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2017 Persons with Developmental Disabilities Contract Template

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Module 1: Introduction and Overview

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Purpose and Objectives

Session Purpose:

- Provide detailed information about the new PDD Contract Template

By the end of this session, participants will:

- Understand key concepts and provisions in the new PDD Contract
- Receive answers to questions about how new provisions will be applied
- Be informed about next steps
- Know where to find more information or direct questions

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History and Context Setting

How did we get here?

- March 2016: Human Services introduced suite of new contract templates
- New PDD contract template deferred to April 1, 2017
- May 2016: PDD Contract Template Committee established
- November 2016: Committee completed negotiations
- January 2017: Human Services Minister approved new template

Rationale for Change

- Alignment with Human Services new suite of common templates
 - Unified Ministry approach
 - Addressing feedback from service providers
- Alignment with Government of Alberta standards
 - Accountability and transparency for public funds
 - Ensure government's ethical obligations to clients are met
 - Legislative requirements

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Key Concepts

The New PDD Contract Template: A Balancing Exercise

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Regional Information Session Agenda

Item	Approximate Time
Module 1: Introduction and Overview - Opening Comments by Regional Leadership - Session Objectives, Context-Setting, Agenda Overview	9:10 – 9:45 a.m.
Module 2: 2017 PDD Contract Template: At-a-Glance - Section-by-section overview of the template, Highlight key provisions and changes - End with Question & Answer period	9:45 – 11:15 a.m.
Module 3: Payment and Finance - Detailed review of Articles 6 & 7 (Funding Categories, Re-allocation, Surplus)	11:15 a.m. – 12:00 p.m.
Break for Lunch	12:00 – 1:00 p.m.
Module 3: Payment and Finance (continued) - Detailed review of Schedule B (Financial Reporting, Eligible & Ineligible Expenditures) - End with Question & Answer period	1:00 – 2:00 p.m.
Module 4: Outcomes Performance reporting - Review new Performance Management Framework - End with Question & Answer period	2:00 – 2:45 p.m.
Module 5: Next Steps and Wrap-up	2:45 – 3:30 p.m.

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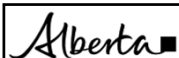
Questions?

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Module 2: 2017 PDD Contract Template At A Glance

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Key Definitions

- **Affiliate**
 - Additional clarity that in the context of the Contract, Contractors are collecting and using Client Personal Information on behalf of the Province pursuant to FOIP
- **Service Request**
 - The Province will issue Service Requests to Contractors/Qualified Service Providers outlining a Service Delivery Region's desired Services
- **Surplus**
 - Additional clarity that at the end of a Contract, remaining funds not expended pursuant to the Contract would be considered surplus

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Term of the Contract

- **Article 2: Term of Contract**
 - The length of the Contract between the Qualified Service Provider (QSP) and the Province.
 - The Province wishes to move to multi-year agreements with QSPs to ensure continuity of care for Clients and provide contract security for QSPs.
 - Expect the majority of contracts will be for three years, expiring March 31, 2020.

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Performance of Services

- **Article 3: Performance of Services**

Sets out the basic obligations of the parties regarding how Services are to be provided, including requirements for assessing, reporting on and mitigating risk for Clients.

- The Contractor will advise the Province:
 - of any changes in the Contractor's corporate status;
 - if any Client is removed from the Program;
 - of any occurrence that could result in significant risk of physical or mental harm to a Client.
- Criminal Record checks, including vulnerable sector check, initially upon employment and every three years for those who provide direct Services to Clients
 - Where the results of any Criminal Record Checks indicate potential risks, reasonable precautions will be put in place

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Minimum Standards, Certification, Accreditation

- **Article 4: Minimum Standards & Certification or Accreditation**

- Sets out the minimum requirements a Contractor must meet to provide the Services outlined in the Contract
- The Province will provide a copy of any Standards applicable to the particular Services in question
- Any applicable Standards will be set out in Schedules to the Contract
- The parties agree to work together to meet the Standards set out in the Contract and when those Standards can't be met, how the parties can work together to re-establish compliance

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Audit

- Article 5: Program and Services Audit
 - To ensure Clients are receiving appropriate Services, the Province may request a review, evaluation or audit of the Program and Services
 - In practice, this is a mechanism for collaborative review, development of recommendations and action plans to address areas for improvement
 - A formal process relating to an Article 5.1 Review will be put in place to ensure consistency in practice among the Regions.
 - The parties agree to make best efforts to carry out any reasonable recommendations arising out of a Article 5.1 Review

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Payment & Finance

- Article 6: Payment and Finance
 - Advance Funds may be provided (not to exceed the amount payable for a 2 month period)
 - Payments are divided into three distinct components: Direct Service Costs, Indirect Service Costs and Ancillary Program Costs
 - Front line (Direct Service) funding remains a function of Individual Referral Confirmations
 - Monthly allocations for the three categories is preserved
 - Eligible and ineligible expenditures are set out
 - Timelines for submitting, approving and paying invoices
 - After expiry of the Contract, the Province may request that any Surplus be returned

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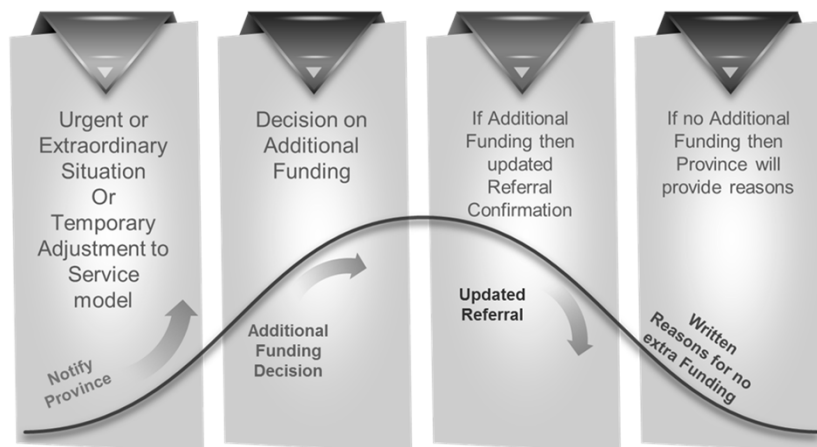
Payment & Finance

- Article 6.8: Re-payment or Re-execution of Services
 - If it is determined that a Client has not received substantive Services and service outcomes have not been met, the Province may require repayment depending on the circumstances of the situation

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Payment & Finance

- In urgent or extraordinary situations or where a temporary adjustment to a Service model is required:



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Records & Reporting

- Article 7: Records and Reporting
 - There are two pieces to Reporting: Financial and Service Reporting
 - Both are set out in the Schedules of the Contract with Financial Reporting tied to the funding budget categories and Service Reporting tied to historical outcomes based PMF reporting
 - The Schedules set out particular reporting obligations both financial and Service related

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Records & Reporting

- Financial Records have to be retained for 10 years
- An Auditor's Report has to be provided within 90 days of termination or expiry of the Contract.
- Annual Consolidated Financial Statements are required within 90 days of the Contractor's fiscal year end
- The Province may request an independently audited financial statement or Auditor's Report at any time during the Term. The parties agree to work together on establishing the costs for this requested audit and the Province agrees to pay for the audited statement or report.

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Original Notes

- Article 8: Original Notes
 - In order for the Province to meet its obligation to Clients there are instances where the Province may need to review the Contractor's Original Notes
 - Contractors should retain Original Notes as set out in the Contract or as otherwise directed by the Province acting reasonably.
 - Schedule D allows for Contractor to request copies of Original Notes.

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Non-Assignability & Subcontracting

- Article 9: Non-Assignability & Subcontracting
 - As per historical practice, the Contractor may subcontract the Services without prior approval
 - Intent to subcontract any of the Services should be noted by the Contractor in Schedule A
 - If the Contractor does retain any subcontractors, the Contractor remains responsible for the provision of Services, the performance of the Contract and the remuneration for any subcontractors

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Key Positions

- Article 10: Key Positions
 - In instances where specific positions are required to provide the Services, these positions may be identified in the Contract.
 - When these positions are identified in Schedule A (not usual course), replacement of these positions requires agreement between the parties.

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Compliance

- Article 11: Compliance
 - The Contractor has to comply with all laws that may apply in the performance of Services under the Contract with the Province.

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Material Ownership

- Article 12: Material Ownership
 - Where part of the funding provided by the Province goes to specific deliverables or Intellectual Property, those Materials would belong to the Province.
 - The parties agree that when there are Materials in a Contract that the Province intends to own, these Materials will be outlined in Schedule A.
 - Materials previously owned by either the Contractor or the Province or a third party remain the property of the original owner
 - The Contractor agrees that In order to ensure the Province retains ownership of Materials paid for, all competing rights for those Materials are removed.

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Non-Disclosure

- Article 13: Non-Disclosure of Information
 - Confidential information shared between the parties in performing the Services should stay confidential
 - Information that is obtained, generated, provided or collected by the Contractor in the performance of the Services should not be disclosed without the Province's approval

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Freedom of Information and Protection of Privacy

- Article 14: Freedom of Information & Protection of Privacy
 - Contractors are collecting and using Client Personal Information on behalf of the Province pursuant to FOIP
 - Independent of the Contract, FOIP does not apply to private businesses, non-profit organizations or professional regulatory organizations operating in Alberta
 - The Personal Information collected by the Contractor under the Contract is essentially being collected by the Province
 - To ensure the Province retains safeguards around this Personal Information, the Contractor must also uphold certain requirements respecting this information when the information is in the hands of the Contractor

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Indemnity & Liability

- Article 15: Indemnity & Liability
 - Each party agrees to indemnify the other for their own breach of Contract or their negligence or willful misconduct
 - The Contractor also indemnifies the Province in relation to damage to the Province's property caused by the Contractor's negligence or willful misconduct.

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Insurance

- Article 16: Insurance
 - General Liability Insurance of 2 million
 - Automobile insurance of 2 million
 - Malpractice and/or Errors and Omissions insurance of 1 million
 - WCB coverage or if no WCB then equivalent insurance with a limit of not less than 1 million per occurrence during the Term

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Relationship of Parties

- Article 17: Relationship of Parties
 - The Contractor is an independent Contractor
 - A Contract stands on its own for its Term. It is not a continuing relationship.

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Notices

- **Article 18: Notices**
 - Any notice to be made under the Contract should be to the contact particulars set out in this Article.
 - This is distinct from the day to day contact between the parties in relation to the provision of Services (Parties Representatives).
 - Notices are formal written communications between the parties with respect to the Contract. For example, in communicating a breach of the Contract or a request to terminate a Contract.
 - This provision works in conjunction with other provisions of the Contract which stipulate circumstances when notice is required. For example, notice for changes in corporate status, amended Standards, withholding payments, or a request for disclosure of Personal Information.

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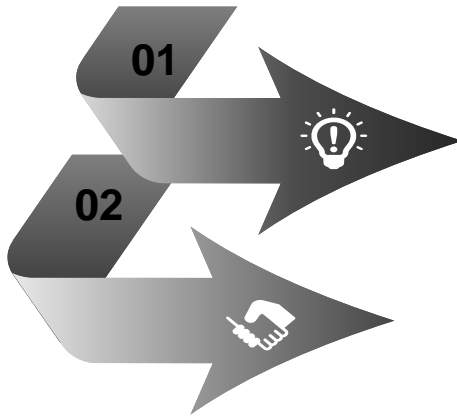
Termination

- **Article 19: Termination**
 - Either party can terminate without cause on 90 days notice
 - The Contract can also be terminated at any time by mutual agreement
 - The Contract can also be terminated if certain requirements in the Contract are not upheld by the Contractor
 - If the care, safety or health of any Client is at risk the Contract may also be suspended
 - The Contract may also be suspended for failure to report on the use of funding or the provision of Services as set out in the Contract

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Termination

- In the event of termination, in order to address continuity of care for the Client:



Consultation Plan

Prior to expiry or termination, the Contractor, in Consultation with the Province, will develop a Transition Assistance Plan for affected Clients.

Contractor Collaboration

For a period of 3 months or as otherwise agreed, the Contractor will answer questions from any Alternate service provider regarding the Program or Services.

Safety & Security

- Article 20: Safety & Security
 - When the Contractor is using any of the Province's buildings, premises, equipment, hardware or software, it will comply with all associated safety and security requirements



Parties' Representatives

- Article 21: Parties' Representatives
 - Day to Day communications between the parties in relation to the provision of Services under the Contract.
 - Not a substitute for formal notice as stipulated in the Contract but informal collaboration between the parties in meeting the service needs of Clients.

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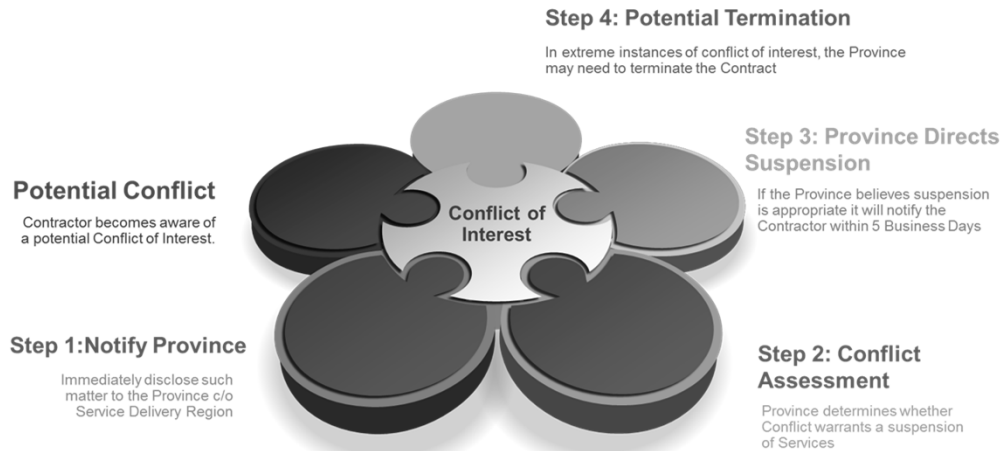
Conflict of Interest

- Article 22: Conflict of Interest
 - Contractor should avoid any conflict of interest in providing Services under the Contract. The Contractors need to use their own recognizance on whether they believe a conflict exists
 - For clarity, the concept of "private interest" has retained its historical definition as set out in policy
 - Contractor should consult with its legal counsel over any obligations with respect to the Lobbyist Act or other applicable laws.

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Conflict of Interest

In the event the Contractor becomes aware of any matter that causes or is likely to cause a conflict of interest:



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Survival of Terms

- Article 23: Survival of Terms
 - In the event the Contract is either terminated or expires, there are certain provisions that continue to apply
 - Those Articles which by their nature continue will continue after the Contract is completed. Certain specific Articles are highlighted for clarity

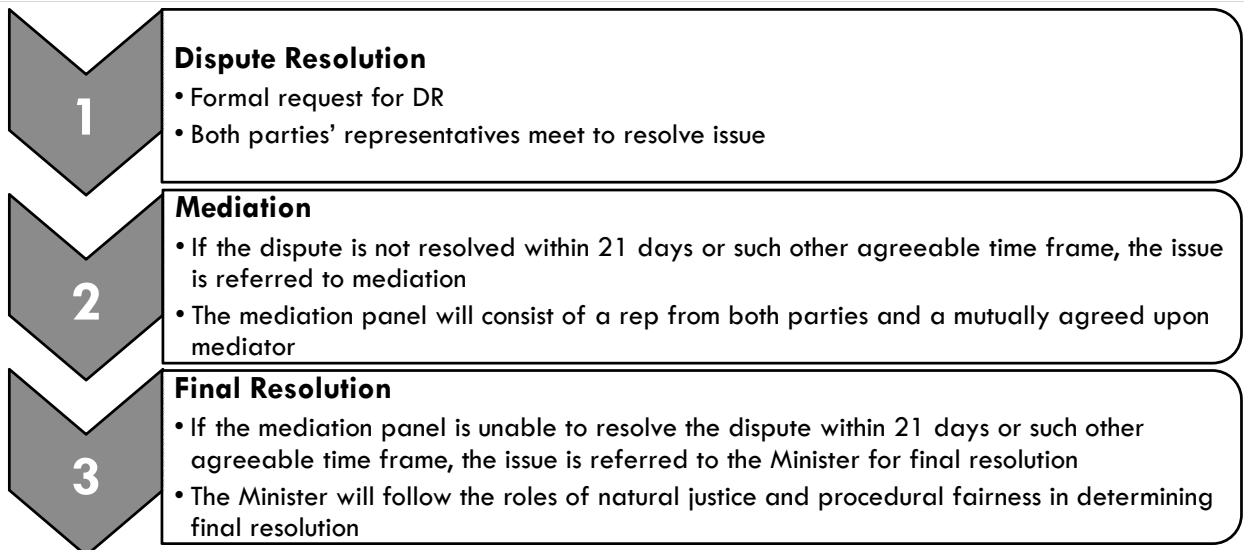
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Dispute Resolution

- Article 24: Dispute Resolution
 - In the event an issues cannot be resolved by the parties' representatives there may be a need to escalate the matter for resolution
 - At all times the parties agree to make bona fide efforts to resolve any dispute by good faith negotiations

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Dispute Resolution



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Questions?

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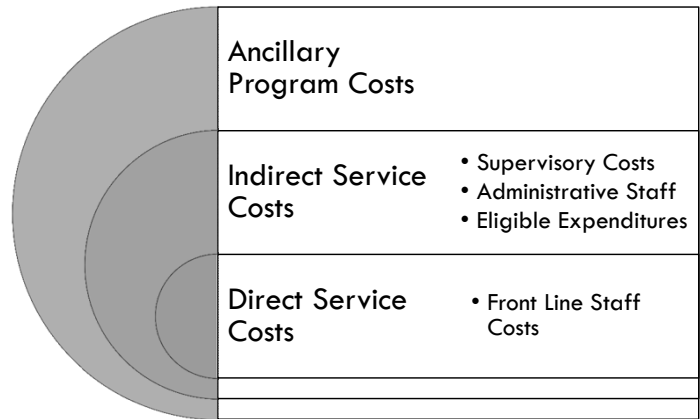
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Module 3: Payment & Finance

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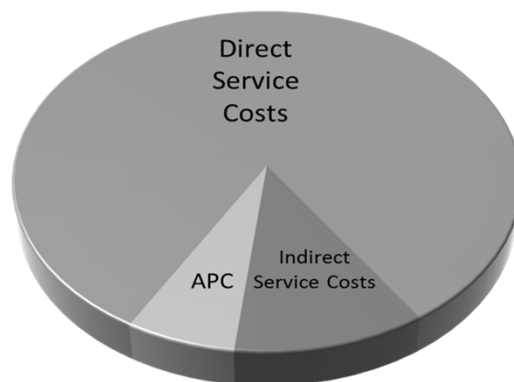
Payment & Finance

- As noted, Contract Funding is broken into three distinct components as set out in Schedule B:

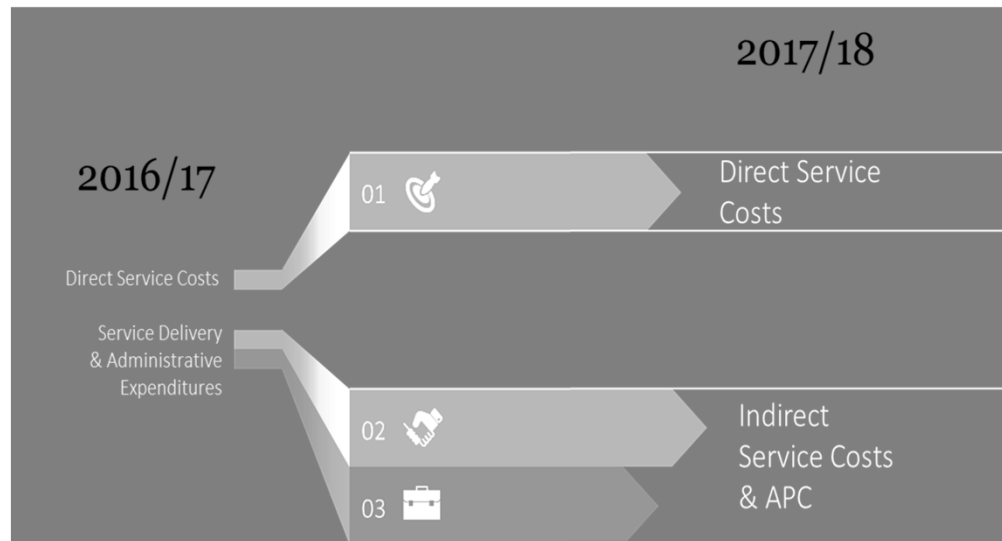


Payment & Finance

Total Contract Funding



Payment & Finance



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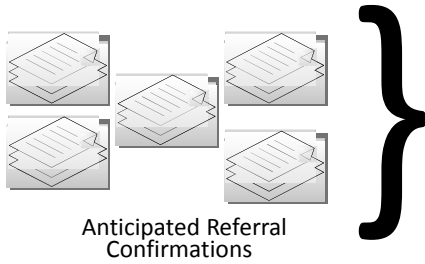
Direct Service Costs

Direct Service Costs

- This portion of the funding is targeted to the provision of direct Services to Clients
- Total Direct Service Costs as set out in Schedule B, reflect the maximum funding available under the Contract for the provision of direct client services which are payable as a function of Referral Confirmations

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Direct Service Costs



Anticipated Referral Confirmations

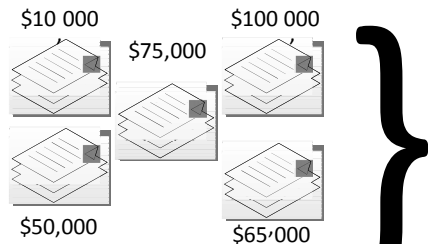
- The sum of the anticipated Referral Confirmations for a Contractor becomes the projected total for the Total Direct Service Costs
- This same projected total is the amount set out in the Service Request sent to the QSP from the Service Delivery Region

This amount forms the basis for the value of Category 1

Category	Description	Value
1	TOTAL DIRECT SERVICE COSTS: Front Line Staff Costs (currently direct delivery costs)	\$ [Up to \$ for Term of Contract]

Direct Service Costs

For Example:



Anticipated Referral Confirmations

- The sum of the anticipated Referral Confirmations for a Contractor becomes the projected total for the Total Direct Service Costs
- This same projected total, is the amount set out in the Service Request sent to the QSP from the Service Delivery Region

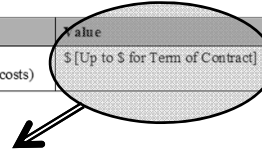
Category	Description	Value
1	TOTAL DIRECT SERVICE COSTS: Front Line Staff Costs (currently direct delivery costs)	\$ 300,000



Direct Service Costs

- In addition to payments for direct client services, the Contractor receives funding for costs that are tangential or related to the provision of direct services (Indirect Service Costs) and for ancillary costs related to the operation of the Program by the Contractor (Ancillary Program Costs)
- The funding for these other two components of payment are reflective of the initial Total Direct Service Costs:

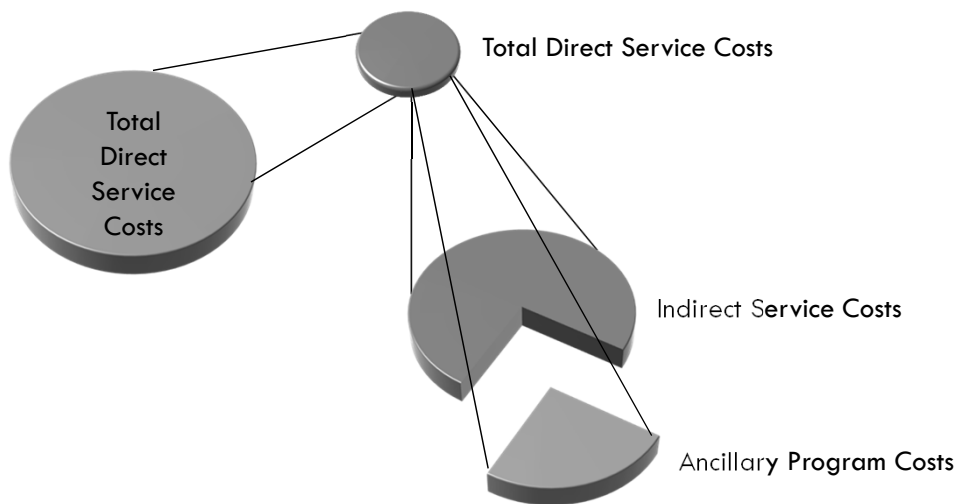
Category	Description	Value
1	TOTAL DIRECT SERVICE COSTS: Front Line Staff Costs (currently direct delivery costs)	\$ [Up to \$ for Term of Contract]



- The QSP and the Service Delivery Region will identify a lump sum that is a reflection of the initial Total Direct Service Costs. This lump sum will be allocated between Indirect Service Costs and APC.
- The lump sum allocation will be based on historical SDR practice for funding direct versus indirect expense. In other words, the current contract value is not increasing, rather the current Service Delivery and Administration Expenditures are being reallocated towards Indirect Service Costs and APC budget categories.
- An estimate of this lump sum allocation will also be set out in the Service Request.

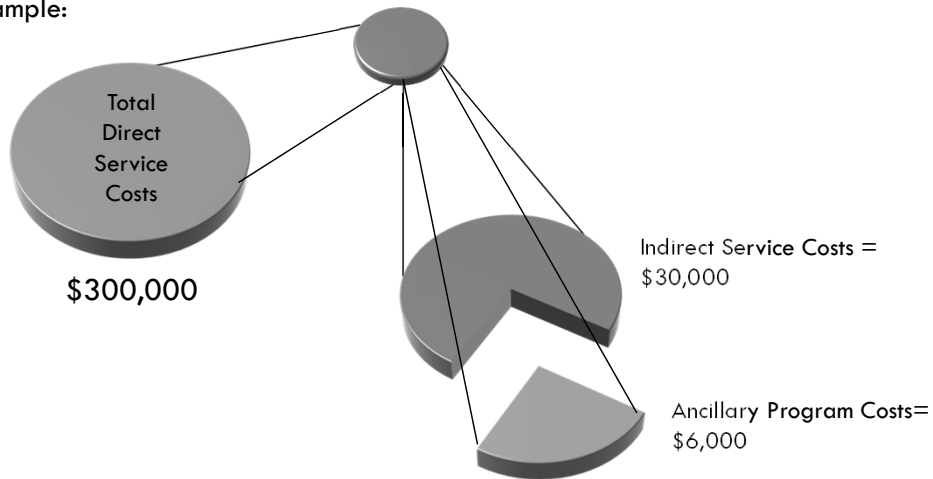


Direct Service Costs



Direct Service Costs

For Example:



Total Contract Funding = \$336,000

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Indirect Service Costs

Indirect Service Costs

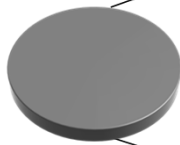
- In addition to funding for direct client services, the Contractor receives funding for Indirect costs that are tangential or directly related to the provision of direct services

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Indirect Service Costs

- Indirect Service Costs capture much of the historical expenditures from the previous PDD contract
- Supervisory Costs, Administrative Staff Costs and Eligible Operating and Capital Expenditures are captured under this component of funding
- Schedule B includes guidelines to facilitate determining which category a historical expenditure would now fall under (Front line, Supervisory or Administrative Staff)
- Eligible Expenditures under this component of funding is also captured in Schedule B
- At the beginning of the Term, projected budgets for each category under Indirect Service Costs would be populated. These are subject to change and reallocation throughout the Term as discussed more fully later in this module



Category	Description	Value
2	Supervisory Costs <i>(Portion of current Service Delivery Costs related to manpower)</i>	\$ [Up to \$ for Term of Contract]
3	Administrative Staff <i>(Portion of current Administration costs related to manpower)</i>	\$[Up to \$ for Term of Contract]
4	Expenditures <i>(Portion of current Service Delivery and Administration that is not related to manpower, but are considered eligible expenditures)</i>	
	Eligible Operating Expenditures	\$[Up to \$ for Term of Contract]
	Eligible Capital Expenditures	\$[Up to \$ for Term of Contract]
TOTAL INDIRECT SERVICE COSTS:		\$ [Up to \$ for Term of Contract]



Eligible Expenditures

Eligible Expenditures

- Section 3 of Schedule B provides greater clarity on what is and what wouldn't be considered an Eligible Expense
- The list is not exhaustive as certain unlisted expenses may warrant discussion with the Service Delivery Region
- As an overarching rule: **Any claimed expenditures should be proportionate to funding provided under the Contract against other funding received by the Contractor, unless the expenditure is specific only to funding under the Contract**

ELIGIBLE OPERATING EXPENDITURES		
Expenditure	Description	Eligibility
Accreditation	Costs related to mandatory accreditation of the agency by an accrediting body approved by the Province.	Eligible
Audit or Review	Costs related to auditing or reviewing of financial statements by a professional independent accountant.	Eligible
Business travel and accommodation	Contractor Staff travel and accommodation costs while travelling in the performance of Services not to exceed standard Government of Alberta rates.	Eligible
Communications	Communication expenses related to communicating with Clients, community members, partners and other stakeholders.	Eligible
Amortization/ Depreciation expense	Amortization/Depreciation expenses calculated as per the Service Provider's accounting policy. Eligible depreciation expense is related to assets that are used in direct services or are required for the indirect support of the organization on a pro rata basis, for asset costs not otherwise recovered or considered ineligible.	Eligible
Evaluation	Costs related to overall evaluation of the Contract and other related activities, including program and service performance measurement activities.	Eligible
Information technology \$1,000 and greater	Charges for the operating use (i.e., amortization/depreciation, lease payments, licensing and maintenance) for information technology assets (whether hardware or software) that are directly related to and used to support services under the Contract. The amortization or depreciation period would be based upon the asset's useful life, but will not be less than 3 years to be consistent with Government of Alberta capitalization policies, and is applicable for individual assets in excess of \$1,000.	Eligible
Information technology under \$1,000	Acquisition of information on technology assets under \$1,000	Eligible
Insurance	Costs related to insurance requirements under Article 16.	Eligible
Organizational designation/certification	Costs related to membership, designation and/or certification of the Contractor at the organization level.	Eligible
Other overhead costs	Pro rata share of the Contractor's unrecovered costs that are required for business purposes in support of services provided under the Contract. The calculation of overhead costs will exclude any costs otherwise considered ineligible. Pro rata refer to the business activity of the contract as portion of the Contractor's total business activities.	Eligible
Phone equipment	Contractor facility telephone equipment for land lines and monthly charges.	Eligible
	Provision of cellular, other smart phones, tablets, and similar equipment and/or usage charges.	Eligible



Eligible Expenditures - Highlights

Subject to the established Eligible Operating Expenditure Budget:

- Information Technology under \$1000, is not considered a capital expense but can be claimed as an Information technology eligible operating expense
- An Amortization/Depreciation expense is added for assets that are used in direct services or are required for the indirect support of the organization
- Unless otherwise stipulated as ineligible, Pro rata shares of the Contractor's unrecovered costs that are required for business purposes in support of Services provided under the Contract are eligible as 'Other Overhead Costs'
- Rent, lease or mortgage interest costs of Contractor facilities approved by the Province for providing Services (e.g., offices, facilities, client residences) are also eligible.

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Eligible Capital Expenditures

Eligible Capital Expenditures:

- Consistent with government practice, capital assets are typically not paid outright but rather are amortized/depreciated as a capital operating expense. This expense may be claimed for the Term of the Contract
- Amortization is paying of the expense with a fixed repayment schedule in regular installments over a period of time (typically over the asset's useful life)
- Using an Amortization/Depreciation approach ensures that proposed capital expenditures are directly tied to Services for Clients under the Contract or are required for the indirect support of the organization in providing Services
- In the Contract, the only exceptions are office equipment and furnishings and upgrades to physical infrastructure that have been approved by the Province

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Ancillary Program Costs (APC)

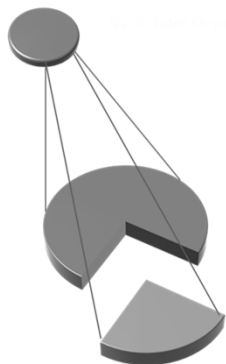
Ancillary Program Costs (APC):

- This portion of the funding is targeted towards organizational support for the Contractor in being able to carry out the Program
- Unlike Indirect Costs, they are not as linearly connected to the provision of direct services but they are costs incurred in order to enable the Contractor to operate and carry out the Program



Eligible Ancillary Program Costs (APC)

- Initial funding can be directed to the APC category budget from the lump sum allocation that is representative of the Total Direct Service Costs
- As discussed later, positive variances in Direct or Indirect Service Costs can also be reallocated to APC on approval of the Service Delivery Region

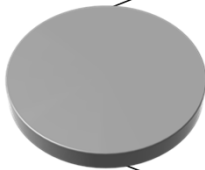


Category	Description	Value
5	TOTAL ANCILLARY PROGRAM COSTS:	\$ [[Up to \$ for Term of Contract]

Ancillary Program Costs

Eligible Ancillary Program Costs (APC)

- Section 3 of Schedule B provides clarity on what would be considered eligible for APC
- The list is not exhaustive as certain unlisted expenses may warrant discussion with the Service Delivery Region



ELIGIBLE ANCILLARY PROGRAM COSTS		
Expenditure	Description	Eligibility
Bonus/Incentives	Bonuses and other financial incentives for front-line, administrative and supervisory staff.	Eligible
Out of country business travel and accommodation	Expenses for out of country travel and accommodation for staff training and education related to Services in the Contract.	Eligible
Contingency reserves and budgeting	Contingency budget for unforeseen eventualities and reserves during the term of the Contract for potential termination of the Contract.	Eligible
Social Events	Hosting of social events for holiday season and staff awards and recognition, including the purchase of gifts for wishing seasonal greeting and staff member recognition gifts and plaques. Allowable annual amount not to exceed \$40 staff person year.	Eligible
Exterior Furnishing	Acquisition or development of exterior furnishings such as decks, benches, lawn chairs, etc.	Eligible
Non-essential non-capital assets	Purchase or development of non-essential non-capital assets such as gardens, works of art, and decorations.	Eligible

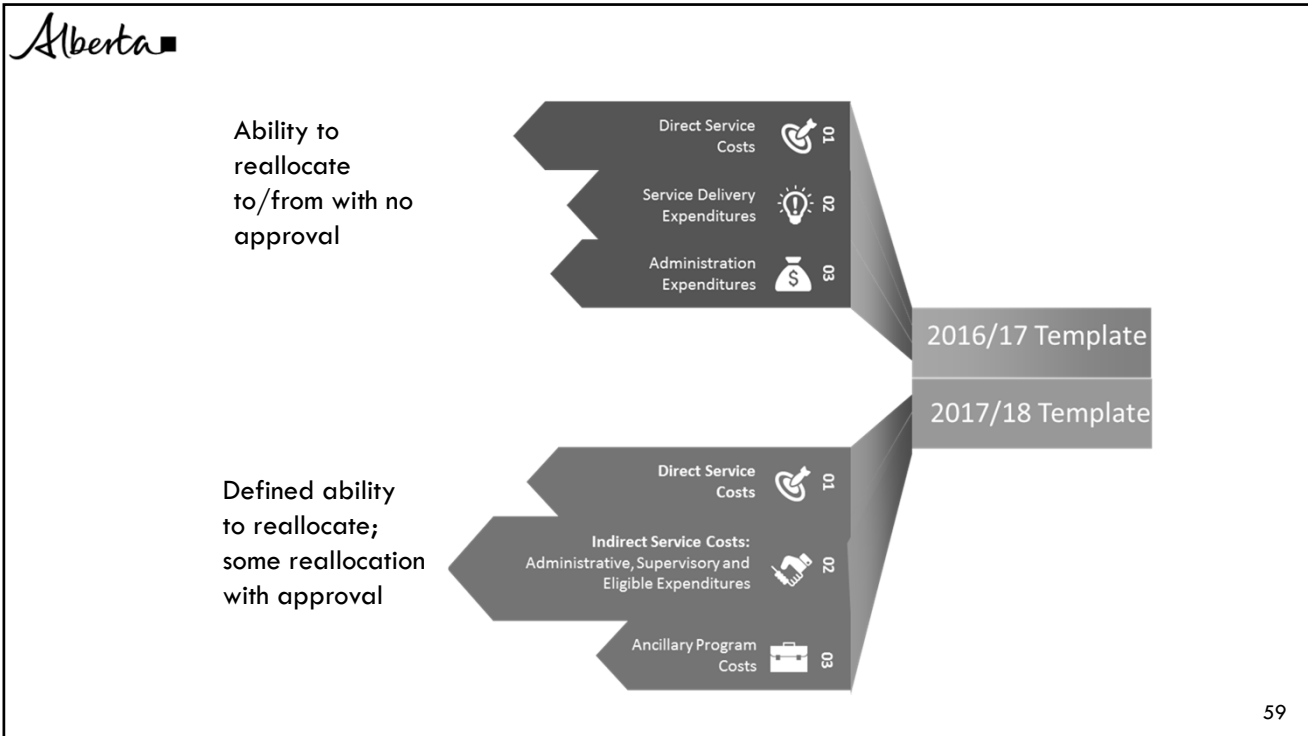
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Ineligible Expenses

- Some expenditures are not eligible as either Indirect expenses or APC costs and will not be paid for by the Province under this Contract
- These are highlighted in Section 3 of Schedule B

Expenditures	Description	Eligibility
Alcohol	Purchases of any type of alcoholic drinks for any occasion.	Ineligible
Capital Purchases	As per Government of Alberta policy, purchase and/or acquisition of capital assets are ineligible. Refer to <i>Eligible Operating Expenses, Depreciation Expenses/Information Technology \$1,000 and greater.</i>	Ineligible
Finance Charges	Payment of interest on loans and bank overdrafts for Capital expenses other than those stipulated as eligible under ' <i>Eligible Capital Expenses</i> '.	Ineligible
Grants and Donations	Making of grants and donations to anyone, including individuals, not-for-profit corporations and municipal governments; and purchasing tickets for fundraising events.	Ineligible
Penalties and Fines	Payments of fines and penalties unless approved by the Province prior to the payment.	Ineligible
New Major Physical Infrastructure	New facility construction. Note: depreciation/ amortization and mortgage interest expenses are eligible. Refer to <i>Eligible Rent, Lease or Mortgage Interest Costs</i>	Ineligible
Training and Professional development for sub-contractors	Training and professional development costs for subcontractors (excluding support home operators).	Ineligible
Unexpended contingency funding and reserves	Contingency funding and reserves not expended during Term of the Contract. This will be treated as Surplus.	Ineligible

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Reallocation of Funding

Reallocation of Funding

- The Contract provides flexibility to move money between certain categories without approval provided the amount does not exceed certain thresholds
- For certain categories, approval for reallocation from the Service Delivery Region is required

- 1 Reallocation without Approval
- 2 Reallocation of Capital Expenditures
- 3 Reallocation into APC

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Reallocation of Funding

- Throughout the Term of the Contract, the Contractor may determine that the budgeted amounts for a particular budget category does not match the actual needs of the Program.
- The budget category may either be overstated or understated in relation to the actual Services need.
- The amount of this overstatement or understatement would be considered a positive or negative variance respectively
- Variances in budget categories can be reallocated as outlined in the Contract

Lets walk through an example for illustration purposes:

Step 1: Total Direct Services Costs

Category	Description	Value
1	TOTAL DIRECT SERVICE COSTS: Front Line Staff Costs (currently direct delivery costs)	\$ 300,000

Sum of anticipated Referral Confirmations and matches amount set out in Service Request

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Reallocation of Funding

Step 2: Lump Sum Allocation for Indirect and APC

Category	Description	Value
1	TOTAL DIRECT SERVICE COSTS: Front Line Staff Costs (currently direct delivery costs)	\$ 300,000

SDR and Contractor identify this as the lump sum allocation or \$36,000

\$30,000 for Indirect Costs

\$6,000 for APC

Category	Description	Value
2	Supervisory Costs <i>(Portion of current Service Delivery Costs related to manpower)</i>	\$15,000
3	Administrative Staff <i>(Portion of current Administration costs related to manpower)</i>	\$10,000
4	Expenditures <i>(Portion of current Service Delivery and Administration that is not related to manpower, but are considered eligible expenditures)</i>	
	Eligible Operating Expenditures	\$4000
	Eligible Capital Expenditures	\$1000
TOTAL INDIRECT SERVICE COSTS:		\$30,000

Category	Description	Value
5	TOTAL ANCILLARY PROGRAM COSTS:	\$6,000

Budget for the Contract is now set as well as initial values for the budget categories

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Reallocation without Approval

Article 6.11 (a) – Reallocation without Approval

- In the event of variances during the Term, the Contractor may reallocate funds between categories 1,2,3 and 4 (subject to restrictions on capital to be discussed later) without approval as long as the allocation does not exceed 20% of the initial value of the originating category
 - Now lets return to our example,
The Contractor determines that there is a positive variance in relation to Total Direct Service Costs. The amount of this overstatement against Direct Service needs is approximately \$10,000 (remember the most he can reallocate from this category is \$60,000 without approval)



Reallocation without Approval

Category	Description	Value
2	Supervisory Costs <i>(Portion of current Service Delivery Costs related to manpower)</i>	\$17,000 \$15,000
3	Administrative Staff <i>(Portion of current Administration costs related to manpower)</i>	\$16,000 \$10,000
4	Expenditures <i>(Portion of current Service Delivery and Administration that is not related to manpower, but are considered eligible expenditures)</i>	
	Eligible Operating Expenditures	\$6,000 \$4,000
	Eligible Capital Expenditures	\$1000
TOTAL INDIRECT SERVICE COSTS:		\$30,000



Reallocation of Capital Expenditures

Article 6.11 (b) – Reallocation of Capital Expenditures

- If the Contractor wishes to reallocate funds to/from Category 4-Eligible Capital Expenditures or wishes to reallocate funds within Category 4 then:
 - Reallocations involving the Eligible Capital Expenditure Category requires written approval of the Service Delivery Region
- As noted earlier in relation to the Capital Assets, the Province needs to ensure that funding directed towards outright capital is tied to Services for Clients under the Contract hence the requirement for approval in this instance.
- *Alternatively, if the Contractor wishes to reallocate positive variances towards Eligible Operating Expenditures and in particular using the Amortization/Depreciation Expense for a particular capital asset, then this could be done without approval provided the requirements of the expenditure and the rules around allocation are complied with. See the previous example.*

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Reallocation into APC

Article 6.11 (c) – Reallocation into APC

- If the Contractor wishes to reallocate funds into the APC budget Category then approval of the Service Delivery Region should be sought.
- Remember that APC captures Program related costs that are not directly tied to the provision of Services. As such, a discussion between the Region and the Contractor helps the parties understand relevant needs and costs associated with providing Services on an operational footing
- Remember, that allocations into APC can happen during the Term or within 90 days after the Contract expires or is terminated.
- In our example, the Contractor has an initial budget of \$6000 to use towards Ancillary Program Costs.

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Reallocation of Funding

Reallocation of Funding

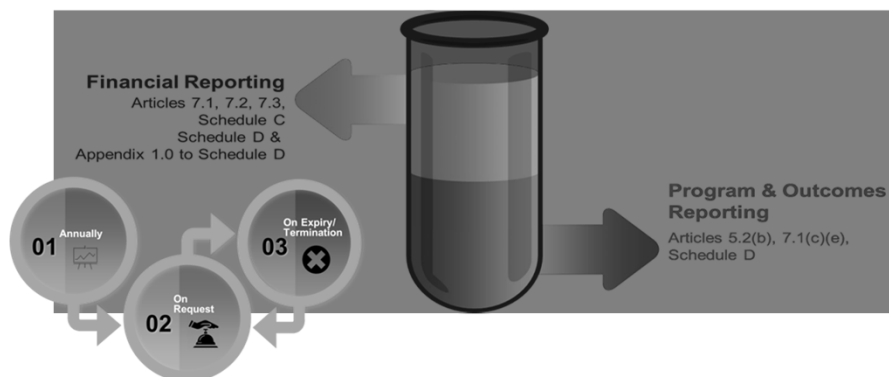
- Provision is made for the Contractor to exceed allocation thresholds provided the Service Delivery Region approves
- Likewise, reallocations are not the only way to alter the Contract budget. Irrespective of reallocation, the parties can agree to amend the Contract to revise Schedule B to fit the changing service needs of Clients and the Program
- If funds are reallocated between categories, the Contractor must provide an updated budget (Schedule B) to reflect the reallocation, at minimum on a quarterly basis.

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Financial Reporting

Financial Reporting

- The Contract provides for two different types of reporting:
 - Financial; and
 - Program & Outcomes reporting (further discussed in another module)

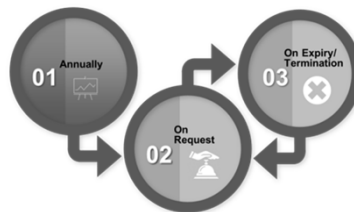


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Financial Reporting - Annually

Financial Reporting - Annually

- On an Annual basis (within 90 days of the Contractor's fiscal year end) the Contractor must provide its latest annual Consolidated Financial Statements to the Region (Article 7.2)
- If these Consolidated Financial Statements are audited, the Contractor will provide the Region with a copy of the Auditor's Report
- On an Annual basis the Contractor must also provide the Service Delivery Region with a completed Financial Reporting Form (Appendix 1.0 to Schedule D)

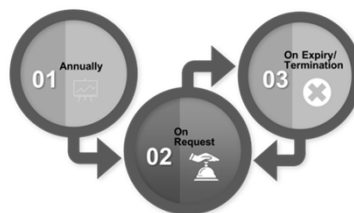


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Financial Reporting – On Request

Financial Reporting - On Request

- On the request of the Region, the Contractor shall provide an independently audited financial statement or Auditor's Report at any time during the Term (Article 7.3)
- The Province will pay the costs of the requested audit up to the maximum agreed upon by the parties

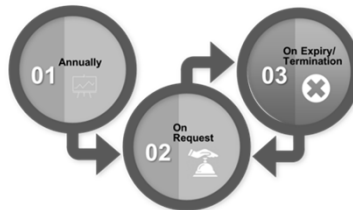


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Financial Reporting – On Expiry or Termination

Financial Reporting - On Expiry or Termination

- Within 90 days after the expiry or termination of a Contract, The Contractor shall provide the Province with an Auditor's Report (Article 7.1(d))

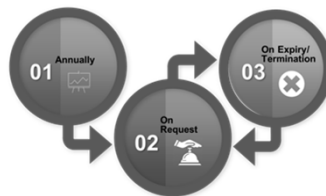


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Financial Reporting - Invoicing

Financial Reporting - Invoicing

- The Contractor will submit completed Invoices (Schedule C) within 25 days of the end of a month
- The Province shall pay the Contractor as soon as possible, not to exceed 15 days of receipt of an approved Invoice
- If an Invoice is not approved, the Province will provide the Contractor with its reasons within 5 Business Days of receipt and the Contractor will have the right to submit a corrected Invoice
- Service Providers are to invoice on a monthly basis based on the agreed upon current active referrals for any given month.



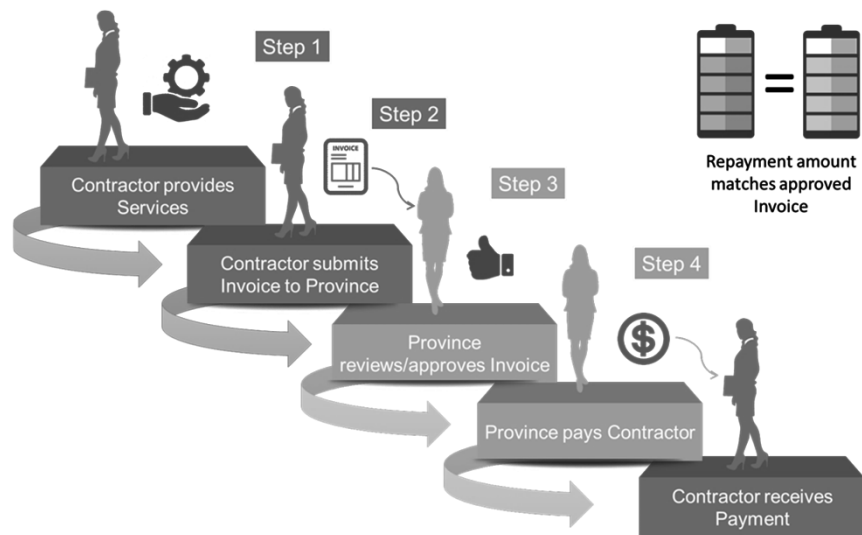
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Surplus

Surplus – Understanding the concept as it relates to Government payments for Services

- The *Financial Administration Act* (FAA) only allows for payment for a good or service IF the goods have been received or the services provided (Section 38(6)(a)(iv))
- At the end of the Term, the total amount provided by the Province is reconciled against the actual expenditures and service costs of the Contractor
- Where the total amount provided exceeds the total amount spent on Services and Expenditures, this is considered surplus and should be returned to the Province

Surplus



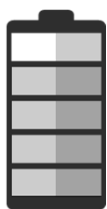
Surplus

If at the end of the Contract:



Services
provided
through the
Term

=



Payments
provided
by the
Province
through the
Term

Then no Surplus
exists and all
funds have been
attributed to
Services
performed



Services
provided
and
Expenses
through the
Term

≠



Payments
provided
by the
Province
through the
Term

Then more money
has been
advanced than
owed for Services
performed. This is
a Surplus as must
be returned

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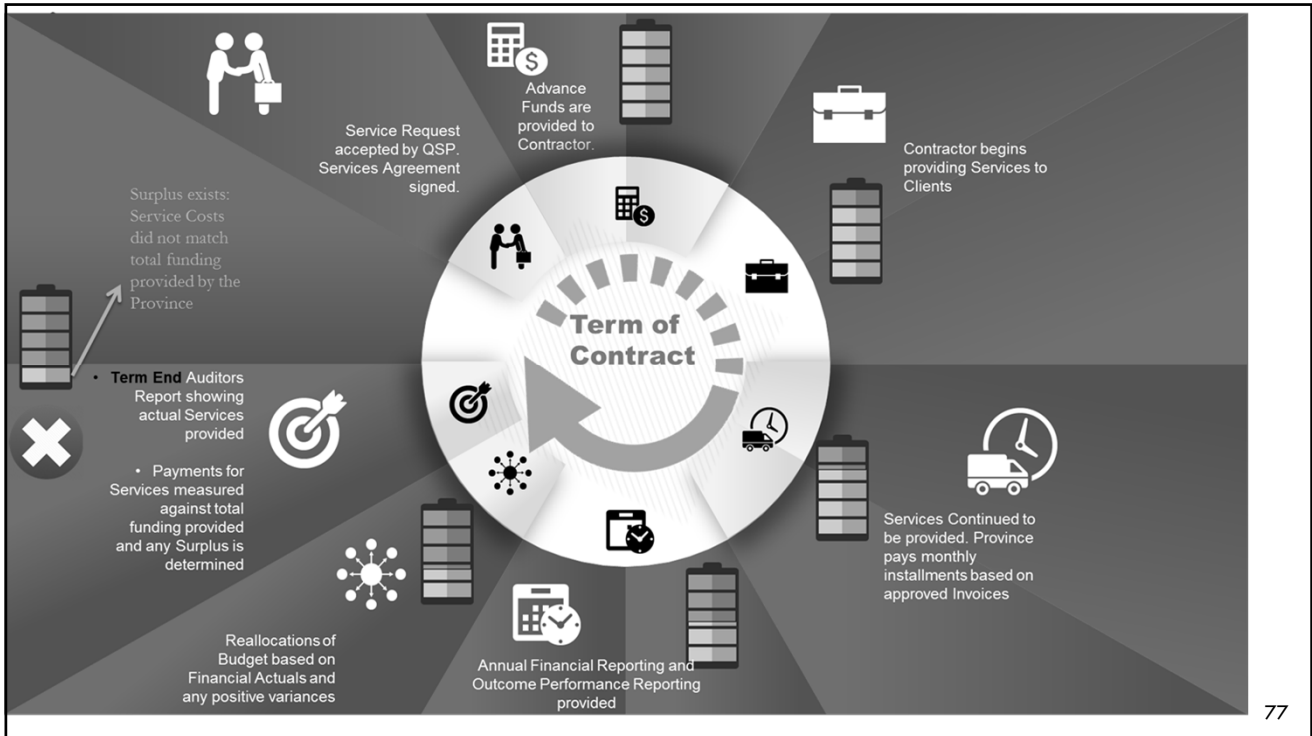
Surplus – PDD Contract Template

Surplus – PDD Contract Template

After expiry of the Contract, if a Surplus is determined, the Contractor has to, upon request, return the Surplus to the Province (Article 6.5)

- In moving to multi-year terms, this means that surplus will only be captured after the term end (e.g. after the third year)
- During the term, including annually, positive variances can be reallocated to other budget categories provided reallocation rules are followed.
- Notwithstanding this, in certain circumstances if funding from Referral Confirmations increases or decreases (# of Clients changes or the associated services for a Client changes) the Referral Confirmations may need to be amended. As a result, the Budget may be amended to reflect the current total direct service needs.

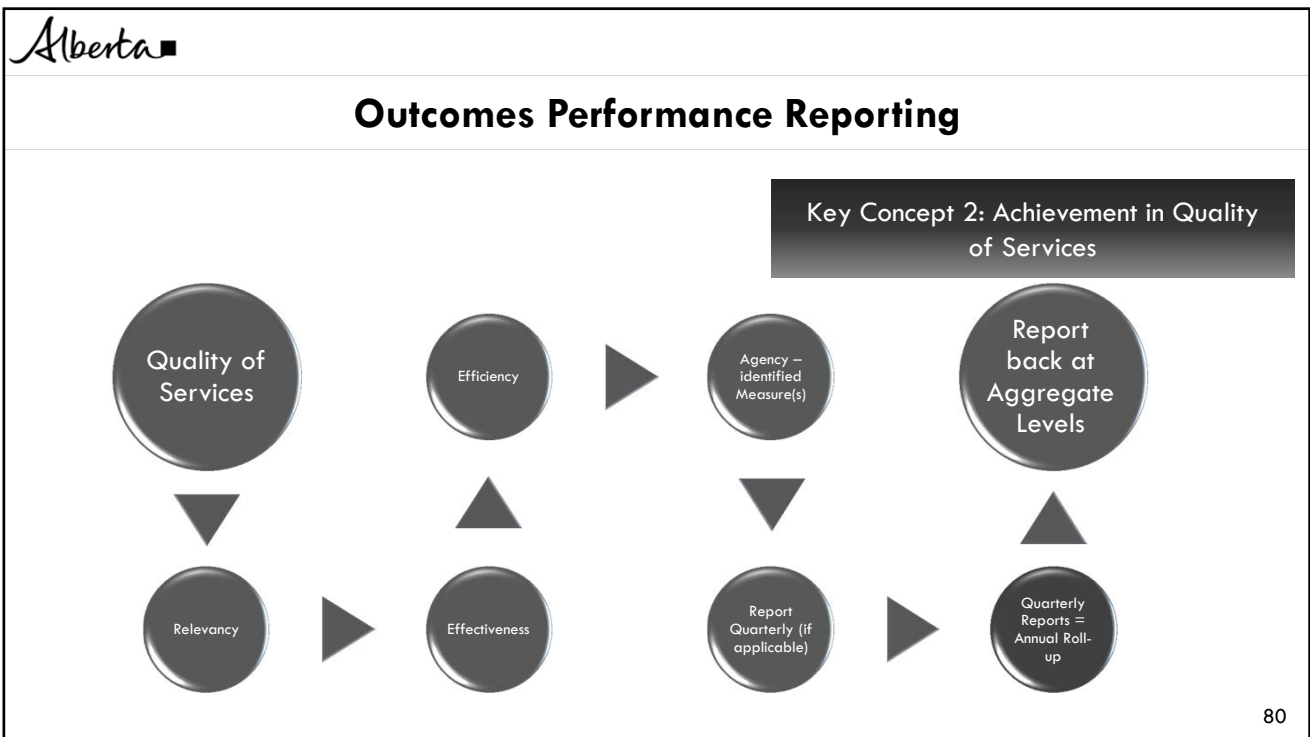
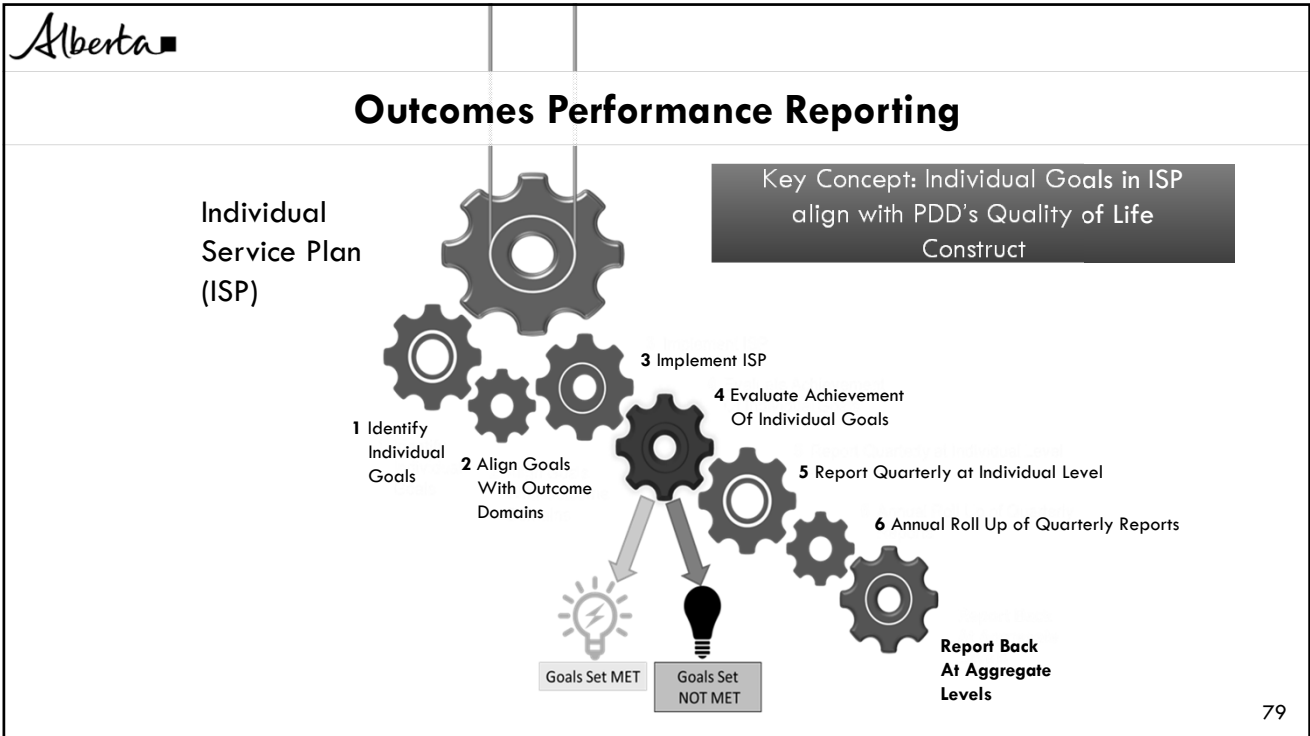
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Module 4: Outcomes Performance Reporting

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Outcomes Performance Reporting Key Messages

- Based on service provider feedback, the PCAC has undertaken a review of the PDD Service Provider Contract template PMF schedule and developed a draft alternative approach to PMF reporting.
- The new approach requires service providers to use a standardized reporting template to aggregate the achievement of individual goals under the Quality of Life Domains as specified in each individual's Individual Service Plan (ISP).
- The approach will streamline reporting processes for service providers while also ensuring that the performance measures are directly tied to what is important to and for each individual as measured by the Quality of Life Domains of well-being, independence and social participation.
- Because a good life is the desired outcome for people with developmental disabilities, and because attaining it depends, in part, on the quality of supports a person gets, it makes sense to use Quality of Life indicators to evaluate how well a person is being served.

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Outcomes Performance Reporting Key Messages

- The proposed reporting process will utilize existing information available from the individual's Individual Support Plan (ISP), including the individual goals, support strategies and achievement of the goal(s).
- This approach capitalizes on the work all service providers already do at individual level and allows for the information to be aggregated at the contract level with the potential to further aggregate at regional and provincial level.
- A simplified reporting template will form part of the PDD Service Provider template to be introduced in April, 2017 which will facilitate consistent reporting practices.
- Training to the revised reporting processes will be provided to service providers and PDD staff prior to implementation.

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Module 5: Next Steps

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Next Steps: From Here to March 31, 2017

Initiating Activities

- Regions send out Service Requests
- Service Providers respond to Service Requests
- Regions Prepare Agency Specific Agreement

Discussions regarding Contract:

- Process for Criminal Record Checks; other requirements
- Completion of Schedule A:
 - Contractor Portions (including intent to subcontract)
 - Key Positions?
 - Deliverables and Intellectual Property?
- Completion of Schedule B:
 - Advance Payment(s)
 - Initial Budget Allocation
 - Transition from “Old” to “New” Schedule B
 - Categories 1, 2, 3, 4 and 5 (APC)
 - Review Eligible/Ineligible Expenses

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Next Steps: From Here to Onward

- Role of the PDD Provincial Contract Advisory Committee (PCAC)
- If you have questions or need assistance
 - Refer to the Questions & Answers document posted on the HS website
 - Contact your regional Contract Specialist
 - Discuss with a PCAC member

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Next Steps: Wrap-Up

Next Steps:

- Process for submitting additional questions
- Finish Regional Sessions by January 31, 2017
- Recorded Session posted by February 3, 2017

THANK YOU!

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Questions?

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