

Orientation Module Five
Legal and Financial
Accountability in FCSS



**Family and Community Support
Services Association of Alberta**
1998

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**Legal and Financial
Accountability in FCSS**

Produced for
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Box 11054, Edmonton, Alberta T5J 3K4
Phone/fax (403) 464-3136
e-mail [http://psn.sas.ab.ca/webboard/\\$webb.exe/~77](http://psn.sas.ab.ca/webboard/$webb.exe/~77)

by

Hutchinson Associates

1002, 10611-98 Avenue
Edmonton, Alberta T5K 2P7
Phone (403) 429-3369 Fax (403) 424-4888
e-mail hutch@mrg.ab.ca

Team: Writer: Diane Ploner
 Researcher: Margaret Holliston
 Project Manager: Bonnie Hutchinson

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Orientation Module Five
Legal and Financial Accountability in FCSS

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This is one of **eight orientation modules** developed by the Family and Community Support Services Association of Alberta for:

- Municipal Councils and Metis Settlements who are entering the FCSS program for the first time, or re-entering FCSS on a different basis than previously;
- Newly elected municipal or Metis Settlement councils who are learning about FCSS programs that already exist in their communities;
- FCSS Board members, directors and other individuals who are new to the FCSS program.

The other seven orientation modules are:

- Module One: History and Philosophy of FCSS
- Module Two: The FCSS Mandate and Program Guidelines
- Module Three: Community Development and Community Planning
- Module Four: Managing Your FCSS Program
- Module Six: Marketing Your FCSS Program
- Module Seven: Networking in FCSS
- Module Eight: Suggested Orientation Activities

All modules are available from the FCSS Association.

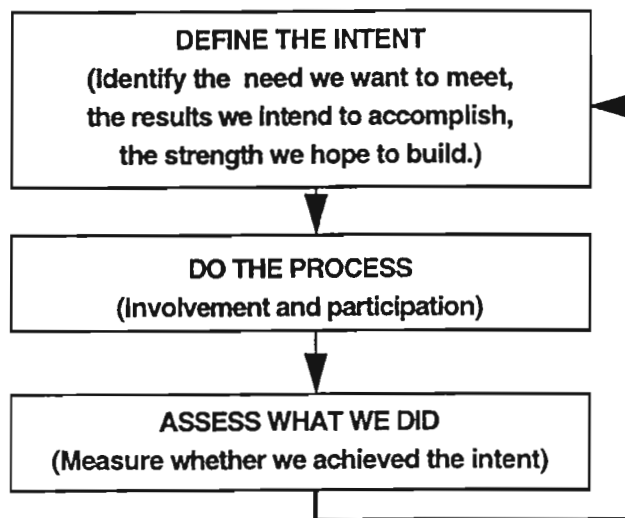
Module Five

Legal and Financial Accountability in FCSS

Accountability is bigger than this . . .

There are many aspects to accountability – far more than are contained in this module, which focuses only on two specific components.

In general, accountability includes agreeing ahead of time on mutual expectations; carrying out what has been agreed to; evaluating results; deciding new expectations in light of results; sanctions if agreements are not kept. Accountability can be summed up like this:



A municipal or Metis Settlement FCSS program is accountable *to* many people:

- citizens of the community;
- related organizations and agencies;
- municipal council(s) and administration;
- the provincial government.

A municipal or Metis Settlement FCSS program is also accountable *for* many things:

- its impact on citizens and the community;
- effectiveness in carrying out its mandate;
- stewardship and use of all its resources.

This module will focus only on legal and financial accountability and those with whom FCSS players have legal and financial arrangements. This includes accountability between:

- The province and a municipality or Metis Settlement;
- Municipalities who cooperate in a multi-community FCSS program;
- Municipality or Metis Settlement and the FCSS program;
- The FCSS program and the organizations that receive FCSS funds.

Accountability between the province and municipality or Metis Settlement

Legal accountability

The legal basis for an FCSS program is found in the Family and Community Support Services Act and the Conditional Funding Regulation. More information on these is available in Modules One and Two of this series and the FCSS Program Handbook.

When a municipality or Metis Settlement decides to operate an FCSS program, the legal accountability between the provincial government and the municipality or Metis Settlement is reflected in two documents:

- A. A **Conditional Funding Agreement** signed by representatives of both the province and the municipality or Metis Settlement. This document outlines mutual expectations.
- B. An **Annual FCSS Program Report**, which is prepared by the municipality or Metis Settlement for the province. This document reflects what has been done.

Detailed information about these two documents is available from the *FCSS Program Handbook, Section 4*.

Funding Accountabilities

- In about August of each year, the province sends the municipality or Metis Settlement a confirmation of the provincial FCSS funding allocation for the next financial year.
- The municipality or Metis Settlement notifies the province whether it wishes to receive all of the allocation or only a portion of the allocation.
- About October, the province will send the Metis Settlement or municipality a **Conditional Funding Agreement** (an offer of funding) for the next financial year. The Agreement states that:
 - The province agrees to:
 - contribute a certain amount of dollars to the municipality or Metis Settlement, to operate the FCSS program;
 - pay the provincial contribution in four quarterly installments.

2. The municipality or Metis Settlement agrees to:
- operate the FCSS program in accordance with the FCSS Act and Conditional Agreement Regulation;
 - contribute at least 20 percent of the net cost to operate the FCSS program;
 - repay any unused provincial funds;
 - provide the required program and financial reports to the province.

In a program in which more than one municipality participates, the municipality confirms that it has authority to sign on behalf of the other municipalities. The agreement also states that:

- if, in the opinion of the Minister, the FCSS program
 - fails to meet the requirements of the Conditional Funding Agreement;
 - submits the financial report late;
 - wrongfully uses FCSS funds;

the Minister may withhold future funds or require the municipality or Metis Settlement to repay funds;

- if any question exists regarding the expenditure of provincial funding, the decision of the Minister is final.
- d. If the municipality or Metis Settlement is in agreement with the Conditional Funding Agreement, it signs the agreement and sends it back to the province.
- e. In municipalities, because the “fiscal year” of municipalities runs from January to December, the next processes are:

January:

- the province sends the first quarterly payment for the current year’s operation;
- the municipality begins to prepare FCSS financial and program reports for the calendar year which has just ended. The **Annual FCSS Program Report** includes:
 - a summary of revenue and expenditures for the previous year;
 - a listing of projects, community development and FCSS management and the amount of funds allocated to each of them;
 - certification that the program complied with the FCSS Act and the Conditional Funding Agreement Regulation;
 - review engagement or auditors’ reports where required.

Note: the larger the FCSS Program budget, the greater the requirement for external verification of annual reports.

- *If your FCSS program budget is less than \$100,000, the annual report must be certified (signed) by the FCSS Director and municipal administrator.*
- *If your program budget is between \$100,000 and \$500,000, the program report must be signed by a professional accountant who certifies that the financial report has been reviewed.*
- *If your program budget is over \$500,000, the program report must be signed by a professional accountant who certifies that the financial report has been audited.*

April:

- the Annual FCSS Program Report must be submitted to the province.
- the second quarterly payment is sent by the province to the municipality;

July:

- the third quarterly payment is sent by the province to the municipality;

August:

- the process begins again, for the year ahead, with confirmation of the provincial FCSS funding allocation for the next calendar year and the municipality notifying the province whether it wishes to receive all or part of the allocation;

October:

- the last quarterly payment is sent by the province.

- f. In Metis Settlements, the process is the same, but because a Metis Settlement fiscal year runs from April to March, the steps happen in different months:

April:

- the first quarterly payment is sent;

July, October and January:

- second, third and fourth quarterly payments are sent;

July:

- the Annual FCSS Program Report must be provided to the province.

More detailed information is included in the *FCSS Program Handbook, Section 4*.

Accountability between Municipalities

In many FCSS programs, more than one municipality may participate in the program. In these cases, there needs to be a legal and financial framework within which the municipalities will cooperate.

The FCSS Association of Alberta has additional background information about multi-municipality FCSS programs. In this orientation module we will summarize some key points about the legal and financial accountability between municipalities which decide to cooperate in operating an FCSS program.

Legal Accountability

In multi-municipality programs, only one municipality will sign an agreement with the province to operate the FCSS program. The other participating municipalities will then sign agreements with one another about how they will cooperate.

In some multi-municipality programs, each different participating municipality signs an agreement with the municipality which has signed an agreement with the province. In other multi-municipality programs, all the participating municipalities sign the same agreement (i.e. there is only one agreement that they all sign).

While there is great variation in types of agreements that exist between municipalities across the province, the agreements would typically include sections such as:

- a statement that this agreement is between the municipalities of _____ and _____ (their legal names);
- a preamble that refers to the FCSS Act and Conditional Agreement Regulation, and states that the partners signing this agreement wish to cooperate in operating such a program;
- identification of which municipality will sign an agreement with the province and be responsible for handling financial administration of provincial funds;
- how the FCSS program will be administered. This may include:
 - if a board will be appointed;
 - how the participating municipalities will be represented on the board;
 - the role the board will play;
 - the role of the director.
- how and on what basis the partners will share costs;
- what reports or information will be provided to the participating municipalities;
- how the agreement may be amended or terminated;
- the conditions under which a partner may withdraw from the agreement;
- the term for which the FCSS agreement will be in effect;
- the date the agreement is signed;
- signatures of an authorized representative of each participating municipality.

Financial Accountability

There are two forms of financial accountability – budget and financial reports.

- **Budget**

A budget is a forecast of revenues and expenditures required during the next financial year. A budget is typically presented to each municipality during the regular budget cycle.

In some FCSS programs participating communities only approve the budget for their municipal contribution to the FCSS program. In other FCSS programs, all the municipalities approve the entire FCSS program budget.

- **Financial Reports**

Financial reports include reporting to each municipality how the allocated funds have been spent, and providing updates on the overall status of the FCSS program budget and verifying that all financial agreements have been honored.

Each monthly or quarterly financial report should include a complete listing of revenue and expenses from all sources. For each revenue and expense category, the report should include:

- current expenses and revenue for the month or quarter that is being reported;
- year-to-date expenses and revenue;
- the budgeted figure for the year.

Accountability between the municipality or Metis Settlement and the FCSS program

Legal Accountability

Many communities have an FCSS bylaw which provides the legal framework for the specific way the municipality operates its FCSS program.

FCSS may also provide regular reports and other two-way communication, as both formal and informal ways of being mutually accountable.

Financial Accountability

The major two types of financial accountability are – budget and financial reports.

- **Budget**

A budget is approved ahead of time. Basically, the municipality agrees to contribute \$_____ funds and the FCSS program agrees to operate within that municipal allocation.

A budget is more than just an approval of funds. A budget should reflect the program direction which has been discussed and agreed, mirroring a larger planning process.

- **Financial Reports**

The financial reports will probably follow the municipal pattern of financial reporting. FCSS programs will be expected to submit monthly, quarterly or annual financial reports to the municipal or Metis Settlement council.

The FCSS program will also be required to operate within the municipal or Metis Settlement procedures for financial monitoring.

Accountability between the FCSS Program and organizations which receive FCSS funds

The accountability relationships between FCSS programs and those who fund or oversee the programs are usually quite formalized.

The accountability relationships between FCSS programs and the organizations which receive money from them may not be quite so formal – there are probably a few less bylaws involved! It is still important to have written documentation between the FCSS program and the organization.

This documentation will help the two parties be clear on what's expected of them and how they can meet their obligations.

A document would typically take the form of a contract or agreement between the FCSS program and the organization which receives funds, and would include sections that state:

- “This agreement is between . . . “(legal names of the FCSS program and the organization);
- what each party agrees to do;
- how much money, for what term and what purpose;
- what communication, information and/or reports will be exchanged;

- time frame of the agreement;
- what will happen if either party does not fulfill the requirements of the agreement;
- how either party can withdraw from the agreement;
- date the agreement is signed;
- signatures of authorized representatives of the FCSS program and the organization.

More informally, this documentation could take the form of a motion made by the FCSS Board which includes:

- the amount of money to be allocated;
- how the money must be used (the motion might refer to some document, such as a proposal, program description, etc. which would include the same sort of information as would be included in a contract or agreement);
- the time frame of the funding.

Financial Accountability

In order for an organization to be financially accountable to an FCSS program which is providing funding, there must be an agreed-in-advance budget, which includes:

- how the money must be used;
- what results are expected;
- financial reports at agreed-upon intervals.

In closing . . .

A big part of having successful relationships is having an open, up front communication process. As individuals, organizations and agencies, we all know things run more smoothly if we have discussed, negotiated and verified our expectations and mutual responsibilities. Accountability is really just a formalization of that process, to write down what has been agreed during a larger planning process.

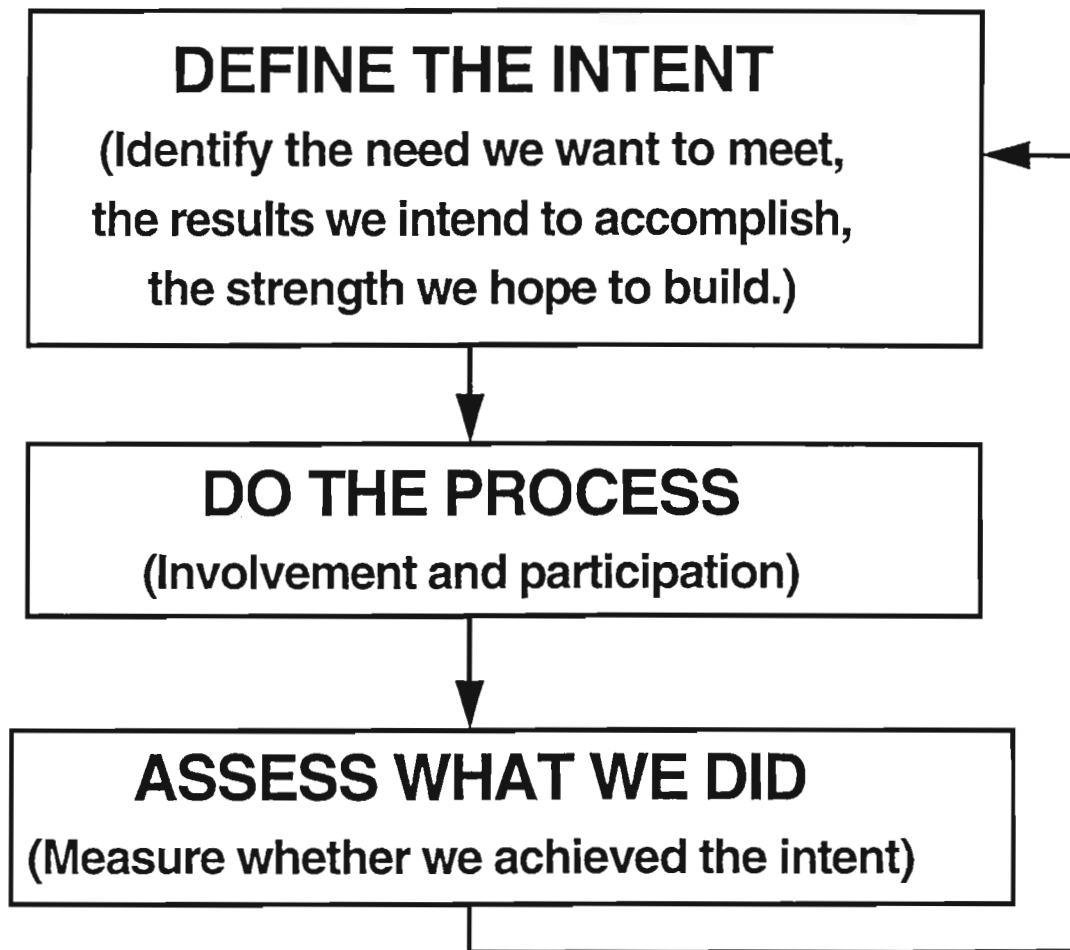
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**Accountability can be described
as the process to:**



**Accountability between
the Province and Municipality
or Metis Settlement includes:**

- **a Conditional Funding Agreement;**
- **An Annual FCSS Program Report;**
- **Review Engagement Report or
Auditors' report (if required).**

**The province - community
accountability process
works like this:**

- **province sends community a confirmation of the provincial FCSS funding allocation;**
- **the community accepts all or a portion of the allocation;**
- **a Conditional Funding Agreement is made;**
- **the community signs the Agreement;**
- **quarterly payments are sent by the province;**
- **shortly after year-end, an Annual FCSS Program Report must be submitted.**

Accountability between municipalities (Multi-community programs)

Legal Accountability

- **one community signs an agreement with the province;**
- **all the communities make an agreement with each other**
 - **in some multi-community programs each sign an agreement;**
 - **in others, all communities sign the same agreement.**

Financial Accountability

- **Budget**
- **Financial Reports**

Accountability between the municipality or Metis Settlement and the FCSS program

Legal Accountability

- **FCSS Bylaw to provide legal framework;**
- **regular reports and other forms of two-way communication.**

Financial Accountability

- **Budget;**
- **Financial Reports.**

Accountability between the FCSS program and the organizations it funds

Legal Accountability

- **written documents or board motions to outline**
 - **expectations;**
 - **timelines;**
 - **purpose of project;**
 - **reporting requirements;**
 - **termination;**
 - **sanctions.**

Financial Accountability

- **Budget;**
- **Financial reports.**