administrative costs are on this list.
- It is recognized that the amount of detailed information to be provided by organizations on particular cost items as part of the negotiation process still needs to be assessed with a view to limiting those requests to what is reasonably necessary (and therefore required) to complete the process while ensuring program accountability.
- There will be a more concerted effort going forward to provide a national interpretation of cost items on the list to support consistent agreement administration (e.g. additional guidance and support measures to be appended to eligible cost list over time).
- The sub-committee wishes to reiterate its recommendation that the list of eligible costs be reviewed on a regular basis.

New Cost Categories and Budget Flexibility at Payment Claim Stage

- All eligible costs have been allocated to a reduced number of cost categories – from 25+ current cost categories to 11 cost categories in future. A reduction in the number of cost categories eliminates unnecessary detail at the claim form stage and introduces a more flex approach to budgeting flexibility , whereby costs may be shifted *among* items under the same category without notice and/or amendment (to be announced in December, 2005 for implementation with new and extended agreements in January, 2006)
- The broadened cost categories facilitate a simplified cash flow, which can be introduced at the same time as the new eligible costs list (i.e. December, 2005)
- In addition to the increased flexibility within a broadened set of cost categories, additional flexibility will be permitted *across* cost categories. A 10% flex policy will be introduced that allows funds to move *between* cost

categories at the discretion of the recipient, with the exception of the cost category entitled "Staff Wages and Salaries". Staff wages and salaries is the only cost category that is excluded from the flex policy across categories. Movement of funds from this category will require a prior discussion and agreement between the recipient and Service Canada staff.

Providing Simplified Options for the Payment of Some Eligible Expenditures

- The sub-committee has undertaken to develop flat rates by program areas. These flat rates are used to reimburse an agreed upon set of eligible expenditures. Expenditures reimbursed by this methodology will not be subject to negotiation, record keeping, financial monitors nor audits, and will therefore introduce significant savings of time to both recipient and departmental staff.
- The sub-committee has started by developing flat rates for the Employment Assistance Services (EAS) initiative. This analysis involved the study of a sample comprised of both historical and current agreements.
 - The flat rates determined for EAS are:
 - 6% for project-related administrative costs, and;
 - 14% for organizational infrastructure
 - See eligible expenditures list for a detailed description of eligible expenditures covered by these flat rates.
- These rates will be subject to an ongoing review and will be in effect for a period of two years once implemented.
- A review of rate methodologies by TBS and OAG is currently underway. This review needs to be completed, and a formal notification of TPP interpretation sent to TBS prior to the implementation of this new approach.
- The flat rate for EAS projects can be implemented for new programs, or for extensions, beginning January, 2006.
 - This effective date allows for the completion of employee training that is scheduled from now until the end of the calendar year.
- A further option available to organizations will be the negotiation of an independent, recipient-specific flat rate. The criteria for organizations to access this option (negotiating an independent rate) are still to be finalized. One such criterion will likely be that there is a flat rate in effect for the program under consideration. All negotiation of independent flat rates will be done with a specialized Service Canada costing team from NHQ.

Shortening of Approval Cycle Time (streamlining the Internal Review Committee process)

- The recommendation is to reduce the number of internal reviews prior to project approval by the delegated authority. Service Canada will have only a single internal review process. This reduction in internal reviews will be implemented in December, 2005.

Streamlining Audit Requirements

- The recommendation is to ensure that only one audit per organization per year for all its projects that collectively are valued at \$500k or more. To the greatest extent possible, these audits will occur on the schedule set by the recipient and, if possible, will be “partnered” with the recipient’s own annual audit. This streamlining of project audit will be implemented in as soon as the technical changes to support it can be put in place.

Elimination of Need for Separate Bank Account

- The sub-committee has recommended that Service Canada staff receive instruction to clarify the existing policy which does not require a recipient to maintain a separate bank account for project activities. This policy clarification can be implemented December, 2005.

Elimination of Need for Written Proof of Additional Funders

- The sub-committee has recommended that existing policy be changed so that recipients are not required to obtain written proof of additional project funding but, instead, simply declare the amount and source of additional funding to a project. This policy clarification can be implemented December, 2005.

Next Steps:

The sub-committee has agreed to continue its work in the following areas:

- Determine and publish a schedule for the development of flat rates for other Service Canada delivered programs.
- Consider the existing government policies and practices involving revenue generation within a project.

(revised: November 4, 2005)

List of Eligible Costs

This list has been developed as a guide for all Client and Community Services Branch programs (i.e. employment programs) in determining whether costs described in the proposal are to be considered eligible for negotiation, and is not to be considered exhaustive and all-inclusive. Inclusion in this list does not suggest that those cost items must be automatically allowed in whole or in part. However, completely disallowing, in whole, any cost item included in this list must be substantiated. It is important to note that the existing principles of negotiation remain. Costs must be determined to be a reasonable use of public funds, reasonable in amount, and necessary to the project.

1. DIRECT PROJECT COSTS

A. Specified direct project costs: These are project specific costs that have been itemized, cost estimated and defended in the proposal. They are expenses specific to the project activities included in the proposal. Reimbursement will be supported by invoices (and/or travel claims, as appropriate) and will be subject to monitoring and audit.

Examples of costs to which a contribution can be considered include, but are not limited to:

1) Staff Wages

- a) Staff wages & MERCS
- b) Other employment-related benefit costs (WCB, medical, dental, pension) where warranted by current organizational HR policies
- c) Other HR costs such as extended illness & maternity leave, vacation leave pay out, severance pay, etc. where warranted by current organizational HR policies and provincial labour standards. (This is not a contingency option. Costs must be foreseeable to be negotiated in the original agreement and will otherwise require a negotiation and amendment when incurred.)

2) Professional Fees

- d) Professional fees - contracting (e.g. bookkeeping, janitorial services, IT, equipment maintenance services, security; audit costs and legal fees are noted separately below)
- e) legal fees (i.e. reasonable allowance for costs related to review of lease for new project site premises)

3) Travel – staff & volunteer

- f) Staff and volunteer travel (transportation costs, taxi, kilometric charges, etc. as per staff travel claims; includes international travel where warranted; transportation is noted in category 1B)

4) Capital Assets

- g) Capital assets (any asset requiring agreement of disposition, as per program specific Ts and Cs value; may be any of the assets included in this listing)

5) Audit Costs (departmentally mandated)

- h) Audit costs related to departmentally mandated audits

6) Other specified direct project costs

- i) Furniture
- j) Staff disability supports (duty to accommodate)
- k) Staff training for disability-related issues (e.g. sign language training)
- l) Conference attendance fees
- m) Conference costs (meeting room rental, guest speakers, etc.)
- n) Rent, lease (including applicant owned premises) and repairs and leasehold improvements (insurance is noted below, in category 1B)
- o) Signage
- p) Utilities
- q) Equipment lease, rental or purchase (including computers, fax machines, etc.; copy charge for photocopies is included in the equipment repair and maintenance cost item below, in category 1B)
- r) Computer software
- s) Costs associated with use of applicant-owned assets other than premises (e.g. computers and other equipment, furniture, etc.)
- t) Memberships (professional and organizational) , affiliation fees and business licenses
- u) Advertising (newspaper ads, flyer production, etc.)
- v) reference materials (books, periodicals, subscriptions, etc., which cannot be easily traced/tracked back to usage by project participants)
- w) Significant project costs associated with the following types of expenditures (i.e. non-standard/non-basic amounts over and above the regular, day-to-day operational costs):
 - i. Telephone (installation and extraordinary costs related to telephones and/or fax lines required over and above regular operating requirements)
 - ii. Postage (significant costs associated with project activities which increase expected costs of postage beyond normal operating requirements)
 - iii. internet (web page design, etc.) and other IT requirements (significant costs associated with project activities which increase expected internet related costs beyond normal operating requirements)
 - iv. printing (significant costs associated with project activities which increase expected printing costs beyond normal operating requirements)

- v. staff professional development (courses required by staff which are not part of the routine development courses required by the organization's policies)

B. Other direct project costs: Expenses associated with the project under this heading can be included in payments that are based on a formula.

7) Other

Examples of costs to which a contribution can be considered include, but are not limited to:

- a) Insurance (fire, theft, liability)
- b) Postage & courier
- c) Materials and supplies (e.g. pens, pencils, paper, envelopes, cleaning supplies, subscriptions)
- d) Bank charges
- e) Operational printing contracted externally (business cards, letterhead, ad hoc unanticipated print jobs, minor updates and/or printing of organizational or program brochures, etc.)
- f) Other non participant-based costs (e.g. water where public water not safe for drinking, staff and volunteer recognition)
- g) Staff and volunteer transportation (bus fare, taxi and parking required for delivery of project activities but not part of travel claims; does NOT include monthly parking fees; travel is noted in category 1A)
- h) Monthly internet fees
- i) Basic telephone charges (including fax lines)
- j) Equipment repair & maintenance (includes photocopy meter charges)
- k) IT maintenance
- l) Staff professional development - amount to cover basic training needs as per organization's existing policies; employment related requirements which can include, but is not limited to, health & safety, first aid, CPR, self-defense, crisis intervention, anti-racism, anti-oppression, sensitivity, conflict resolution, etc.

2. PARTICIPANT-RELATED PROJECT COSTS

Expenses associated with the Participant of a particular project. Reimbursement will be supported by invoices and will be subject to monitoring and audit.

Examples of costs to which a contribution can be considered include, but are not limited to:

8) Wages

- a) Participant wages & MERCS
- b) Stipends, bonuses
- c) Other employment-related benefit costs (WCB, medical, dental, pension) where warranted by current organizational HR policies and/or provincial labour standards

9) Tuition Costs

- d) Tuition costs – public
- e) Tuition costs – private

10) Other participant related project costs

- f) Living expenses
- g) Disability-related supports (attendant care, note takers, sign language interpreters)
- h) Disability-related incremental costs (i.e. additional per diems for fees for assistance provided, etc.)
- i) Professional fees related to participants – sub-contracting (i.e. vocational assessments, needs assessments, guest speakers, etc.)
- j) Dependant care
- k) Adaptive-technology set-up
- l) Testing materials, supplies & books
- m) Travel, transportation
- n) Participation and completion recognition activities

3. ORGANIZATIONAL INFRASTRUCTURE COSTS

Also known as centralized administrative costs, these are expenses incurred for “main office”, “head office”, or “administration office” type costs which guide and enable effective program delivery by providing support through overall organization governance, management, planning, finance, communications, human resources and information technology. Expenses associated with the project under this heading can be included in payments that are based on a formula.

11) Organizational Infrastructure costs

Examples of costs to which a contribution can be considered include, but are not limited to:

- a) Staff wages & MERCS
- b) Other employment-related benefit costs (WCB, medical, dental, pension) where warranted by current organizational HR policies
- c) Other HR costs such as extended illness & maternity leave, vacation leave pay out, severance pay, etc. where warranted by current organizational HR policies and provincial labour standards. (This is not a contingency option. Costs must be foreseeable to be negotiated in the original agreement and will otherwise require a negotiation and amendment when incurred.)
- d) Rent, lease (including applicant owned premises) and minor repairs and leasehold improvements
- e) Utilities
- f) Furniture
- g) Signage
- h) Equipment purchase, lease or rental (including computers)
- i) Costs associated with use of applicant-owned assets other than premises (e.g. computers and other equipment, furniture, etc.)
- j) Equipment maintenance and repairs
- k) Software
- l) Professional fees – contracting (e.g. bookkeeping, janitorial services, IT, equipment maintenance services, security)
- m) Audit costs
- n) Staff disability supports (duty to accommodate)
- o) telephone costs
- p) postage and courier
- q) internet costs (web page design, etc.) and other IT requirements
- r) printing costs
- s) advertising costs
- t) General insurance (e.g. directors' liability insurance)
- u) Travel and transportation (including board members)
- v) Training and development costs (volunteer and staff)
- w) Office supplies
- x) Bank charges
- y) Memberships and affiliation fees (professional, inter- and intra-organizational, etc.)

INELIGIBLE COSTS

- Costs associated with fundraising activities
- CRA or payroll penalties
- parking tickets
- Legal fees and court awards for inappropriate dismissal or other inappropriate/illegal activity
- Membership fees for privates clubs, etc. (golf clubs, gyms, etc.) unless part of existing (non-monetary) employment benefits package
- Staff salary bonuses if not originally negotiated into agreement
- Purchase of alcoholic beverages
- Purchase of any illegal substances
- Mentor wages or costs related to mentoring (under Youth projects)
- Unreasonable gifts or unreasonable payments for recognition
- Other costs ineligible as per program terms and conditions

APPENDIX C

CREATING A PERMANENT VOLUNTARY SECTOR ADVISORY GROUP

BACKGROUND

The Joint Service Canada/Voluntary Sector Working Group has outlined a framework to establish a permanent advisory group, which will comprise voluntary sector members and act as a primary vehicle through which the voluntary sector provides advice, assistance, and feedback to Service Canada on matters related to the employment of Canadians.

RECOMMENDATIONS

It is recommended that a permanent Voluntary Sector Advisory Committee on Employment (VSACE) be established. This Committee will aim to ensure both that government programs and services enhance employment outcomes for communities and individuals, and that government decision making respects the unique role that voluntary sector and community-based organizations play, in contributing to the employment and labour market development system in Canada.

It is proposed that the Committee be comprised of 12-15 members from the voluntary sector and a senior-level government official from Service Canada, who will preside over the Committee in a co-chair arrangement. The Committee will meet three times a year, and, at a minimum, one of the meetings should be with the Minister of Service Canada. The Committee will be supported by ad hoc working groups, which will be tasked to address specific issues, as required.

It is planned that the Voluntary Sector on Employment be launched and hold its inaugural meeting in April, 2006. This launch should be kicked off with a formal announcement and event attended by the Minister of Service Canada, the Deputy Minister of Service Canada and Committee members.

NEXT STEPS

In order to advance the creation of the permanent Committee, an interim Advisory Committee of voluntary sector representatives will operate from November, 2005-April, 2006. The group's mandate is to:

- finalize the Terms of Reference for the permanent Committee;
- develop and approve a matrix to shape the composition of the permanent Committee by identifying specific qualifications and attributes required of individuals to yield a well-rounded membership and guide a fair, transparent selection process; and
- ensure that the progress made by the Joint Service Canada/Voluntary Sector Working Group is advanced by monitoring the implementation of all recommendations, with a particular emphasis on reducing administrative burden for Service Canada's contribution recipients, and reviewing the operational policy enhancements made by Service Canada to its Call for Proposals (CFP) process.

(revised: November 4, 2005)

APPENDIX C ADDRESSING TRANSITION ISSUES

BACKGROUND

The Joint Service Canada/Voluntary Sector Working has reviewed issues relating to Service Canada's Call for Proposals (CFP) and has outlined recommendations to address transition issues connected to the close-out of a contribution agreement.

Key issues of discussion have included:

- the importance of a phased close-out for service providers winding down a project(s);
- the additional costs associated with winding down a project;
- the human resource, administrative and financial implications for service providers during a period of transition;
- the need for Service Canada to develop standard CFP transition guidelines, including notification timelines, communication procedures, and administrative practices, to be applied consistently across the country.

RECOMMENDATIONS

It is recommended that Service Canada further enhance its *Call for Proposal (CFP) Operational Policy* by incorporating the following:

- Transition guidelines encompassing standards for notifying applicants of a CFP outcome; wind-down and start-up timelines; client service issues; and legal and financial issues;
- Standardized communications documents/tools to inform clients, stakeholders and the community of the results of the CFP and the change of service provider;

It is also recommended that reasonable costs related to closing down a project be considered by Service Canada as eligible costs and that an agreement clause be incorporated in all contribution agreements, which addresses a project close-out, a potential transition period and plan, and eligible costs associated with the closing of the project.

Finally, when a relationship between Service Canada and a community organization ends due to a close-out of a contribution agreement, there is potential for that respective community to lose service delivery capacity. The organization can work with Service Canada officials to identify potential gaps in client service within the community and determine whether the organization could deliver activities that fill the mutually identified gaps, while ensuring that community capacity for service delivery is retained.

NEXT STEPS

In order to address transition issues, Service Canada will develop and implement an enhanced *CFP Operational Policy* that identifies fixed notification timelines and a standardized communications products. An enhanced draft *CFP Operational Policy* is to be presented to the interim Voluntary Sector Advisory Committee for feedback prior to the policy being finalized and implemented by Service Canada. This will be done between November, 2005 and April, 2006.

Additionally, Service Canada will develop a list of eligible wind-down costs and establish a process for project close-outs. To support this work, Service Canada will draft a legal clause, to be included in contribution agreements, which addresses a project close-out, transition period and plan, and eligible wind-down costs. This work will be achieved between November, 2005 and April, 2006.

Finally, Service Canada will immediately devise an outreach approach to the voluntary sector, to be implemented where necessary at the local level, to work with incumbent organizations, which were not successful in a past CFP process. These organizations will be made aware that Service Canada will review specific circumstances on a case-by-case basis when a service delivery gap for clients is identified and there is potential for a loss in community capacity. This process will be monitored in the short-term by the co-chairs of the interim Advisory Committee. After the official appointment of the Fairness Advisor, the long-term monitoring of transition issues will become part of the Fairness Advisor's role of analyzing trends and categories of complaints.

(revised: November 4, 2005)

APPENDIX C FOCUS ON OUTCOMES SUB-COMMITTEE

The Working Group was established with the following objectives:

- Identify short- medium- and long-term process changes that will potentially increase the focus of Government and project sponsors on outcomes for clients.
- Identify potential changes to employment program outcome measures and make recommendations to HRSDC

The following themes have been identified for further discussion:

1. *Inventory of outcomes* - A first step is to identify what outcomes and outcome measures are currently in place, what data is being kept and how it is being used by Service Canada.
2. *Proposal Selection* – What results and outcomes are currently factored in to the project selection process for large-dollar agreements (i.e. CFP process) and how effectively is this currently done? What changes might need to be made to that process and tools?
3. *Client Selection* – What is current policy and practice with respect to the incorporation of outcome measures and targets into contribution agreements? What operational improvements should be made to ensure we choose the right clients and are pursuing the right outcomes?
4. *Results-Based Payments/Agreements* - There is a need to clarify the concepts of results-based payments and results-based agreements. What approaches and models hold promise for Service Canada? What process changes could be implemented to move us toward a results-based agreement model that would not destabilize current programs.
5. *Capacity Building* - To what extent, and in what ways, should community capacity-building objectives be incorporated into the policy, program and outcome design for Employment Programs?
6. *Key Performance Indicators – Focus on “Quick Returns to Work”*
How should current Key Performance Measures (e.g. found work, returned to school) be modified to enable organizations to respond better to the needs of citizens and avoid unintended consequences (e.g. “creaming”)?

Next Steps / Planned Activities

1. Establish inventory of existing outcome measures and define current use.
2. Define results-based agreement model.
3. Review CFP assessment grid to ensure a results dimension is adequately incorporated.*
4. Review CFP materials to ensure that the outcomes sought through the contribution agreement are clearly stated at the outset.*
5. Define in the context of (2) to (4) above “community capacity” objectives, and examine potential for establishing community capacity building as an intended outcome for programs.

6. Examine current practice around the translation of program outcome measures into performance targets for EAS and Skills Link programs to identify issues and any required changes to practice.
7. Identify additional process changes to better emphasize the focus on results throughout the project lifecycle (Results-based agreement model).
8. Identify improvements to CFP application guidelines to ensure applications more closely reflect requirements of the final contribution agreement.*

* Priority will be placed on completing these items by November 30th.

(revised: November 4, 2005)

APPENDIX D FULL MEMBERSHIP

Joint Service Canada/Voluntary Sector Working Group on Developing New Approaches to Funding Results

<p>Voluntary Sector Representatives Heather McGregor, representing YWCA Canada – Co-chair</p>	<p>Federal Representatives Maryantonett Flumian, Executive Head, Service Canada – Co-chair</p>	<p>Government Representative Hon. Peter Adams, M.P. Parliamentary Secretary to the Minister of Human Resources and Skills Development and Minister Responsible for Democratic renewal – Co- chair</p>
<p>Matt Wood, Executive Director, Ontario Association of Youth Employment Centers (OAYEC)</p>	<p>Donna Achimov - A/Assistant Deputy Minister, Citizen and Community Service Branch, Service Canada</p>	
<p>Barney Savage - Senior Policy Advisor, United Way of Greater Toronto</p>	<p>Gina Rallis – A/Associate Assistant Deputy Minister, Citizen and Community Service Branch, Service Canada</p>	
<p>Jen Liptrot - Executive Director, A Commitment to Training and Employment for Women (ACTEW)</p>	<p>Bill Austin – Assistant Secretary, Treasury Board of Canada, Secretariat <i>(represented by Caitlin Imrie)</i></p>	
<p>Bob Eichvald, Vice President Canadian Council on Rehabilitation and Work</p>	<p>Jo Ann Hall – Director, Program Services BC/Yukon Region <i>(represented by Lucia MacLean)</i></p>	
<p>John Campey - Executive Director, Community Social Planning Council</p>	<p>Robert Smith – A/Director General, Aboriginal & Youth Programs Directorate, Service Canada</p>	
<p>Minerva Hui, Board Member Ontario Network of Employment Skills Training Projects (ONESTEP)</p>	<p>Roger Butt – A/Director General, Accountability and Integrity Directorate, Service Canada</p>	

Norma Strachan, ASPECT (BC)	David Carter-Whitney - Director General, Employment Programs Ontario Region, Service Canada	
Rupert Downing - Executive Director, Canadian CED Network (BC)	Mary Crescenzi – Director General, Toronto/York/Mississauga Sector, Service Canada	
Josie Dizio Board Member, Ontario Council of Agencies Serving Immigrants (OCASI)	John Morgan – Executive Director, Treasury Board of Canada Secretariat, Comptroller General's Office <i>(represented by Pierre Laflamme)</i>	
Nicole Galarneau - Co- chair, Canadian Coalition of Community Based Employability Training (Québec)	Alec Connelly - Director, Task Force on Community Investments, Social Development Canada	
Kenn Ross, Manager, Mizwe Biik	Bernie St. Martin - A/ Associate Deputy Minister, Financial and Administrative Services, Service Canada	

Secretariat Support:

Kelly Morrison – A/Director, Operational Effectiveness, Citizen & Community Service Branch, SC

Dona Currie - Director, Labour Market Programs for Organizations, Citizen & Community Service Branch, SC

Rebecca Kingdon – Director, Employment Programs Ontario Region, SC

Updated: November 15, 2005

APPENDIX D

SUB-COMMITTEE MEMBERS

Fairness Advisor:

Gina Rallis, Heather McGregor, John Campey, Kenn Ross, Lucia MacLean, Minerva Hui, Clement Roy, Jeff Tapley, John Walker

Administrative Cost/Burden: Bernie St. Martin, Josie Dizio, Kelly Morrison, Marilda Tselepis, Brian McSheffrey, Lois Fine, Lynn Eakin, Advisors: Christine Nagy, Renée Carleton, Stephen Hadley, Christine Racicot.

Permanent Advisory:

Rupert Downing, Nicole Galarneau, Barney Savage, Matt Wood, Donna Achimov, Roger Butt, David Carter-Whitney, Robert Smith, Advisor: Elizabeth McNally

Transition Issues:

John Campey, Norma Strachan, Jen Liptrot, Minerva Hui, Robert Smith, Mary Crescenzi, Dona Currie, Brian McSheffrey. Advisor: Elizabeth McNally

Focus on Outcomes: Roger Butt, Matt Wood, Guy Renaud, Bernadette Beaupré, Rod MacDonald, Kenneth Kerr (HRSDC), Bob Eichvald, Andrew Lane, Norma Strachan, Kelly Morrison, Duncan Shaw (HRSDC). Advisors: Maria Bozzo, Kelly Pettit.

(revised: November 4, 2005)