



ONTARIO NONPROFIT NETWORK

WEBINAR

Transfer Payment Accountability Directive

Changes nonprofits need to know about

Thursday, July 7, 2016

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Transfer Payment Accountability Directive Ontario Nonprofit Network Webinar

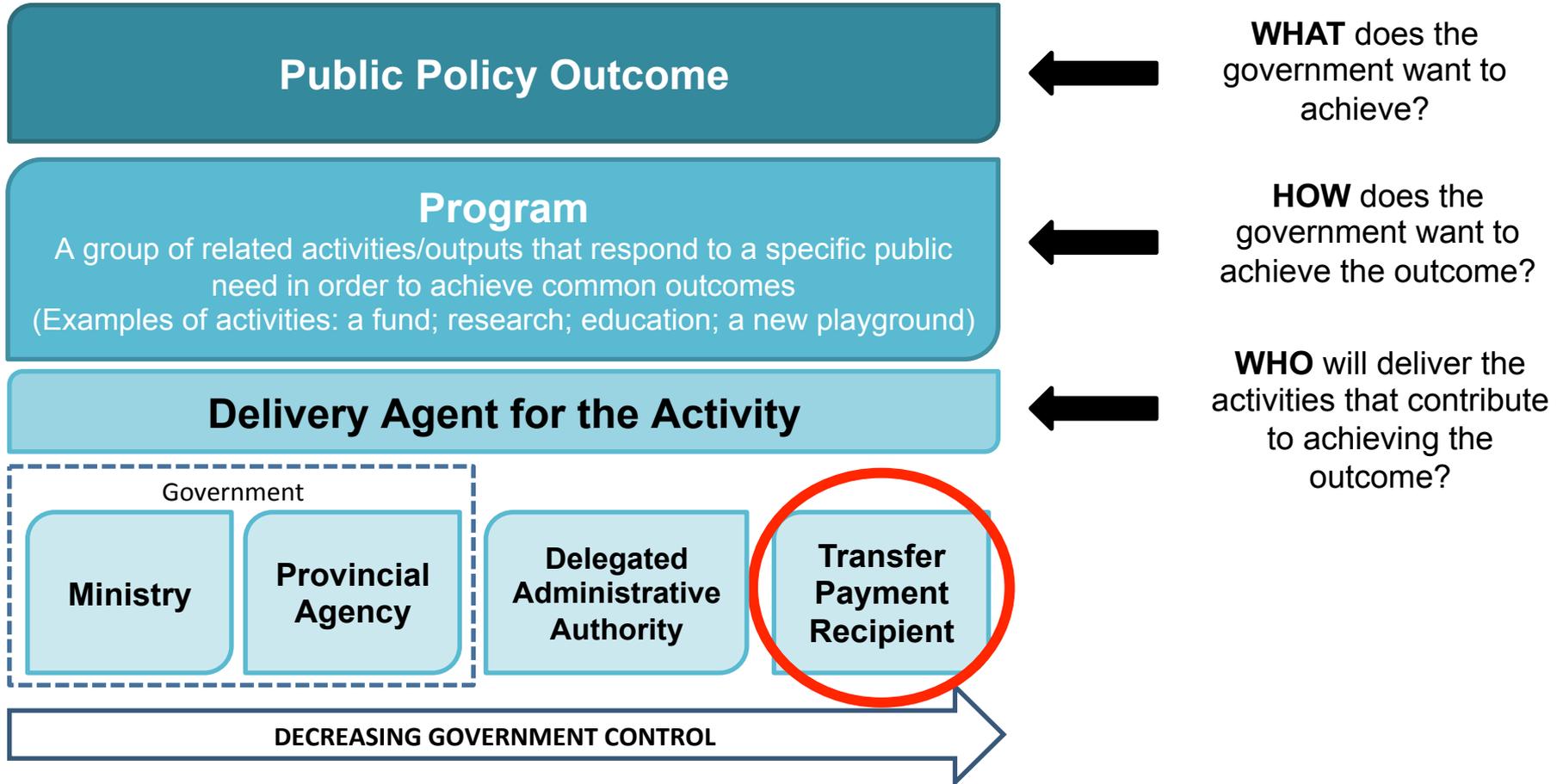
Corporate Policy and Accountability Branch
July 7, 2016

FOR DISCUSSION PURPOSES ONLY

Purpose

- Treasury Board Secretariat (TBS) is developing new approaches to transfer payment accountability, centred around administrative modernization and through revisions to the Transfer Payment Accountability Directive (TPAD)
- The revised TPAD would clarify rules for overseeing transfer payments and set out clear direction for ministries and provincial agencies providing transfer payment funding
- Today's webinar will:
 - Provide background information on transfer payments and the TPAD
 - Set out proposed revisions to the TPAD
 - Explain how the revised TPAD enables key aspects of the Transfer Payment Administrative Modernization (TPAM) Office's work to streamline transfer payment administration
 - Engage ONN and its members in a discussion

How Government Achieves Outcomes



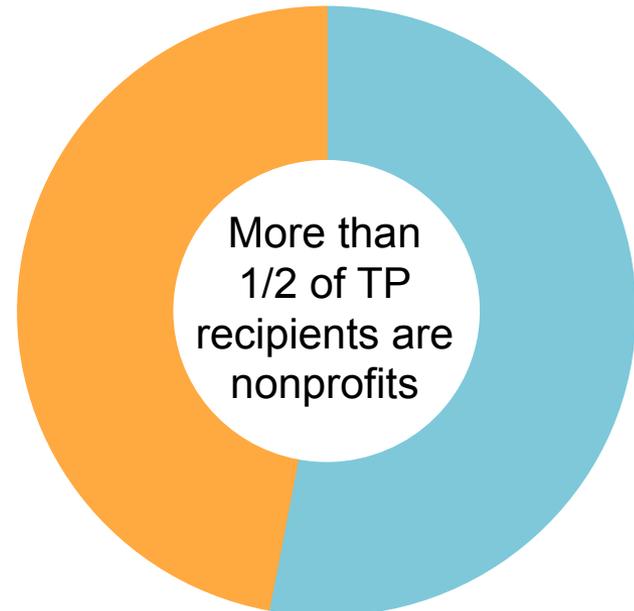
Transfer payments (TPs)

TPs are a key method for addressing government priorities and delivering services

82%
of
government's
operating
expenditures
go to TP
activities



TPs are provided to a wide range of recipients, including individuals, designated BPS organizations, other governments and nonprofit organizations



How Do We Govern Ourselves?

1

Legislation/Regulation

2

Directives and Policies

Authority: Provided in legislation, such as the *Management Board of Cabinet Act*

What: Mandatory binding instruments that usually set out an overarching governing framework to achieve high-level outcomes; operational policies can set out procedural rules as appropriate

For whom: As defined by the issuing legislation; usually ministries and provincial agencies

It is proposed that Operational Policies can be issued under the revised TPAD.

Current Transfer Payment Accountability Directive

What Does It Do?

The TPAD, last revised in 2007, provides the high-level administrative framework for the management and oversight of TPs by ministries and provincial agencies. It provides direction on:

- Risk assessment
- Recipient assessment
- Agreements
- Monitoring and corrective action

Areas for improvement

- Support for administrative modernization
- Expanded and updated use of risk management
 - Focus on outcomes
- Consistent reference to financial management policies
 - Clarity in language and structure

Revised TPAD – Overview

The revised TPAD would:

- establish a comprehensive oversight framework
- provide clear direction and effective supports to ministries
- encourage strengthened relationships between ministries and TP recipients
- enable the work of the Transfer Payment Administrative Modernization Office

1

Updated TPAD

- Clear, high-level direction with authority for Secretary of Management Board of Cabinet to issue operational policies
- Enables common processes

2

Operational Policy

- Can be issued any time to support the rules and principles of the directive, as appropriate

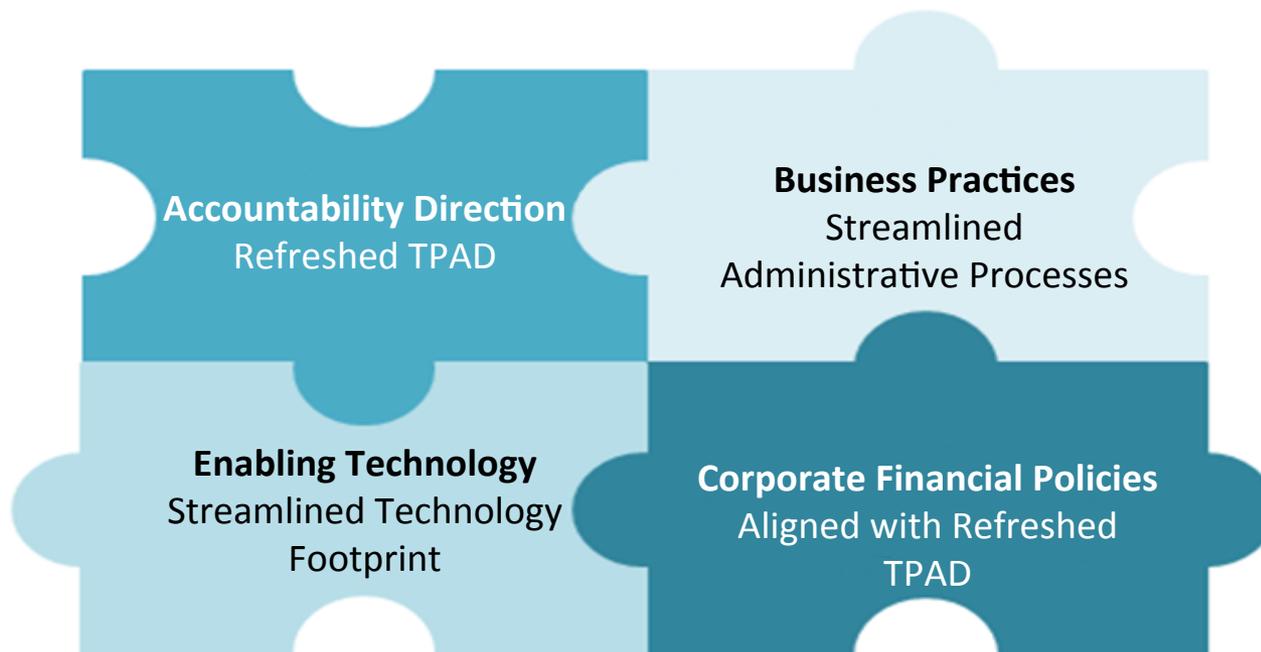
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Effective Guidance

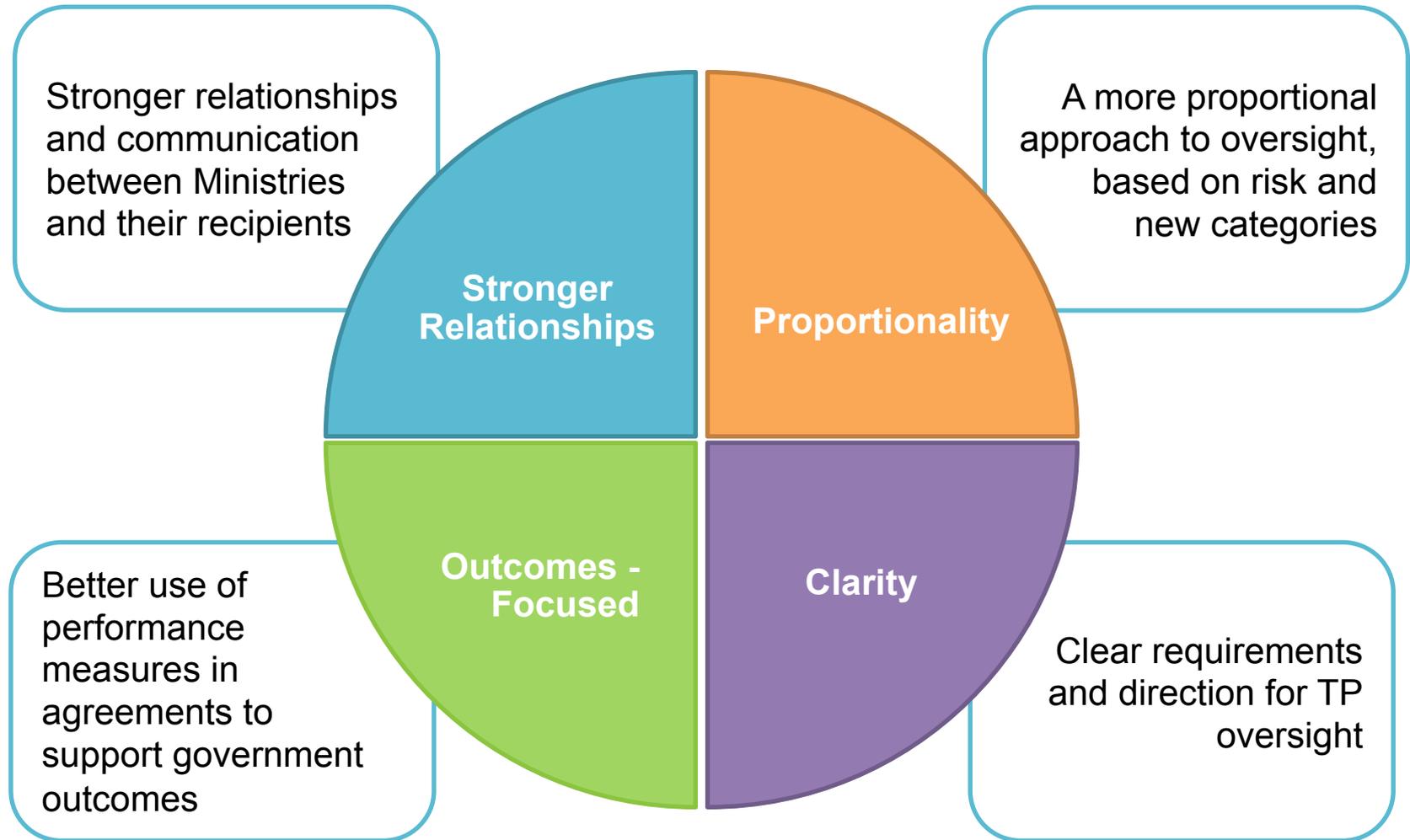
- Support for directive focused on specific topics, including:
 - Relationship management
 - Risk management
 - Performance measures

Transfer Payment Modernization

- The work underway to refresh TPAD is aligned with other transfer payment initiatives within TBS, including the TPAM Office.
- We are working collaboratively with our partners to ensure integration and consistent practices.
- The revised Directive would provide the right principles and rules to enable improvements to TP administration (e.g., common registration, unique identifier, standardized agreement templates).



Key Outcomes of the Transfer Payment Accountability Review



Principles that Guide the Application of the Directive

FAIRNESS, INTEGRITY & TRANSPARENCY

The decision to provide transfer payments and the oversight of transfer payment activities is impartial, fair and transparent and conforms to applicable legislation and corporate policy direction

FOCUS ON OUTCOMES

Objectives of transfer payment activities are clearly defined and contribute to the achievement of public policy outcomes

COMMUNICATION

There is respectful ongoing and meaningful communication between ministries and transfer payment recipients

COMMON PROCESSES

Ministries follow required common processes, tools and templates to support consistent oversight of transfer payments

ACCOUNTABILITY

The government is accountable for protecting the public interest. Ministries hold recipients responsible to deliver the requested services for the funds received

VALUE FOR MONEY

Ministries are efficient and effective in using public resources for transfer payments

RISK-BASED APPROACH

Transfer payment oversight is in proportion to any risks associated with the recipient and the activity

INFORMATION SHARING

Relevant and appropriate information and data are collected, managed and shared across the government



Categories of Transfer Payment Activities

Time-Limited Payments (e.g., research grants, capital projects)

Nature:

- Activity has a specific end date and/or one-time deliverable

Recipient Selection:

- Funding decision is discretionary
- Recipient assessed on ability to achieve results

Performance Measures:

- Agreement establishes performance measures for recipient
- Measures generally focused on outputs or short-term outcomes

Ongoing Payments (e.g., operating funding for hospitals)

Nature:

- Activity does not have a specific end date; although the agreement may have an end date

Recipient Selection:

- Funding may be required by legislation
- Recipient assessed on ability to achieve results

Performance Measures:

- Agreement establishes performance measures for recipient
- Measures generally focussed on intermediate outcomes

Support Payments (e.g., ODSP, crop insurance)

Nature:

- Activity may or may not have a fixed end date
- Recipient is also the direct beneficiary

Recipient Selection:

- Funding may be required by legislation
- Recipient is assessed on eligibility only

Performance Measures:

- Agreement does not establish performance measures

Relationship Management and Communication

Strengthening Accountability through Better Relationships

The revised TPAD and supporting materials aim to help improve relationships between ministries and their recipients through an emphasis on communications and managing the relationships.

Q1: What ministry practices have you found best support strong working relationships?

Q2: What else would you recommend?

Risk

Strengthening Accountability through Stronger Risk Management

The revised TPAD aims to improve oversight practices by strengthening a risk-based approach to oversight:

- Ministries are required to assess the risks of their TP activities, as well as risks associated with each TP recipient.
- Appropriate level of oversight of a TP recipient will be determined through risk assessment, varying as appropriate to the degree of risk.
- Should result in different requirements for the recipient, with respect to reporting requirements for example, dependent on the level of risk.

Q3: Does this proportional approach to oversight work for you? What benefits/challenges do you see with this approach?

Performance Measurement

Strengthening Accountability through Better Performance Measures

The revised TPAD requires that ministries include performance measures in the agreements for time-limited and ongoing TPs.

Development of clear performance measures will help TP recipients to demonstrate their successes to the ministry/provincial agency.

Q4: How are you currently required to report on performance or results? What benefits/challenges do you see with the process?

Q5: How could performance measurement processes/requirements be improved to help tell the story of success?

Information

TPAD Public Consultation

<https://www.ontario.ca/page/consultation-revised-draft-transfer-payment-accountability-directive>

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