

Policy Title External Agencies Grant Accountability – Health Authorities	Policy Category/Number HCS 200.9
Branch/Division Finance, Administration & Accountability Accountability Support Branch	Date Approved October 18, 2006
Responsible Authority Director - Accountability Support Branch	Applicable to Health Authorities (RHAs, CCMB, AFM, DSM, as well as others that may be established in future years) and their External Service Providers.
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1.0 POLICY STATEMENT

To improve Grant and Other Funding Accountability, all Manitoba Health Authorities will develop plans (Service purchase agreements, monitoring and reporting systems etc) for the administration of External Service Providers' Grant funding to ensure that External Service Providers (ESP) provide consistent quality services for similar grants and programs, and use public monies directly for the purposes intended.

2.0 BACKGROUND

Each year, Manitoba Health and Health Authorities disburse millions of dollars to External Service Providers (ESPs). ESPs range from small to large in size, provide different types of services at different levels and communities, as well as apply different methods of service delivery, financial management and reporting for the grant funds they receive. In some cases, there is no formal system in place for program and financial accountability.

The Office of The Auditor General of Manitoba, in its June 2004 report entitled "Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework", emphasized that although external service providers deliver services on behalf of Manitoba Health through delegated Regional Health Authorities (RHAs), ultimately, the responsibility for the nature and quality of services provided remains with Manitoba Health.

The report further recommended that it is imperative that the Manitoba Family Services & Housing has an effective financial accountability framework to ensure external service providers are providing quality services and using public monies directly for the purposes intended.

In the same report, the Auditor General recommended that in the future years, Winnipeg Regional Health Authority implement Service Purchase Agreement (SPA) with all funded for-profit and not-for-profit external service providers to reduce undue financial risks. ***This recommendation is hereby extended to include all Manitoba Health Authorities.***

The Internal Audit and Consulting Services of Manitoba in its Grant and Other Funding Accountability Guide, July 2005, stipulates that:

- Accountability requirements and monitoring are highly interdependent activities;
- The better the requirements and related processes established, the greater the built-in accountability, monitoring controls and compliance; and recommends that:

All grants should have minimum accountability requirements that are based on a formal and planned risk-based approach incorporating regular program and grant review, as well as appropriate analytical processes and resource capabilities such as adequate and trained staff, to ensure that requirements are properly monitored and enforced.

3.0 PURPOSE

The purpose of this policy is to implement the recommendations of the “Office of The Auditor General of Manitoba (June 2004)” and the “Internal Audit and consulting Services Grant and Other Funding Accountability Guide (July 2005)” on the matters of External Service Providers’ Grant and Other Funding Accountability; and provide formalized directions for Manitoba Health Authorities towards accountable administration and reporting of their External Service Providers’ grants funding.

4.0 DEFINITIONS

- “Accountability” means ownership of processes of linking goals, activities and results to costs.
- “Annual Report” means an official report that provides information to the Minister and to the public about the activities that have been undertaken, and the results that have been achieved, by a Regional Health Authority during the fiscal year under review.
- “Grant and Other Funding” means public monies provided by Manitoba Government or Health Authorities to non civil servant staff, agency or organization to provide health related services to a community or target group(s) on behalf of the Government.
- “External Service Providers” means non civil servant staff, agency or organization providing services to a community or target group(s) on behalf of the Government or Government delegated Health Authorities.
- “Health Authorities” means regional health authorities or organizations established by the Government of Manitoba for the delivery of health services. This includes, but is not limited to; RHAs, CCMB, AFM and DSM.
- “Auditor’s Report” means an official report submitted by a certified accountant on the examination of agency’s financial activities, including incomes and expenditures.
- “Service Purchase Agreement (SPA)” means a detailed, written, binding and signed agreement between Employing Health Authority (EHA) and its External Service Provider (ESP) outlining the terms and conditions for ESP to provide health services on behalf of the EHA. SPA is mandatory for grants \$50,000.00 and over.
- “Memorandum of Understanding (MOU)” means a less detailed, written, binding and signed agreement between Employing Health Authority (EHA) and its External Service Provider (ESP) outlining the terms and conditions for ESP to provide health services on behalf of the EHA for contracts valued between \$5,000.00 and \$50,000.00.



- “Letter of Intent (LOI)” means the minimal, written, binding and signed agreement between Employing Health Authority (EHA) and its External Service Provider (ESP) outlining the terms and conditions for ESP to provide health services on behalf of the EHA for contracts valued at \$5,000.00 or less.

4.1 Acronyms

- AFM – Addictions Foundation of Manitoba
- CCMB - CancerCare Manitoba
- DSM - Diagnostic Services of Manitoba
- ESP - External Service Providers
- LOI – Letter of Intent
- MOU – Memorandum of Understanding
- RHA - Regional Health Authorities
- SPA – Service Purchase Agreement

5.0 POLICY

This policy has been established with the full understanding that Grants and Other Funding accountability is a shared function between multiple stakeholders such as Manitoba Health, Regional Health Authorities, CancerCare Manitoba, Addictions Foundation of Manitoba, Diagnostic Services of Manitoba and their respective External Service Providers. Respective organization responsibilities are outlined as follows:

6.0 RESPONSIBILITIES

6.1 Health Authorities

- 6.1.1 Ensure that granting practices are consistent with the Accountability Framework and Grant and Other Funding guidelines provided by Internal Audit and Consulting Services of Manitoba.
- 6.1.2 Establish standard and consistent application packages and procedures for respective grant types and funding levels
- 6.1.3 Negotiate and sign Service Purchase Agreements (SPA) for grants \$50,000.00 and over, Memorandum of Understanding (MOU) for grants between \$5,000.00 and \$50,000.00, and Letter of Intent (LOI) for grants less than \$5,000.00 with their respective External Service Providers.
- 6.1.4 Ensure that Service Purchase Agreements (SPA), Memorandum of Understanding (MOU) and Letter of Intent (LOI) establish program standards and expectations, and are consistent for same type and funding level of grants.
- 6.1.5 Ensure that current and precise funding models, as well as terms of invoicing and payment are clearly established and included in the signed SPA, MOU or LOI.
- 6.1.6 Ensure that program deliverables, outputs and outcomes for all grant funded External Service Providers are clearly established in the signed SPA, MOU or LOI and monitored.
- 6.1.7 Establish standard procedure manuals for similar grants and funding levels to accompany signed SPA, MOU and LOI.
- 6.1.8 Ensure that program and financial accountability functions are clearly established within the procedure manual, and shared with respective External Service Providers.

- 6.1.9 Ensure that appropriate program and financial monitoring and reporting processes are established in the procedure manual, and followed by the External Service Providers.
- 6.1.10 Ensure that effective ongoing program and financial analysis are performed, and reports prepared by External Service Providers, on quarterly basis, for review by their respective Health Authorities.
- 6.1.11 Monitor and audit grant funded programs and activities to ensure that services are delivered up to the established standards and expectations, and that funds are used for the intended purposes outlined in the signed SPA, MOU or LOI.
- 6.1.12 Conduct periodic audits of standards and processes to ensure consistency in service delivery, monitoring and evaluation, reporting, as well as over all accountability and risk management for similar grants and funding levels.
- 6.1.13 Establish a section in your Annual Report for, and provide report on program and financial activities of Grant and Other Funding disbursed to ESP.
- 6.1.14 Ensure that each signed SPA, MOU or LOI clearly outlines the process for handling surplus or deficit portion of grant money at the end of each fiscal year or end of the grant term or cycle.

6.2 External Service Providers (ESPs) should:

- 6.2.1 Use the consistent and standard application packages and procedures established by the Health Authorities for respective grant type and level of funding when applying for Grant funding.
- 6.2.2 Negotiate and sign SPA, MOU or LOI with their Health Authorities based on grant type and funding level.
- 6.2.3 Follow the standard procedure manuals established by the Health Authorities, and work within the constraints established in the signed SPA, MOU or LOI for respective grant types and funding levels.
- 6.2.4 Prior to the commencement of each fiscal year, prepare and submit a business plan for each program receiving grant funding. Business plan should provide statements on:
 - Activities: Actions and strategies that ESP will undertake to achieve the expected results/goals.
 - Outputs: Goods and services produced by the activities.
 - Outcomes: Immediate, intermediate or long term consequences or impacts on the community/target group attributable to the outputs.
- 6.2.5 Establish a system for monitoring, evaluating and reporting of programs and their financial components (budget, expenditure tracking, quarterly cash-flow, variance analysis) on quarterly basis, and as may be required by the employing Health Authorities.
- 6.2.6 On quarterly basis, prepare and submit cash-flow statements for all levels and types of grants to their employing Health Authorities.
- 6.2.7 At the end of each fiscal year, prepare and submit to the employing Health Authorities, comprehensive activity reports including final program and financial results, as well as Auditor's Report for grants \$50,000.00 and over; and summary reports, including program and financial activities, for grants less than \$50,000.00.

7.0 RESOURCE DOCUMENTS

- 7.1 Internal Audit and Consulting Services of Manitoba, *Grant and Other Funding Accountability Guide*, July 2005.
- 7.2 Office of the Auditor General, *Performance Reporting in Annual Reports: Current Practices Among Crown Entities*, December 2002.
- 7.3 Province of Manitoba, Department of Family Services and Housing, *Agency Reporting Requirements*, April 1996.
- 7.4 The Auditor General of Manitoba, *Investigation of Hydra House Ltd. and A Review of the Related Department of Family Services and Housing Financial Accountability Framework*, June 2004.
- 7.5 Winnipeg Regional Health Authority, "Purchasing Policy 30.10.130" December 17, 2003.