

**Manitoba**



**PROVINCE OF MANITOBA**  
**DEPARTMENT OF FAMILY SERVICES AND HOUSING**  
**FINANCIAL REPORTING REQUIREMENTS (FRR)**

## TABLE OF CONTENTS

<b>1. INTRODUCTION.....</b>	<b>3</b>
<b>2. FINANCIAL REPORTING REQUIREMENTS SCHEDULE.....</b>	<b>4</b>
<b>3. SERVICE PROVIDER IDENTIFYING INFORMATION .....</b>	<b>5</b>
<b>4. ANNUAL OPERATING BUDGET .....</b>	<b>8</b>
<b>5. INTERIM FINANCIAL REPORTING.....</b>	<b>9</b>
<b>6. AUDITED FINANCIAL STATEMENTS .....</b>	<b>10</b>
<b>7. DEPARTMENT OF FAMILY SERVICES AND HOUSING SURPLUS REPORT .....</b>	<b>13</b>
<b>8. MANAGEMENT LETTER .....</b>	<b>14</b>
<b>9. COMPENSATION DISCLOSURE .....</b>	<b>15</b>
<b>10. STAFFING REPORT.....</b>	<b>17</b>
<b>11. ANNUAL REPORT/ANNUAL GENERAL MEETING MINUTES.....</b>	<b>19</b>
<b>APPENDIX A .....</b>	<b>20</b>

## 1. INTRODUCTION

A large proportion of the budget allocated to the Department of Family Services and Housing is paid to external Service Providers. These external Service Providers therefore share the accountability requirements placed on the Department of Family Services and Housing for the use of public funds.

Accordingly, all Service Providers who receive ongoing funding from the Department of Family Services and Housing are requested to provide information regarding their organization. The information is required by the Department to ensure that funds are being used for the purpose intended and to monitor the programs provided by the various Service Providers.

The following requirements form the standard basis of financial reporting for all Service Providers. Any variations from these reporting requirements will require a waiver from the Department, signed by the Assistant Deputy Minister of Family Services and Housing – Finance and Administration.

Service Providers receiving funding for the first time, Service Providers receiving funding for a new purpose, or those Service Providers experiencing financial difficulties may be asked to provide more frequent or more detailed reports at the request of the Department.

For requirements related to service based reporting, please refer to the Service Purchase Agreement.

For enquiries concerning any of the requirements or the reporting format, please contact:

Agency Accountability and Support Unit  
Manitoba Family Services and Housing  
Administration and Finance Division  
500 – 326 Broadway  
Winnipeg, MB R3C 0S5  
Ph: 945-7288  
Email enquiries: [aasu@gov.mb.ca](mailto:aasu@gov.mb.ca)

## 2. FINANCIAL REPORTING REQUIREMENTS SCHEDULE

<b>FRR SECTION</b>	<b>REPORTING REQUIREMENT</b>	<b>DUE DATE</b>
3	Service Provider Identifying Information	April 30
4	Budget	April 30
5	Interim Reporting -Second Quarter -Fourth Quarter	October 31 May 15
6	Audited Financial Statements	June 30
7	Department of Family Services and Housing Surplus Report	June 30
8	Management Letter	June 30
9	Compensation Disclosure	Within six months of year-end or calendar year as applicable
10	Staffing Report -Budget -Final	April 30 June 30
11	Annual Report or Annual General Meeting Minutes	Within six months of year-end.

Note: This schedule is prepared assuming a Service Provider has a March 31 year-end. For other year-ends, adjust schedule accordingly.

### 3. SERVICE PROVIDER IDENTIFYING INFORMATION

To support effective communication between the Service Provider and the Department, the following identifying information shall be submitted:

#### 3.1 Annual Filing Requirements

**The following information shall be provided annually, along with the Budget submission:**

- 3.1(a) Legal name of Service Provider;
- 3.1(b) Operating name(s) of Service Provider (if different from legal name);
- 3.1(c) Mailing address of Service Provider;
- 3.1(d) Telephone number(s);
- 3.1(e) Fax number(s);
- 3.1(f) List operational locations including the name, address and telephone number of all locations;
- 3.1(g) Corporate Status of Service Provider:
  - (i) State whether the Service Provider is incorporated;
  - (ii) If incorporated, provide copy of current Annual Return;
  - (iii) State whether the Service Provider is a for profit or a not-for profit organization;
  - (iv) State whether the Service Provider is a branch or affiliate of a larger organization. If so, provide the name of the organization;
- 3.1(h) Copy of current insurance coverage, including liability insurance;
- 3.1(i) Service Provider's fiscal year-end;

### 3.1 Annual Filing Requirements cont'd

#### 3.1(j) Collective Bargaining Agreements;

State whether any of the Service Provider's employees are members of a labour union.

If so, please provide the following information:

- Name of the union;
- Employee group covered by union contract;
- Number of employees covered by contract; and
- Expiry date of current contract.

#### 3.1(k) Board Related Information;

- i) Provide the following information for each board member:
  - Name;
  - Position held on board;
  - Background and qualifications; and
  - Indicate the position held on any board subcommittees.
- ii) Provide the name, phone number and e-mail address of the board chairperson;
- iii) Indicate the frequency of board meetings held during the fiscal year; Indicate the frequency of audit committee meetings held during the fiscal year;
- iv) Date of the board's annual general meeting;

#### 3.1(l) Staff;

Provide the following information for each senior staff member:

- Name;
- Title;
- Office phone number; and
- Office email address.

#### 3.1(m) The Service Provider's Mission Statement;

#### 3.1(n) Programs;

List all programs provided by the organization and the primary funding source(s) related to those programs.

### 3.1 Annual Filing Requirements cont'd

- 3.1(o) Operational Plan (pertaining to both short and long-term);

The Service Provider's short and long-term operational plans regarding programs and services should be consistent with the budget which is the financial plan for the year.

Consideration should be given to any expansion or reduction of programs and any planned capital acquisitions.

- 3.1(p) Any changes to the constitution and by-laws made during the year.

### 3.2 Supplementary Information

**The following information is to be maintained by the Service Provider and made available upon request from the Department:**

- 3.2(a) Constitution and By-Laws;
- 3.2(b) Brief history of organization;
- 3.2(c) Current organizational chart;
- 3.2(d) Policy and procedures manuals (e.g. program, financial, personnel, conflict of interest, etc.);
- 3.2(e) Valid licenses/permits;
- 3.2(f) Copy of collective bargaining agreement(s);
- 3.2(g) Copy of incorporation documents;
- 3.2(h) Latest Registered Charity Information Return (Form T3010A);
- 3.2(i) Any other information as requested by the Department as provided for under section 4(2) of The Child and Family Services Act, section 27(2) of The Child and Family Services Authorities Act, section 10(2) of the Vulnerable Persons Living with a Mental Disability Act, section 14(2) of the Social Services Administration Act.

#### 4. ANNUAL OPERATING BUDGET

- 4.1 Service Providers in receipt of funds from the Department of Family Services and Housing shall submit an annual operating budget for the entire corporate operation. This consists of a consolidated budget, a budget for each cost centre and a budget for the administrative cost centre.
- 4.2 One copy of the final budget shall be submitted to the Department by April 30<sup>th</sup>. If notification of funding changes have not been communicated to Service Providers by that time, the proposed budget must be prepared based on the Service Provider's current funding level. Any funding changes subsequent to the budget submission will be reflected and clearly identified in the Service Provider's mid-year and year-end report.
- 4.3 Annual operating budgets should reflect a balanced position.
- In a situation where the Service Provider is planning to draw down on accumulated surplus, the following should be noted:
    - Any draw down of surplus generated from donations, fundraising or alternate sources of funding, should be indicated;
    - Any draw down of surplus generated from Departmental funding must be used for programs and services in accordance with the Service Provider's Service Purchase Agreement and may only be used for other purposes with prior approval from the Department.
- 4.4 Budgets shall be presented using at minimum, the Department's specified Chart of Accounts for departmental programs. Budgets, interim financial statements, and audited financial statements shall be prepared using the same Chart of Accounts.
- 4.5 Budgets shall be presented in the following specified format:
- a) Budget Current Year
  - b) Proposed Budget
  - c) Variance (b-a)
  - d) Explanation of significant variances as calculated in c). Significant variances are defined in Appendix A.
- 4.6 A Staffing Report shall be submitted with, and reconcile to the budget. See page 17 for details.
- 4.7 Operating Budget shall be signed by the Board Chair indicating board approval.

## 5. INTERIM FINANCIAL REPORTING

- 5.1. Service Providers in receipt of funds from the Department of Family Services and Housing shall submit Second Quarter and Fourth Quarter Financial Reports for the entire corporate operation. Certain Service Providers may be exempt from this requirement based on funding arrangements; conversely more frequent reporting may be requested of specific Service Providers.
- 5.2. Submission Dates:     Second Quarter – October 31<sup>st</sup>  
                                    Fourth Quarter – May 15<sup>th</sup>
- 5.3. The Interim Financial Reporting Requirement is not intended to limit in any way the specific internal reporting requirements of a Service Provider.
- 5.4. Each interim financial report shall include the following:
  - a) Balance Sheet
  - b) Consolidated Statement of Operations (Revenue and Expense), and Statement of Operations and FTE's (full time equivalent positions) for each cost centre showing:
    - i) Budget for the year as filed with the Department per Section 4.
    - ii) Year-to-date actual;
    - iii) Projected results to year-end;
    - iv) Total year-to-date actual plus projected results to year-end (ii+iii); and
    - v) Variance to budget (iv-i).
    - vi) Explanation of significant variances calculated in v).Significant variances are defined in Appendix A
- 5.5 The Statement of Operations shall be prepared using at minimum, the Department's specified format and Chart of Accounts for departmental programs. Budgets, interim financial statements, and audited financial statements shall be prepared using the same Chart of Accounts.
- 5.6 All interim financial statements shall be prepared using the accrual method of accounting.
- 5.7 All expenditures and revenue shall be shown gross.
- 5.8 Adjustments applicable to prior years' operations shall be reflected in the surplus/deficit account and not on the Statement of Operations for the current year.
- 5.9 The surplus/deficit account shall not be charged or credited with items that apply to the current year. Such items should be taken into account in determining the current year's net operating position.
- 5.10 Interim Financial Reports shall be signed by the Board Chair indicating board approval.

## 6. AUDITED FINANCIAL STATEMENTS

### 6.1 General Audit Requirements

- 6.1(a) All Service Providers in receipt of funds from the Department of Family Service and Housing are required to submit annual audited financial statements. The audit shall be performed by an independent, qualified, external auditor and shall be signed by the Board Chairperson.

A **qualified auditor** is defined as a member in good standing of an institute or association of accountants incorporated under an Act of the legislature of a Canadian province.

- 6.1(b) Agencies' financial statements shall be prepared in accordance with Generally Accepted Accounting Principles.
- 6.1(c) Family Services and Housing requires full disclosure of the total corporate operation.
- 6.1(d) One copy of the audited financial statements shall be submitted within three months of the Service Provider's fiscal year-end.
- 6.1(e) Copies of management reports, letters, comments and suggestions to the Service Provider from the auditor shall be submitted with the audited financial statements. See **Section 8** for requirements regarding the management letter.
- 6.1(f) If the auditor has attached an opinion other than the "Standard Report" to the financial statements, the Service Provider shall outline its plans to address the concerns, including the timelines for actions.

Circumstances that would lead the auditor to attach a reservation of opinion or a non-standard report include:

- When the auditor forms a positive opinion on the financial statements as a whole, but qualifies that opinion with respect to a departure from generally accepted accounting principles (GAAP) or a limitation in the scope of his examination. Known as a qualified opinion;
- When the auditor forms an opinion that the financial statements are not presented fairly in accordance with generally accepted accounting principles (GAAP). Known as an adverse opinion.
- When the auditor is unable to form an opinion on the financial statements because of a limitation in the scope of his examination. Known as a denial of opinion.

## 6.1 General Audit Requirements Cont'd

- 6.1(g) A copy of this Reporting Requirement shall be provided to the Service Provider's accountant and to the external auditor by the Service Provider. Confirmations of provincial revenue funded to the Service Provider will be provided by the Department upon request.
- 6.1(h) The Financial Reporting Requirements are not intended to limit in any way the professional judgment of the external auditor.
- 6.1(i) A Staffing Report shall be submitted with, and reconcile to the audited financial statements. See page 18 for details.

## 6.2 Specific Audit Requirements

### 6.2(a) Revenue and Expenses

- i) Statements of revenue and expense for each cost centre shall be presented using at minimum, the Department's specified Chart of Accounts for departmental programs. Budgets, interim financial statements and audited financial statements shall be prepared using the same Chart of Accounts.
- ii) Supplementary Schedules for each cost centre shall be provided. These schedules may be unaudited.
- iii) A reconciliation of Department of Family Services and Housing Revenue Receipts to Departmental Revenue as per Audited Financial Statements shall be provided. This reconciliation shall form part of the Notes to the Financial Statements or be provided as a supplementary audited schedule.
- iv) Revenues shall be clearly identified as to source.
- v) The use of miscellaneous accounts for revenue and expense items shall be kept to a minimum.

### 6.2(b) Accounts Receivable and Payable

With respect to Accounts Receivable and Payable, financial statements shall not show a Service Provider's deficit as an accounts receivable from the Department of Family Services and Housing or a surplus as an accounts payable to the Department, unless the deficit payment or surplus recovery has been formally approved by the Department.

## 6.2 Specific Audit Requirements Cont'd

### 6.2(c) Depreciation/Amortization

Depreciation and amortization are recognized expenses under GAAP and should be recorded in the Service Provider's financial statements. For funding purposes, depreciation on capital assets is not recognized as an operating expense by the Department of Family Services and Housing. The actual cost of replacing and/or maintaining these assets in the day to day operations of the Service Provider is a recognized expense for funding purposes, as are principal and interest payments on mortgages and loans.

### 6.2(d) Vacation Pay Accrual

Vacation pay is a recognized expense under GAAP and should be recorded in the Service Provider's financial statements. For funding purposes, vacation pay accrual is not recognized as an operating expense by the Department of Family Services and Housing. Vacation pay is funded as part of the salary allotment under the funding formula.

### 6.2(e) Reserve Accounts

Reserve accounts shall not be established with funding provided by Family Services and Housing. An example of a reserve account would be a reserve for a building fund established from operating surplus generated by other than fundraising or donation revenues. Reserves are also known as internally restricted funds.

### 6.2(f) Restricted Funds

Externally restricted funds are created from funding restrictions imposed from outside the organization, for example donations made with conditions attached by the contributor. Internally restricted funds are set aside from within the organization itself, usually by a resolution of the Board of Directors. Internally restricted funds shall not be established from Family Services and Housing funding unless otherwise approved by the Department.

## 7. DEPARTMENT OF FAMILY SERVICES AND HOUSING SURPLUS REPORT

Consistent with the Service Provider Surplus/Deficit policy as per the Service Purchase Agreement, Service Provider's shall identify surplus/deficit in the following manner:

### 7.1 Fiscal Year

\_\_\_\_\_ ended the \_\_\_\_\_ fiscal year with a \$\_\_\_\_\_

SERVICE PROVIDER YEAR AMOUNT

surplus/deficit of which \$\_\_\_\_\_ is related to Department of Family

AMOUNT

Services and Housing funding. \$\_\_\_\_\_ in net revenue was raised through

AMOUNT

donations, fundraising or other revenues outside the Provincial funding agreement.

### 7.2 Accumulated Surplus

\_\_\_\_\_ as of \_\_\_\_\_ has a \$\_\_\_\_\_

SERVICE PROVIDER YEAR-END AMOUNT

accumulated surplus/deficit, of which \$\_\_\_\_\_ is related to Department of

AMOUNT

Family Services and Housing funding.

**Note: All amounts identified in this report have been taken from the**

\_\_\_\_\_ audited financial statements.

YEAR

Board Chair Signature

\_\_\_\_\_

## 8. MANAGEMENT LETTER

- 8.1 Copies of all management letters, which communicate matters identified by the external auditor during the financial statement audit, shall be submitted with the audited financial statements.
- 8.2 When conducting Service Provider audits, auditors are asked to confirm and/or express an opinion on:
- Whether, in their opinion, the accounting procedures or systems of control employed by the Service Provider are adequate;
  - Whether any irregularity or discrepancy in the administration of the Service Provider came to notice in the course of their examination;
  - Whether there are any other matters which should be brought to the attention of the Department of Family Services and Housing; and in their report they shall make such recommendations as seem to them to be necessary regarding the proper performance of duties and keeping of records by the officers and employees or the Service Provider.
- 8.3 This listing is not intended to limit in any way the professional judgment of the auditor.
- 8.4 **If no management letter is issued by the external auditor, a written acknowledgement confirming that fact is required to be provided to the Department by the external auditor.**
- 8.5 The Service Provider shall outline its plans to address any deficiencies, including timelines for action.

## 9. COMPENSATION DISCLOSURE

Service Providers shall submit compensation disclosure **in accordance with the Public Sector Compensation Disclosure Act**. All Service Providers receiving funding from the Department of Family Services and Housing are required to conform to these disclosure requirements.

**A brief summary of the disclosure required follows. For specific disclosure details refer to the Act as referenced above:**

*Disclosure Required of:*

- *compensation to, or for the benefit of, the chairperson of its board of directors or equivalent governing body, if any, if the chairperson's compensation is \$50,000. or more;*
- *compensation provided in the aggregate, to, or for the benefit of, its board members if any;*
- *compensation individually, to, or for the benefit of, each of its officers and employees whose compensation is \$50,000. or more.*

Per Section 2(1) of the Act, this information shall be disclosed within six months of the Service Provider's fiscal year-end or calendar year.

Per the Public Sector Compensation Disclosure Act compensation is defined as follows:

***"Compensation"*** means compensation pursuant to any arrangement, including an employment contract, calculated to include the total value of all cash and non-cash salary or payments, allowances, bonuses, commissions and perquisites, including

*(a) all overtime payments, retirement or severance payments, lump sum payments and vacation pay-outs,*

*(b) the value of loan or loan interest obligations that have been extinguished and the value of imputed interest benefits from loans,*

*(c) long term incentive plan earnings and payouts,*

*(d) the value of the benefit derived from vehicles or allowances with respect to vehicles,*

*(e) the value of the benefit derived from living accommodation or any subsidy with respect to living accommodation,*

**9. COMPENSATION DISCLOSURE CONT'D**

*(f) payments made for exceptional benefits not provided to the majority of employees of the public sector body,*

*(g) payments for memberships in recreational clubs or organizations, and*

*(h) the value of any other payment or benefit that may be prescribed in the regulations.*

Disclosure shall be provided in one of the following ways:

- As part of the audited financial statements
- In a statement prepared for the purpose and certified by its auditor to be correct.
- **If none of the Service Provider payments meet the requirement of the Compensation Disclosure requirements a formal written acknowledgement in the form of a “Nil” report shall be provided.**

## **10. STAFFING REPORT**

A Staffing Report shall be submitted with the Service Provider's budget and year-end audited financial statements relative to departmentally funded programs. The staffing report shall be consistent with the attached form (see page 18), and should be completed for each cost centre. The statement should reconcile to the Service Provider's budget or audited financial statements as applicable.

**STAFFING REPORT**

Salary Detail by Job Title for the Period of:

Service Provider:

Cost Centre (As per SPA)\*:

to

1	2	3	4	5		6	7		8	9	10
Job Title	Classification	Total Paid Hours	Actual Number of FTEs***	Hourly Salary Range		Total Salary	Total Mandatory Benefits (Employer Portion)		Total Group Benefits	Total Pension	Total Salary & Benefits
	AD/MA/DS**		<i>Col.3 ÷ Total full-time hours per year</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Wages Only</i>	<i>CPP</i>	<i>EI</i>			<i>(Cols. 6+7+8+9+10)</i>
<b>TOTAL:</b>				<b>TOTAL:</b>							

**ADD WORKER'S COMPENSATION FOR THE COST CENTRE:**

**ADD PAYROLL TAX**

**TOTAL SALARY AND BENEFITS\*\*\*\* :**

**Total Full-Time Hours Per Year = Full-time regular hours per week of \_\_\_\_\_ x 52 weeks per year = \_\_\_\_\_ hours.**

\* A Staffing Report must be completed for each cost centre specified in the Service Purchase Agreement.  
 \*\* AD = Administrative, MA = Management, DS = Direct Service      \*\*\*Full Time Equivalent position (FTE)  
 \*\*\*\* Total salary & benefit costs must agree with figure(s) shown on the Budget or Audited Financial Statements, or be reconciled by way of Explanatory Notes.

## 11. ANNUAL REPORT/ANNUAL GENERAL MEETING MINUTES

An annual report shall be submitted within six months of the Service Provider's operating year-end. **If no formal report is prepared, the minutes of the annual general meeting should be submitted along with the following information:**

1. Comments relating the year's activities to the Service Provider's mission, which may include comments regarding organizational milestones, issues, concerns, and developments;
2. A report on the achievement of program and service results
3. Use of volunteers (e.g. estimated numbers of volunteers and hours of service).

**APPENDIX A****Definitions:****Significant Variance:**

Significant Variances shall be calculated on a line item basis and will vary according to the Budgeted Gross Revenue of each Service Provider.

For Service Providers with Budgeted Gross Revenues up to **\$1,000,000:**

Significant variances are defined as:

- greater than or equal to 10% of each revenue and expense line item **and**
- greater than \$1,000.

For Service Providers with Budgeted Gross Revenues between **\$1,000,001 and \$2,500,000:**

Significant variances are defined as:

- greater than or equal to 10% of each revenue and expense line item **and**
- greater than \$2,500.

For Service Providers with Budgeted Gross Revenues between **\$2,500,001 and \$5,000,000:**

Significant variances are defined as:

- greater than or equal to 10% of each revenue and expense line item **and**
- greater than \$5,000.

For Service Providers with Budgeted Gross Revenues greater than **\$5,000,000:**

Significant variances are defined as:

- greater than or equal to 10% of each revenue and expense line item **and**
- greater than \$10,000.