
SECTION 13

**CONTRACT SERVICES,
CONDITIONAL GRANTS
AND FUNDING AGREEMENTS**

13.08 CONDITIONAL GRANTS AND FUNDING AGREEMENTS

AUTHORITY: DEPARTMENT OF FINANCE
 TREASURY BOARD SECRETARIAT

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13.08 CONDITIONAL GRANTS AND FUNDING AGREEMENTS

(1) PURPOSE

The purpose of this policy is to set out Government's policy, procedures and guidelines and to provide direction on conditional grants and funding agreements.

It is intended that the direction and guidelines set out in this policy will assist managers in ensuring that grant programs are managed efficiently and cost-effectively, within an appropriate accountability framework.

(2) APPLICATION

The application of this policy is referenced to the schedules of the *Financial Administration Act* (FAA) and applies as follows:

- Schedule "A" - Departments except the Legislative Assembly
- Schedule "B" - Crown corporations
- Schedule "C" - Education Authorities
- Schedule "D" - Commissions

except to the extent that their enabling legislation may incorporate alternate requirements such as Ministerial or Board Authority.

While this policy **does not apply** to the Legislative Assembly or to Reporting Entities subject to alternate legislation, the **spirit and intent** of the policy should serve as a **guideline** for these entities in developing their own policies. Reporting Entities that develop policies differing from Treasury Board policy require approval of Treasury Board.

(3) DEFINITIONS

For the purposes of this policy and procedure, the definitions and interpretations included in Section 13.01 of the Treasury Board Policy and Procedures Manual shall apply. Section 13.01(3)(e) defines "Conditional Grants" as:

"payments made to a recipient for which Government receives no goods or services but stipulate that certain conditions must be met by the recipient. Such payments are subject to audit and in some cases, subject to program criteria and guidelines."

Conditional grants include operational grants that are usually provided to support groups that are delivering services that otherwise would normally be delivered by Government itself.

Conditional grants are usually offered to groups and individuals to:

- assist individuals;
- provide economic stimulus in certain industries; or
- promote initiatives in the public interest.

(4) BUDGETARY CONSIDERATIONS

Departments are responsible to ensure that they have funding within their appropriation to cover grant programs. The criteria for a grant program, including funding limits, will normally be approved by Treasury Board or Executive Council at the time the program is established or changed. Approval of individual grants will be required if they exceed program guidelines. When funding is required beyond a department's appropriation (i.e. Special Warrant), approval by Treasury Board/Executive Council is required.

(5) FINANCIAL MANAGEMENT ACCOUNTABILITY

The Deputy Head of a department is accountable for:

- (a) Program Proposal:
Determining the reasons why Government should become involved in providing the conditional grant and obtaining Government approval to proceed with the program.
- (b) Determining Goals and Objectives:
Ensuring that Government's goals and objectives are clearly stated for conditional grants.
- (c) Establishing Performance Criteria:
Ensuring that measurable performance indicators and expectations for all conditional grant programs are established and including such criteria and timing of evaluation work in Treasury Board program submissions or as otherwise requested by Treasury Board.
- (d) Directing Grant Program Administration:
Making organizational and resource provisions for appropriate administration and accountability with the conditional grant recipient and evaluation.

(6) IMPLEMENTATION/ADMINISTRATION

The intent of this policy is to outline issues that should be addressed with respect to the provision of conditional grants and funding agreements. The amount and type of grant will dictate the level of detail and accountability that will be required and should be determined on a case-by-case basis.

Program information should normally address, but not be limited to, the following points:

- (a) What are the program goals and objectives?
- (b) What are the expected results of the organization in order to achieve the program objectives?
- (c) What is the percentage contribution and range of funding to be provided?
- (d) What is required in applications and proposals with respect to eligibility, project description, amount of funding and expected results?

- (e) What is the approval process?
- (f) What direct involvement or control of the project is to be undertaken by the department?
- (g) What terms and conditions for funding are required?
- (h) During the term of the funding agreement, how will monitoring of performance and evaluation be done?
- (i) How will the performance against stated objectives be measured?
- (j) If expected results are not being achieved, what corrective action will be taken?

The funding agreement should also address the above issues.

(7) FUNDING AGREEMENT CHECKLIST

The funding agreement should follow the guidelines and format outlined in Attachments 13.07-I and 13.07-II. The following issues should be addressed where applicable:

- (a) clear statement of work;
- (b) amount, terms and timing of payment(s);
- (c) employer/employee relationship determination;
- (d) general administration: proper records, compliance with legislation, reporting requirements, termination clauses, confidentiality, accountability framework and availability for audit; and
- (e) save harmless and insurance requirements (for assistance, see Attachment 13.07-I Sections 18 and 19 or contact the Risk Management and Insurance section of the Treasury Board Secretariat).

The recipient of Government funding should be required to sign the agreement as evidence of their agreement with the terms and conditions.

(8) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board, or their delegated officer, who will make the interpretation or refer the matter to Treasury Board, if a Board decision is deemed necessary.