

## **Appendices**

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# APPENDIX A: CONTINUING AGREEMENT

Ministry Contract No. \_\_\_\_\_

## CONTINUING AGREEMENT

THIS AGREEMENT dated for reference the \_\_\_\_ day of \_\_\_\_\_, 199\_\_

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the

\_\_\_\_\_  
(the "**Province**")

**AND:**

[@LEGAL DESCRIPTION OF INDIVIDUAL, SOCIETY, COMPANY OR OTHER LEGAL ENTITY]

(the "**Contractor**")

A. The **Province** is committed to implementing a contracting process in the community health and social services sectors that, among other things, recognizes the long-term relationships developed between the **Province** and many of the service providers in those sectors, including the **Contractor**.

B. As a service provider eligible to enter into a "Continuing Agreement" with the **Province**, the **Contractor** has agreed with the **Province** to enter into this agreement.

Therefore the parties agree as follows:

### DEFINITIONS

1.01 In this agreement:

- (a) "**Additional Provisions**" means the additional provisions, if any, described in Schedule B attached to this agreement or in a **Component Schedule**;
- (b) "**Audit and Evaluation Protocol**" means the audit and evaluation protocol issued by the **Province** on July 15, 1998 to govern the conduct of audits and service evaluations under "Continuing Agreements", as that protocol may be changed by the **Province** from time to time in accordance with section 9.06;
- (c) "**Component Schedule**" means a schedule signed by the parties, substantially in the form set out in Schedule A attached to this agreement, which describes
  - (i) certain **Component Services** to be provided by the **Contractor** during a **Funding Period**,
  - (ii) the fees and any expenses to be paid by the **Province** to the **Contractor** for providing those **Component Services**, and
  - (iii) certain other things contemplated by this agreementincluding any modifications to it made by the parties in accordance with section 17.02;
- (d) "**Component Services**" means those services set out in a particular **Component Schedule**;

(e) "**Conflict Resolution Protocol**" means the protocol issued by the **Province** on July 15, 1998 governing resolution of conflicts under "Continuing Agreements", as that protocol may be changed by the **Province** from time to time in accordance with section 14.02;

(f) "**Contractor's Documents**" means

(i) all accounting and administrative records, books of account, invoices, receipts or vouchers produced or received by the **Contractor** or any **Subcontractor** as a result of this agreement, and

(ii) any documents specified as "Contractor's Documents" in a **Component Schedule**

whether complete or not;

(g) "**Documents**" means the **Contractor's Documents** and the **Province's Documents**;

(h) "**Funding Period**" means the period during which **Component Services** are to be provided by the **Contractor** as specified in a **Component Schedule**;

(i) "**Implementation Protocol**" means the protocol issued by the **Province** on July 15, 1998 governing implementation issues related to "Continuing Agreements";

(j) "**Indemnified Person**" means the **Province** and each of its employees and agents;

(k) "**Insolvency Event**" means any of the following events, as applicable

(i) an order is made, a resolution is passed or a petition is filed, for the **Contractor's** liquidation or winding up,

(ii) the **Contractor** commits an act of bankruptcy, makes an assignment for the benefit of its creditors or otherwise acknowledge its insolvency,

(iii) a bankruptcy petition is filed or presented against the **Contractor** or a proposal under the *Bankruptcy and Insolvency Act* (Canada) is made by the **Contractor**,

(iv) a compromise or arrangement is proposed in respect of the **Contractor** under the *Companies' Creditors Arrangement Act* (Canada),

(v) a receiver or receiver-manager of any of the **Contractor's** property is appointed, or

(vi) the **Contractor** ceases, in the **Province's** reasonable opinion, to carry on business as a going concern;

(l) "**Organizational Standards**" means the standards issued by the **Province** on July 15, 1998 relating to the organization and management of contractors providing services under "Continuing Agreements", as those standards may be changed by the **Province** from time to time in accordance with section 4.02;

(m) "**Program Standards**" means any standards relating to performance of particular **Services** as may be created and changed by the **Province** from time to time in accordance with section 4.02;

(n) "**Province's Documents**" means all documents, other than **Contractor's Documents**, produced or received by the **Contractor** or any **Subcontractor** as a result of this

agreement including findings, software, data, specifications, drawings, case files, reports and documents, whether complete or not;

(o) "**Services**" means all **Component Services** as specified in one or more **Component Schedules**;

(p) "**Specified Audit Procedures**" means the specified audit procedures for "Continuing Agreements" issued by the **Province** on July 15, 1998, as those procedures may be changed by the **Province** from time to time in accordance with section 9.06;

(q) "**Standards**" means the **Organizational Standards** and any **Program Standards** applicable to the **Services**;

(r) "**Subcontractor**" means a subcontractor retained by the **Contractor** to perform any **Services**;

(s) "**Term**" means the term of this agreement described in section 2.01.

1.02 Terms defined in section 1.01 appear in the body of this agreement in bold print italics and with their first letter capitalized. The appearance of these terms in this form is for convenience only and does not form part of this agreement.

## TERM

2.01 Regardless of the date of execution or delivery of this agreement, the term of this agreement starts on the commencement of the first **Funding Period** and continues until ended under section 13.01.

## SERVICES

3.01 The **Contractor** must provide the **Services** in accordance with the provisions of this agreement. The **Services** are only required to be provided if there is in effect one or more **Component Schedules**.

3.02 Unless the parties otherwise arrange, the **Contractor** must supply and pay for all labour, materials, facilities and approvals necessary or advisable to provide the **Services**.

3.03 The **Province** may from time to time give reasonable instructions to the **Contractor** (in writing or otherwise) as to the performance of the **Services**. The **Contractor** must comply with those instructions but may itself determine the manner in which the instructions are carried out.

3.04 If the **Province** gives verbal instructions to the **Contractor** under this agreement, the **Province** must, as soon as it is practical to do so, confirm those instructions in writing. The obligation of the **Province** under this section to confirm its verbal instructions in writing does not in any way relieve the **Contractor** from its obligation to immediately comply with verbal instructions given by the **Province** in accordance with this agreement.

3.05 The **Contractor** must, upon the reasonable request of the **Province**, fully inform the **Province** of all work the **Contractor** does in connection with providing the **Services**.

## STANDARDS

4.01 The **Contractor** must:

(a) [by no later than (insert date)] comply with the **Organizational Standards**; and

(b) subject to section 4.03, comply with any **Program Standards** applicable to the **Services**.

4.02 The Province must:

- (a) prior to creating or changing a **Standard**, subject the proposed new or changed **Standard** to the consultation process outlined in the **Implementation Protocol**; and
- (b) give the **Contractor** written notice of the new or changed **Standard**.

4.03 A notice given by the **Province** under section 4.02 must specify a reasonable time for the **Contractor** to comply.

4.04 The Standards are part of this agreement even though not attached to it.

## PAYMENT

5.01 The **Province** must pay the **Contractor** for the provision of the **Services** those fees and any expenses described in the **Component Schedules**. The **Province** is not obliged to pay the **Contractor** for the provision of **Component Services** more than the amounts specified in the corresponding **Component Schedule**.

5.02 The **Contractor** must comply with the payment requirements set out in all **Component Schedules**.

5.03 The **Province's** obligation to pay money to the **Contractor** under this agreement is subject to the [Financial Administration Act](#), which makes that obligation subject to an appropriation being available in the fiscal year of the **Province** during which payment becomes due.

5.04 Unless otherwise specified in this agreement, all references to money are to Canadian dollars.

5.05 The **Province** certifies to the **Contractor** that the **Services** purchased by the **Province** under this agreement are being purchased with Crown funds and are therefore not subject to the Goods and Services Tax.

## COMPONENT SCHEDULES

6.01 **Component Schedules** may from time to time be entered into by the parties under this agreement. Those schedules and any modifications to them may be signed by the parties in counterparts and delivered by fax.

6.02 If the parties have not entered into a new **Component Schedule** for particular **Component Services** by the time the previous **Component Schedule** relating to those services expires, then unless otherwise agreed by the parties, the previous **Component Schedule** will continue in effect and be considered to contain any changes in points of detail such as dates and with amounts prorated as are necessary for it to make sense in relation to its continued application under this section.

6.03 The **Component Schedules** are part of this agreement even though not attached to it.

6.04 Nothing in this agreement obliges either party to agree to a particular or any **Component Schedule**.

## REPORTS AND RECORDS

7.01 The **Contractor** must collect information and produce and deliver to the **Province** statements and other reports in accordance with the **Component Schedules**.

7.02 The Contractor must produce and maintain accounting and administrative records for the **Services** segregated by **Component Schedule**. The **Contractor** must ensure that its annual

financial statements (covering both the **Services** and any activities of the **Contractor** outside this agreement) are prepared in accordance with generally accepted accounting principles using a "fund accounting method" (or other method approved by the **Province**) and that attached to those statements are schedules which, after excluding any activities of the **Contractor** outside this agreement, break down by **Component Schedule** the **Contractor's** income and expense statement and any retained earnings or accumulated surplus.

7.03 The **Contractor** must permit the **Province** at all reasonable times to enter any premises used by the **Contractor** to provide **Services** or to keep any of the **Documents** in order for the **Province** to inspect those premises and any equipment located there and to inspect and copy the **Documents**.

7.04 Upon the **Province's** request, the **Contractor** must provide to the **Province** or an employers' **association** designated by the **Province** statistical information in a form satisfactory to the **Province** respecting compensation paid to employees of the **Contractor**.

## **OWNERSHIP AND COPYRIGHT**

8.01 The **Contractor** acknowledges and agrees that the **Province** exclusively owns:

(a) the **Province's Documents**;

(b) any property provided by the **Province** to the **Contractor** or a **Subcontractor** for the purposes of this agreement unless the **Province** has indicated in writing that the property provided is to be owned by the **Contractor** or **Subcontractor**, as applicable; and

(c) any property acquired by the **Contractor** solely with funds obtained from the **Province** under this agreement if it has been specified in a **Component Schedule** that the property is to be owned by the **Province**.

Upon the **Province's** request, the **Contractor** must deliver to the **Province** any of the **Province's Documents** and any property described in this section as soon as it is practical to do so. Subject to applicable law (including the *Freedom of Information and Protection of Privacy Act*), the **Province** must give the **Contractor** access to the **Province's Documents** (including the right to copy them) after their delivery to the **Province** under this section.

8.02 The copyright in the **Province's Documents** belongs exclusively to the **Province**. Upon the **Province's** request, the **Contractor** must deliver to the **Province** documents satisfactory to the **Province** waiving in the **Province's** favour any moral rights which the **Contractor**, a **Subcontractor** or any of their employees may have in the **Province's Documents** and confirming the vesting of the copyright in the **Province**.

8.03 The **Contractor** must treat the **Province's Documents** as confidential and not permit their disclosure without the prior written consent of the **Province** except as required by applicable law, including the *Freedom of Information and Protection of Privacy Act*. The **Contractor** must keep all **Documents** segregated from other documents to the extent it is practical to do so, safeguard them and not permit their disposition or destruction without the prior written consent of the **Province** except as required by applicable law, including the *Document Disposal Act*. The **Contractor** must keep the **Province** advised at all times of the location of all premises at which the **Contractor** is keeping any of the **Documents**.

## AUDIT AND SERVICE EVALUATION

9.01 The **Contractor** must arrange for a financial statements audit to be conducted for each fiscal year of the **Contractor** in accordance with generally accepted auditing standards subject to any exemptions or other requirements established in the **Specified Audit Procedures**. The **Contractor** must ensure that each financial statements audit be documented in a report signed by the *auditor* which must be delivered to the **Province** no later than 120 days after the end of the fiscal year to which the audit pertains.

9.02 The Contractor must arrange for reviews of its compliance with this agreement in accordance with the **Specified Audit Procedures**.

9.03 In addition to any other rights of the **Province** to obtain information under this agreement, the **Province** may conduct audits of the **Contractor** in accordance with the **Audit and Evaluation Protocol** upon reasonable notice to the **Contractor** and at reasonable times. The **Contractor** must fully co-operate with the **Province** in the conduct of audits under this section.

9.04 The **Province** acknowledges that the audit reports delivered by the **Contractor** to the **Province** under section 9.01 (and any other financial information obtained by the **Province** from the **Contractor** under sections 7.01, 7.03 or 9.02) are supplied on a confidential basis. The **Province** must not permit their disclosure without the **Contractor's** prior written consent except as required by applicable law, including the *Freedom of Information and Protection of Privacy Act*.

9.05 The **Contractor** must participate in any service evaluation process applicable to the **Services**, as developed *from* time to time by the **Province** in consultation with the **Contractor**, upon receiving reasonable notice from the **Province** and at reasonable times.

9.06 The **Province** must:

(a) prior to making any change to the **Audit and Evaluation Protocol** or the **Specified Audit Procedures**, subject the proposed change to the consultation process outlined in the **Implementation Protocol**; and

(b) give the **Contractor** written notice of any change to the **Audit and Evaluation Protocol** or the **Specified Audit Procedures**.

9.07 The **Audit and Evaluation Protocol** and the **Specified Audit Procedures** are part of this agreement even though not attached to it.

## PERSONAL INFORMATION

10.01 In sections 10.02 and 10.03, "personal information" has the same meaning as in the *Freedom of Information and Protection of Privacy Act*.

10.02 Any personal information in the **Province's Documents** collected by the **Contractor** is collected on behalf of the **Province**.

10.03 The **Province** may issue instructions to the **Contractor** so that the **Province** is able to comply with its duties under Part 3 of the *Freedom of Information and Protection of Privacy Act* in relation to any personal information in the possession of the **Contractor** or a **Subcontractor** to which that Part applies, and the **Contractor** must comply with those instructions.

## INSURANCE AND INDEMNITY

11.01 Unless otherwise specified in the applicable **Component Schedule**, the **Contractor** must maintain and pay for insurance relating to the **Contractor's** performance of **Component Services** on the terms, including form, amounts, and deductibles, outlined in the applicable **Component Schedule**, as those terms may be modified by the **Province** from time to time in accordance with that schedule.

11.02 The **Contractor** must indemnify and save harmless each **Indemnified Person** from any losses, claims, damages, actions, causes of action, costs and expenses that an **Indemnified Person** may sustain, incur, suffer or be put to at any time, either before or after this agreement ends, which are based upon, arise out of or occur, directly or indirectly, by reason of, any act or omission by the **Contractor** or by any of its agents, employees, officers, directors, or **subcontractors** in providing **Services**, except liability arising out of any independent negligent act by an **Indemnified Person**.

## ASSIGNMENT AND SUBCONTRACTING

12.01 The Contractor must not assign any of its rights under this agreement without the prior written consent of the **Province**.

12.02 The **Contractor** must not, without the prior written consent of the **Province**, subcontract any **Component Services** other than to persons specified as "Approved Subcontractors" in the applicable **Component Schedule**. No subcontract, whether consented to or not, relieves the **Contractor** from any obligations under this agreement. The **Contractor** must ensure that any **Subcontractor** fully complies with this agreement in performing the subcontracted **Services**.

12.03 The **Contractor** must not provide any services to any person in circumstances which, in the reasonable opinion of the **Province**, could give rise to a conflict of interest between the duties of the **Contractor** to that person and the duties of the **Contractor** to the **Province** under this agreement.

12.04 The **Contractor** must not do anything that would result in personnel it hires being considered the employees of the **Province**.

12.05 The **Contractor** must not commit or purport to commit the **Province** to pay any money except as authorized by this agreement.

## ENDING OF AGREEMENT

13.01 This **agreement** will end upon any of the following events:

(a) a party has failed to comply with this agreement in any material respect and the other party has given the party failing to comply notice that, for that reason, the agreement has ended or will end on a specified date and that date has arrived;

(b) an **Insolvency Event** has occurred and the **Province** has given the **Contractor** notice that, for that reason, this agreement has ended or will end on a specified date and that date has arrived; or

(c) a party has given to the other party at least \_\_\_ days written notice that this agreement is to end and the period of notice has elapsed.

13.02 If this agreement ends under section 13.01 other than by reason of the **Contractor's** failure to comply with this agreement, the **Province** must pay to the **Contractor** that portion of the fees and any expenses described in the **Component Schedules** which equals the portion of the **Services** that was completed in accordance with this agreement before this agreement



ended. That payment discharges the **Province** from all liability to the **Contractor** under this agreement.

13.03 A **Component Schedule** will end upon any of the following events:

- (a) a party has failed to comply with the **Component Schedule** in any material respect and the other party has given the party failing to comply notice that, for that reason, the **Component Schedule** has ended or will end on a specified date and that date has arrived;
- (b) a party has given to the other party written notice that the **Component Schedule** is to end as specified in the **Component Schedule** and the specified period of notice has elapsed; or
- (c) this agreement has ended under section 13.01.

13.04 If a **Component Schedule** ends under section 13.03(b), the **Province** must pay to the **Contractor** that portion of the fees and any expenses described in the **Component Schedule** which equals the portion of the **Component Services** that was completed in accordance with this agreement before the **Component Schedule** ended. That payment discharges the **Province** from all liability to the **Contractor** under the **Component Schedule**.

13.05 The notices described in section 13.01(c) and 13.03(b) may be given for any reason and at any time.

13.06 A party ending this agreement under section 13.01(a) or ending a **Component Schedule** under section 13.03(a) may pursue other remedies as well.

## CONFLICT RESOLUTION

14.01 All conflicts arising out of or in connection with this agreement or in respect of any defined legal relationship associated with it or derived from it must, unless the parties otherwise agree, be dealt with in accordance with the **Conflict Resolution Protocol**.

14.02 The **Province** must:

- (a) prior to making any change to the **Conflict Resolution Protocol**, subject the proposed change to the consultation process outlined in the **Implementation Protocol**; and
- (b) give the **Contractor** written notice of any change to the **Conflict Resolution Protocol**.

14.03 The **Conflict Resolution Protocol** is part of this agreement even though not attached to it.

## NOTICES

15.01 Any consent, approval, written instruction or other notice to be given under this agreement, to be effective, must be in writing and delivered personally, by courier or mail to the addresses or sent by fax using the fax numbers specified as follows:

- (a) if relating to **Component Services** described in a single **Component Schedule**, as specified in that **Component Schedule**;
- (b) if relating to **Component Services** described in more than one **Component Schedule**, as specified in each **Component Schedule**; or
- (c) if relating to all **Services** or this agreement generally, as specified in all **Component Schedules**.

15.02 Any notice mailed in accordance with section 15.01 is deemed to be received 10 business days after mailing. For the purpose of this section, a "business day" is any day which is not a Saturday, a Sunday or a statutory holiday in British Columbia.

15.03 A party may give notice to the other party of a substitute address or fax number from time to time.

#### RECEIPT OF PROTOCOLS AND ORGANIZATIONAL STANDARDS

16.01 By entering into this agreement, the **Contractor** acknowledges that it has received from the **Province**, and is familiar with, the following documents:

- (a) the **Implementation Protocol** issued by the **Province** on July 15, 1998;
- (b) the protocol issued by the **Province** on July 15, 1998 governing negotiation principles related to "Continuing Agreements";
- (c) the **Conflict Resolution Protocol** issued by the **Province** on July 15, 1998;
- (d) the **Organizational Standards** issued by the **Province** on July 15, 1998;
- (e) the **Audit and Evaluation Protocol** issued by the **Province** on July 15, 1998; and
- (f) the **Specified Audit Procedures** issued by the **Province** on July 15, 1998.

#### MISCELLANEOUS

17.01 A waiver by either party of any provision of this agreement or of any breach by the other party of this agreement is effective only if it is in writing and signed by the waiving party and is not a waiver of any other provision or any other breach.

17.02 No modification of this agreement is effective unless it is in writing and signed by the parties.

17.03 This agreement and any modification of it constitute the entire agreement between the parties as to performance of the **Services**.

17.04 Sections 3.05, 7.01 to 7.04, 8.01 to 8.03, 9.01 to 9.06, 10.01 to 10.03, 11.02, 12.03, 12.05, 13.02, 13.04, 13.06, 14.01, 15.01 to 15.03, 17.01, 17.05, 17.09 and 17.11 continue in force indefinitely, even after this agreement ends.

17.05 The **Contractor** must apply for any available refund or remission of federal or provincial tax or duty which the **Province** has paid or agreed to pay the **Contractor** for as specified in a **Component Schedule** unless the refund or remission is negligible or not reasonably practical to obtain. Unless specified in the applicable **Component Schedule** that the refund or remission must be remitted to the **Province**, all such refunds or remissions obtained by the **Contractor** must be applied to provision of **Component Services** set out in that **Component Schedule** or performance of any other obligation of the **Contractor** under this agreement in respect of those **Component Services**.

17.06 The **Contractor** must comply with all applicable laws.

17.07 The **Contractor** is an independent contractor and not an employee, agent or partner of the **Province**.

17.08 If the **Contractor** is a corporation, it represents and warrants to the **Province** that it has authorized its signatory to enter into and execute this agreement on its behalf without affixing its common seal.

17.09 The **Province** must make available to the **Contractor** all information in the possession of the **Province** which the **Province** reasonably considers pertinent to the **Contractor's** performance of the **Services**.

17.10 Time is of the essence in this agreement.

17.11 This agreement does not operate as a permit, license, approval or other statutory authority which the **Contractor** may be required to obtain from the **Province** or any agency controlled by the **Province** in order to provide the **Services** and nothing in this agreement will interfere with the exercise by the **Province** or any agency controlled by it of any statutory power or duty.

17.12 This agreement rescinds and replaces any previous agreements or arrangements between the parties respecting **Services** which would otherwise be in effect during the **Term**.

17.13 The parties must comply with any **Additional Provisions**.

17.14 Any provision in the body of this agreement will prevail over a conflicting provision in the **Organizational Standards**, the **Conflict Resolution Protocol**, the **Audit and Evaluation Protocol**, the **Specified Audit Procedures** or a schedule to this agreement to the extent necessary to resolve the conflict unless the conflicting provision provides otherwise.

17.15 Any right or obligation of the **Province** under this agreement may be exercised or performed by [insert applicable title of minister, deputy minister or other ministry official to be authorized to act generally under agreement] and, if in relation to particular **Component Services** only, any person specified in the applicable **Component Schedule** as authorized to act for the **Province** in relation to those **Component Services**.

## INTERPRETATION

18.01 This agreement is governed by and is to be construed in accordance with the laws of British Columbia.

18.02 In this agreement the words "including" and "includes" are not intended to be limiting.

18.03 In this agreement, unless the context otherwise requires:

- (a) references to sections by number are to sections of this agreement;
- (b) where a period "starts" or "ends" on a date, the period includes that date;
- (c) references to days are to calendar days; and
- (d) references to this agreement include all **Component Schedules**, the **Standards**, the **Conflict Resolution Protocol**, the **Audit and Evaluation Protocol**, the **Specified Audit Procedures** and the schedules attached to this agreement.

18.04 The headings in this agreement are included for convenience only and do not form part of this agreement.

The parties have executed this agreement as follows:

**SIGNED** on behalf of the **Province** by an authorized representative

of the \_\_\_\_\_

on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

**SIGNED** by or on behalf of the **Contractor** (or by an authorized signatory of the **Contractor** if a corporation) on

the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

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### SCHEDULE A

MINISTRY USE ONLY			
Ministry Contract No.	Account	RSP	Project

**Component Schedule No. \_\_ (Fiscal Year \_\_/\_\_)**

#### PART I: Introduction

1. This document is a "Component Schedule" forming part of the Continuing Agreement between Her Majesty the Queen in right of the Province of British Columbia, represented by \_\_\_\_\_ (the "Province") and \_\_\_\_\_ (the "Contractor") dated for reference the \_\_ day of \_\_\_\_\_, 199\_\_ (the "Continuing Agreement").
2. Unless defined differently in this Schedule, terms used in this Schedule will have the meanings given to them by the Continuing Agreement.
3. This Schedule applies only to the Component Services described in Part III of this Schedule.

#### PART II: Funding Period

1. The Funding Period to which this Schedule applies starts on \_\_\_\_\_ and ends on \_\_\_\_\_ unless ended earlier in accordance with the Continuing Agreement.

#### PART III: Description of Component Services

1. ...
2. ...
3. ...

#### PART IV: Fees and Expenses

1. ...
2. ...

3. ...

**PART V: Miscellaneous**

1. The following documents are specified as "Contractor's Documents" under section 1.01(f) of the Continuing Agreement:

[specify documents, if any].

2. The following property to be acquired by the Contractor solely with funds to be paid by the Province under this Schedule is specified under section 8.01(c) of the Continuing Agreement as property to be owned by the Province:

[specify property, if any].

3. The insurance requirements contemplated by section 11.01 of the Continuing Agreement are set out in Appendix 1 attached to this Schedule.

4. The following persons are specified as "Approved Subcontractors" under section 12.02 of the Continuing Agreement:

[specify]

5. For the purpose of section 13.03(b) of the Continuing Agreement, at least \_\_\_ days written notice must be given by one party to the other that this Component Schedule is to end.

6. For the purpose of section 15.01 of the Continuing Agreement, the addresses and fax numbers of the parties are as follows:

Address and fax number for notices to the Province

[insert address here]

Fax Number: [insert fax number here]

Address and fax number for notices to the Contractor

[insert address here]

Fax Number: [insert fax number here]

7. In addition to the persons listed in section 17.15, any of the following persons may act for the Province in relation to the Component Services:

[List any authorized persons]

**PART VI: Statements and Reports**

1. [Insert reporting requirements- see section 7.01 of the Continuing Agreement]

**PART VII: Additional Provisions**

1. [specify any additional provisions].

**PART VIII: Conflict Resolution Officials**

1. The designated "Officials" of the parties for the purposes of the Conflict Resolution Protocol are:

	Province	Contractor
Stage One:		
Stage Two:		
Stage Three:		

The parties have executed this Component Schedule as follows:

**SIGNED** on behalf of the

Province by an authorized representative

of the Minister of \_\_\_\_\_

on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

\_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

**SIGNED** by or on behalf of the

Contractor (or by an authorized signatory

of the Contractor if a corporation)

on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

\_\_\_\_\_

Print Name: \_\_\_\_\_

Print Title: \_\_\_\_\_

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**APPENDIX 1 TO COMPONENT SCHEDULE NO. \_\_\_\_ (FISCAL YEAR \_\_\_\_/\_\_\_\_)**

**Insurance Requirements**

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**SCHEDULE B**

**Additional Provisions**

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## **APPENDIX B: IMPLEMENTATION PROTOCOL**

### **IMPLEMENTATION PROTOCOL for Continuing Agreement Policy**

This protocol describes the implementation process for Continuing Agreement policy. It identifies the objectives of the policy, as well as the expectations, roles and responsibilities of all participants.

Where contractors and contract managers have entered into Continuing Agreements, they do so understanding the following:

#### **POLICY OBJECTIVES**

1.01 The overall objectives of Continuing Agreement Policy are:

- To recognize the ongoing relationship between government and community social and health service providers;
- To provide consistency in contracting standards and conditions required of contractors in the provision of community social and health services; and
- To provide a framework to facilitate accountability for outputs and outcomes in the provision of contracted services;
- To establish coordinated government management of contracted community social and health service

#### **COMMITMENT**

2.01 The parties to Continuing Agreements are committed to the evolution of the various elements of the policy objectives, the implementation process and associated decisions.

This includes the development of definitions and guidelines in the following areas to provide a clear framework of accountability for the parties and consistent cross-ministry program standards and performance expectations.

- programs standards
- performance evaluation
- service outputs and outcomes
- service monitoring and reporting
- financial requirements
- specified audit procedures/audit protocol

#### **PROCESS**

3.01 Representation of government parties will be made by the committees established by the Cross-Ministry Contract Reform Executive Steering Committee.

3.02 Representation of contractors will be made by the Community Social Service Employers'

Association and the Health Employers' Association of BC

3.03 Notwithstanding Sections 3.01 and 3.02, broader consultation will be sought as required.

3.04 Representatives of all parties will participate in the developmental aspects of the implementation process, including the items mentioned in Section 2.01.

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## **APPENDIX C: CONFLICT RESOLUTION PROTOCOL**

### **CONTINUING AGREEMENT POLICY CONFLICT RESOLUTION PROTOCOL**

This Conflict Resolution Protocol applies to the contractual relationships entered into by the Province for the provision of community health and social services eligible for Continuing Agreements.

- It outlines the processes to be followed in resolving any disputes between the contractor and the Province in respect of the contract terms (except the periodic negotiation of funding levels, related service and availability of an appropriation).
- It is to be used in the absence of any other statutory right of appeal or review.
- It presumes that both parties effect a "partnering" relationship, outlined in the Negotiation Protocol, which fosters teamwork to assure effective program delivery, service and care of clients. Discussion of potential problem areas and concerns during the process of negotiation, and in a timely manner during the contract period, is a preventative process that minimizes the potential of disputes arising.
- It anticipates a process that is:
  - local;
  - affordable;
  - lay; and
  - timely.

The parties agree that each of them must:

- a. make bona fide efforts to resolve any disputes arising between them by amicable negotiations, in accordance with the resolution process outlined herein;
- b. provide frank, candid and timely disclosure of all relevant facts, information and documents to facilitate those negotiations;
- c. make every effort to resolve disputes as quickly as possible, taking into consideration the particular circumstances and the time required to prepare detailed documentation, where necessary; and
- d. only resort to arbitration when all other means, including mediation have been reasonably considered.

For the purposes of this three stage resolution process, each party must designate its "Official", for each stage, representing ascending order of decision-making authority for each party. The Stage Three Official must be the most Senior Executive Officer of each party. In the case of ministries, this must be the Deputy Minister or his/her designate

#### **STAGE ONE**

- The designated Stage One Officials for each party meet ("Initial Meeting") to discuss and attempt to resolve the dispute.

- If there is no resolution within 15 calendar days of this meeting, the matter is referred to Stage Two.
- Steps may be omitted and time periods adjusted by mutual agreement of both parties.

#### **STAGE TWO**

- The designated Stage Two Officials for each party meet ("Review Meeting") within 30 calendar days of the Initial Meeting to discuss and attempt to settle the conflicting positions of Stage One Officials.
- If there is no resolution within five calendar days of the Review Meeting, the matter is referred to Stage Three. Each official must provide a written summary to each Stage Three Official.
- Steps may be omitted and time periods adjusted by mutual agreement of both parties.

#### **STAGE THREE**

- The designated Stage Three Officials for each party meet ("Final Meeting") within 50 calendar days of the Initial Meeting to discuss and attempt to settle the conflicting positions of Stage Two Officials.
- If there is no resolution within 10 calendar days of the Final Meeting, the matter is referred to the External Decision Process.
- Steps may be omitted and time periods adjusted by mutual agreement of both parties.

#### **EXTERNAL DECISION PROCESS**

- In order to maintain the long term relationships that are essential to Continuing Agreements, mediation is usually preferable to arbitration. A dispute cannot be referred to an arbitral process unless both parties (third Stage Officials) have met and determined that mediation cannot resolve or clarify the issues of the dispute. Unsuccessful mediation attempts will be referred to the arbitral process.
  - A mediator must be selected by mutual agreement of both parties, from a preapproved list of qualified mediators, maintained by the British Columbia Mediator Rostor Society (BCMRS), unless the parties agree otherwise. Where the parties are unable to agree upon a mediator, within 30 days of the decision to mediate, a party may request the BCMRS to appoint a mediator from the preapproved list of qualified mediators.
  - Where a dispute is referred to an arbitral process, such disputes must be referred to and finally resolved by arbitration as determined under the provisions of the [Commercial Arbitration Act](#).
  - There must be one arbitrator, unless mutually agreed otherwise. If the parties fail to agree on an arbitrator within 30 days after the decision to proceed to arbitration, a party may request the BCMRS to appoint that arbitrator, from a preapproved list of qualified arbitrators.
  - The place of arbitration must be mutually agreed by the parties.
  - Costs of either mediation or arbitration must be shared equally by each party.
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# APPENDIX D: ORGANIZATIONAL STANDARDS

## TABLE OF CONTENTS

### I. INTRODUCTION

- A. PURPOSE
- B. APPLICATION AND INTERPRETATION OF STANDARDS
- C. COMPLIANCE AND REPORTING

### II. ORGANIZATIONAL STANDARDS

- D. PURPOSE
- E. IDENTITY AND VALUES
- F. CAPABILITY
- G. MONITORING AND LEARNING

### I. INTRODUCTION

#### A. PURPOSE

The following standards identify key organizational *controls* that provide a contractor and government with:

- a framework to support effective business practice; and
- some assurance that the contractor has the organizational capacity to deliver the ongoing services contemplated in a Continuing Agreement.

"Control" comprises those elements of an organization (including its resources, systems, processes, culture, structure and tasks) that, taken together, support people in the achievement of the organization's objectives.

- Meeting these standards is an eligibility requirement for Continuing Agreements.
- The strength or weakness of these organizational controls may be contributing factors to successful service delivery. Consequently, these standards will be considered in addressing issues arising from the results oriented service evaluation that is required by Continuing Agreement Policy on a periodic basis, not less than every three years.

#### B. APPLICATION AND INTERPRETATION OF STANDARDS

**B.1** The application and interpretation of standards must comply with the following principles:

- Standards apply to all contractors regardless of size;
- Standards apply to private and society contractors;
- Standards cannot direct or interfere with the management of a contractor's organization; and
- Standards cannot create an employer-employee relationship

- B.2** The application of the standards in specific circumstances must be reasonable and consistent with the Purpose and the size of the contractor's organization. Considerable judgment is required in interpreting the standards in the context of a particular organization.
- B.3** The application and interpretation of standards must be consistent with the "*Indicators*" identified for each standard.
- B.4** *Eligibility for a Continuing Agreement* will be assessed based on a contractor's compliance with Indicators identified for each standard. (Refer to Section C – Compliance and Reporting)

## **C. COMPLIANCE AND REPORTING**

- C.1** The contractor must comply with the standards throughout the term of the Continuing Agreement.
- C.2** The contractor must confirm, in writing, its compliance with standards prior to the execution of the Continuing Agreement and thereafter, at a minimum, every three (3) years, in accordance with the evaluation framework established by Continuing Agreement Policy (*to be developed*).

## **II. ORGANIZATIONAL STANDARDS**

### **D. PURPOSE**

- D.1** Objectives of the organization are established and communicated.

#### ***Indicators:***

*An explicit mission and clear vision, communicated and shared throughout the organization.*

*A service-planning process that identifies requirements that must be met, and results in detailed objectives that express the mission and vision in specific results oriented terms. The formality of the process depends upon the size and complexity of the organization and the services provided.*

- D.2** Policies designed to support the achievement of an organization's objectives and the management of its risk are established, communicated and practiced so that people understand what is expected of them and the scope of their freedom to act.

#### ***Indicators:***

*Policies are communicated throughout organization and translated into specific practices to provide direction on how operations are to be conducted.*

*Monitoring and reporting processes established to ensure policies are practiced, and to review policies and practices to ensure their relevance.*

*Although policies must be in writing, the formality of the documentation depends upon the size and complexity of the organization and the services provided.*

### **E. IDENTITY AND VALUES**

- E.1** Shared ethical values, including integrity are established, communicated and practiced throughout the organization.

#### ***Indicators:***

*Policies are established and communicated throughout organization and translated into specific*

*practices to provide direction.*

*Policy statements include values and preferences of senior management and the board of directors that address:*

- *compliance with applicable laws, statutes and regulations;*
- *compliance with all contractual obligations;*
- *a professional approach to financial reporting;*
- *integrity of transactions and records;*
- *conflict of interest guidelines, consistent with those of the Province;*
- *respect for the public trust;*
- *respect for the privacy of client, organization and employee information;*
- *commitment to truth and fair dealing;*
- *commitment to fairness and equity;*
- *commitment to quality and competence;*
- *leadership by example; and*
- *fair treatment of and respect for individuals.*

*Although policies must be in writing, the formality of the documentation depends upon the size and complexity of the organization.*

- E.2** Human resource policies and practices are consistent with an organization's ethical values and with the achievement of its objectives.

***Indicators:***

*Policies are established and communicated throughout organization and translated into specific practices to provide direction.*

*Such policies should comply with applicable legislation, regulations and guidelines including but not limited to: the [Human Rights Code](#), [Employment Standards Act](#), [Labour Relations Code](#), [Worker's Compensation Act](#) and the [Public Sector Employers Act](#).*

*Although policies must be in writing, the formality of the documentation depends upon the size and complexity of the organization and the services provided.*

- E.3** Authority, responsibility and accountability are clearly defined and consistent with an organization's objectives so that decisions and actions are taken by the appropriate people.

***Indicators:***

*Definitions of authority and responsibility have been established and communicated throughout the organization.*

*Evidence may include an organizational chart that indicates lines and scope of authority; documented job descriptions; or other less formal evidence, where applicable.*

## **F. CAPABILITY**

**F.1** People have the necessary knowledge, skills and tools to support the achievement of the organization's objectives.

**Indicators:**

*Policies are established and communicated throughout organization and translated into specific practices to provide direction regarding:*

- recruitment, selection and retention of qualified staff, volunteers and students in training;
- code of conduct;
- compensation;
- staff and governing body orientation training and development;
- due process in supervision, discipline and resolution of disputes;
- employee evaluation/performance appraisals; and
- employment equity

*Although policies must be in writing, the formality of the documentation depends upon the size and complexity of the organization and the services provided.*

**F.2** Communication processes support the organization's values and the achievement of its objectives.

**Indicators:**

*Processes are established to ensure collaboration with government, agencies, service consumer groups and communities in service planning and delivery.*

*Process are in place to ensure that the contractor coordinates and collaborates with government, other service providers and authorities in communicating the information necessary to the well being of clients, while respecting the privacy and confidentiality of clients.*

*Processes support two-way communication within the organization.*

*Processes are in place to ensure that clients are informed of their rights.*

**F.3** Sufficient and relevant information is identified and communicated in a timely manner to enable people to perform their assigned responsibilities.

**Indicators:**

*There are administrative and service delivery structures and systems (including human resource, financial, information and communication systems) appropriate to effective and efficient service delivery.*

*Systems ensure the provision of information to support decision-making, reporting monitoring and evaluation requirements.*

*Complaints mechanisms are established for use by consumers and processes are in place to provide feedback to service providers.*

*The formality and complexity of the structures and systems depend upon the size and complexity of*

*the organization and the service provided.*

**F.4** The decisions and actions of different parts of the organization are coordinated.

**Indicators:**

*Decisions and actions of the organization are coordinated by an ultimate authority who is accountable for operations and the trusteeship of the organization's programs and resources.*

**F.5** Control activities (routines) are established to provide assurance that processes operate as designed and meet the requirements of the organization's policies.

**Indicators:**

*The organization is in good standing with applicable laws, statutes and regulation including, but not limited to, the Societies' Act, the Company Act, the Income Tax Act, the Cooperatives' Act and the Worker's Compensation Act.*

*Plans are in place to ensure the continuity of essential services in the event of a disaster.*

*Established systems of financial management and control exist.*

*Risk management plans and insurance coverage policies, appropriate to the circumstances of the contractor and its services, are in place.*

*Policies are established and communicated throughout organization and translated into specific practices to provide direction regarding:*

- *the confidentiality and security of records;*
- *proper storage, retention, access and destruction of records; and*
- *in any other matter, compliance with legislation pertaining to records management including, but not limited to, the [Freedom of Information and Protection of Privacy Act](#) and the [Document Disposal Act](#).*

*Policy, plans and systems must be documented, although the formality of the documentation depends upon the size and complexity of the organization and the services provided.*

*Management has reviewed the organizational environment to ensure:*

- *its operations are carried out in a safe environment;*
- *contingency plans for emergencies are in place;*
- *a critical incident reporting system is in place; and*
- *all legislation, regulations, codes, bylaws and licensing requirements applicable to safety and security are met.*

## **G. MONITORING AND LEARNING**

**G.1** Social trends, competitive conditions, regulations, technology and other external environment conditions are monitored to obtain information that may signal a need to re-evaluate the organization's objectives or control. The organization's internal environment is also monitored in the same manner.

**Indicators:**

*Processes are in place to monitor and report external conditions such as social trends, conditions, and technology.*

*Processes are in place to monitor and report internal conditions such as employee attitudes and morale.*

**G.2** Performance is monitored against the targets and indicators identified in the organization's objectives and plans.

***Indicators:***

*Processes are in place to compare performance with identified targets and indicators.*

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# APPENDIX E: AUDIT AND EVALUATION PROTOCOL

## Audit and Evaluation Protocol

### Government Audits of Private Agencies and Societies with Continuing Agreements with the Province of British Columbia

#### PURPOSE

The purpose of the Audit and Evaluation Protocol is to:

- define audit and other audit related terms; and
- outline the process Internal Audit uses to complete their audit and evaluation projects.

This protocol only describes the work of Internal Audit and does not apply to external auditors.

Nothing in this protocol is intended to reduce the independence of the contractor and its arms-length relationship with the provincial government. Government must not, through its auditing, monitoring or contract management activities, interfere in the management rights of the contractor. Management of the affairs of the agency or society is the responsibility of the owners or board members and management of that organization.

#### DEFINITIONS

##### Audit and Evaluation Service Providers

*Internal Audit:* Refers to internal audit groups from the Office of the Comptroller General, Ministry of Finance or Financial Policy and Monitoring Branch, Ministry of Health and Ministry Responsible for Seniors authorized to perform internal audits in accordance with Generally Accepted Auditing Standards and Provincial Internal Auditor Standards.

*Internal Auditor:* An employee of Internal Audit within the province who is authorized to perform audits in accordance with the Provincial Internal Audit Standards and generally accepted auditing standards. Internal Auditors can perform all those types of audit or evaluation identified below, with the exception of Financial Statement Audits, that are performed by the agency's external auditors.

*External Auditor:* An individual or firm independent of the agency who is qualified to be the auditor of a reporting company under the [Company Act](#) or a reporting society under the [Society Act](#). External auditors perform the financial statement audits for the agencies as well as the specified audit procedures for contracted agencies.

*Evaluator:* An employee(s) of the province or contracted individual(s) who is authorized to assess service design and delivery of provincial programs.

##### Types of Audit and Evaluation

*Financial Statement Audits:* An assessment, carried out in accordance with generally accepted auditing standards, of the agency's financial records to ascertain whether the financial statements, including any attached schedules, present fairly, in all material respects, the financial position, results of operations and changes in financial position in accordance with generally accepted accounting principles, or in special circumstances, another appropriate disclosed basis of accounting.

*Compliance Audit:* A review of the agency's compliance with some or all of the terms of the contract and attached schedules, as well as established standards, Organizational Standards, Program Standards, compensation guidelines and other laws and regulations as they may apply. During these audits, reviews

are also usually conducted on the compliance with the applicable ministry's contract management practices and government policies and procedures.

*Investigative Audits:* An assessment of the agency's financial, administrative and/or operational records in response to a complaint or concern. Complaints and concerns must be documented by the person making the request for an audit or by the person who receives a verbal complaint and form part of Internal Audit's working paper files. This is necessary to ensure that the need for an audit is properly documented.

*Comprehensive Audit:* A study aimed at assessing overall or specific aspects, of value for money that involves measuring effectiveness, efficiency and economy. Effectiveness can be measured using existing frameworks, for example Organizational Standards, Program Standards, Accountability Framework or the Canadian Comprehensive Auditing Foundation's 12 Attributes of Effectiveness. A comprehensive audit can include an assessment of financial, management and operational controls.

*Specified Audit Procedures:* Compliance audit procedures, provided by the province in conjunction with the sector and referred to within the Continuing Agreement and/or Contract Schedules, that define criteria, scope and reporting requirements, and that are carried out by the agency's external auditors.

*Service Evaluation:* A performance evaluation of the contracted agency that includes:

- an assessment of the quality of services provided through compliance with program standards;
- measurement of achievement of desired outputs and outcomes as described within the Component Schedule(s); and
- assessment of whether the program is effectively and efficiently designed and delivered.

Service Evaluations can be conducted by peer teams, provincial evaluators, internal auditors of the province or independent contracted evaluators. The criteria for evaluating performance will be shared with the contracted agency and will be outlined within the Component Schedule. Service Evaluations may be conducted as part of Comprehensive Audits. Service Evaluations may be narrower in scope than Compliance Audits, focusing primarily on service design and delivery than financial and management areas.

## **INTERNAL AUDIT PROCESS**

### **Project Planning**

- Internal Audit will contact the appropriate official from the ministry who will advise the agency or society of the upcoming audit or evaluation.
- During the planning phase, Internal Audit will contact ministry and agency or society management to obtain information, assess areas of risk and arrange onsite visits.
- Internal Audit will draft a Terms of Reference outlining the purpose, scope, objectives, project timing, audit team composition, and relevant policy and legislation.
- The Terms of Reference will be signed by Internal Audit, an officer of the agency or society under review, as well as an appropriate level of authority within the ministry. In the event agreement is not reached with the agency or society on the terms of reference, the province will use its discretion whether to proceed with the audit.
- Internal Audit will prepare detailed plans and programs. Internal Audit will also review the results of the agency's external audit reports, service evaluations and comprehensive audits and where appropriate, rely on this work to reduce the extent of testing required. Where the

efficiency or effectiveness of the organization is to be assessed, performance criteria will be developed and confirmed with the agency or society.

### **Project Execution**

- Internal Audit will meet with the agency's executive director and/or members of the board of directors at the beginning of the project to introduce the team, orient the managers to the process and arrange convenient meeting times and contacts for the work.
- Internal Audit operates with a "no surprises" policy, and will keep agency and ministry management informed of all relevant issues as the project progresses. This may not be possible in the event that an investigative audit is being performed.
- Every effort will be made to minimize disruption to agency staff.
- Audit evidence, which supports conclusions, is collected in working paper files.

### **Exit Meeting**

- An exit meeting will be conducted at, or shortly after, the conclusion of fieldwork. Internal Audit and the executive director of the agency under review normally attend this meeting. The purpose of this meeting is to formally present the preliminary findings, obtain input into the issues identified and work towards developing solutions.
- An exit meeting will be held with ministry staff to discuss any concerns, related to contract management highlighted during the audit.

### **First Level of Draft Report**

- Internal Audit will prepare a draft audit report containing the agency audit findings and recommendations and forward it to the executive director of the agency under review. This provides an opportunity to respond to the draft and verify that it accurately represents the issues discussed at the exit meeting.
- Internal Audit will prepare a separate draft report for the applicable ministry containing ministry contract management findings and recommendations and send it to the appropriate ministry officials, as outlined in the terms of reference.
- Following a review of the responses, Internal Audit will amend the draft report, where appropriate.

### **Second Level of Draft Report**

- Internal Audit issues the draft report (revised as necessary), to the agency, along with a copy of an "Action Plan" for completion. The Action Plan summarizes the findings and recommendations, the agency's and ministry's replies concerning action taken or planned, and the target dates for implementation of changes. The agency is requested to forward their completed "Action Plan" to the ministry contract manager.
- The draft reports for the agency and ministry are combined and sent to the appropriate ministry officials along with the combined "Action Plan" for completion. The ministry is asked to review the agency's "Action Plan" and incorporate their comments into the combined plan.
- A Customer Survey is sent to the ministry and the agency executive director with the second level of the draft report. The survey provides Internal Audit with feedback on service quality, achievement of intended results and input for future improvements.

## **Final Report**

- After Internal Audit receives the completed action plan from the appropriate ministry officials and executive director of the agency, the final report is sent to the deputy minister and the executive director of the agency to obtain confirmation of the chief executives' approval of the actions taken and planned. The final report reflects the actions taken and planned by the ministry and the agency or society.

*Note: Normally, replies to audit reports at all levels are expected within three weeks.*

## **Distribution**

- The final report, which incorporates the comments from the action plan, will be forwarded to the executive director and/or the board of directors of the relevant agency and to the management of the ministry as follows: the Deputy Minister, the relevant Assistant Deputy Minister, the Executive Financial Officer, the relevant Regional Operating Officer or Director.

## **Partnership**

- Internal Audit is open to including a representative from federations and/or agencies in the community health and social services sector, as an advisor to the internal audit plans for audits of agencies to ensure the sector's perspective is fully considered.
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# **APPENDIX F: SPECIFIED AUDIT PROCEDURES**

## **Specified Audit Procedures for Contracted Agencies**

October 1997

## **Specified Audit Procedures for Contracted Agencies**

### Section 1 – Instructions to Auditors

- 1.1 Introduction
- 1.2 Purpose
- 1.3 Frequency
- 1.4 Time Period
- 1.5 Provisions to be Audited
- 1.6 Audit Procedures and Scope
- 1.7 Provision 4.01 – Organizational Standards
- 1.8 Standards
- 1.9 Reporting
- 1.10 Sources of Information
- 1.11 Terminology

### Section 2 – Audit Procedures for the Continuing Agreement

### Section 3 – Other Audit Procedures

### Section 4 – Criteria and Indicators for Organizational Standards\*

### Section 5 – Report

Proposed Criteria for Exemption from Audit Requirements

Administrative Costs for Contracted Agencies

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## **Specified Audit Procedures for Contracted Agencies**

### **Section 1 – Instructions to Auditors**

#### **1.1 Introduction**

The Continuing Agreement is a long-term contract between the Province of British Columbia and an organization in the health or social services sector (the Contractor).

#### **1.2 Purpose**

The purpose of the engagement is to perform specified audit procedures on the Contractor's compliance with the Continuing Agreement and report to the Contracted Agency the results of those procedures.

#### **1.3 Frequency**

Specified audit procedures are performed within three years of signing the Continuing Agreement, and every third year thereafter.

#### **1.4 Time Period**

The auditor will perform specified audit procedures for the time period from the commencement of the term of the Continuing Agreement to the most recent fiscal year end, or the three fiscal years following the last Report on Results of Specified Audit Procedures, whichever is appropriate. With respect to

Section 4.01, compliance with the organizational standards, the information reported upon is limited to the procedures in place at the most recent fiscal year end and not the whole period under examination.

### **1.5 Provisions to be Audited**

The Continuing Agreement provisions which require specified audit procedures are listed in Section 2. No audit work is required on the provisions which are not identified in the section.

### **1.6 Audit Procedures and Scope**

Section 2 outlines the specified audit procedures required for the applicable provision of the Continuing Agreement. Section 3 contains audit procedures to be performed in connection with other listed documents. The auditor should exercise professional judgment in determining the scope of specific audit procedures. The auditor should perform audit procedures on, and sample from, all years under examination, with the exception of provision 4.01 (see point 1.7 for discussion).

**These procedures require auditors to find quantitative evidence only (i.e., documentary or numeric evidence) in determining whether the agency meets the contractual requirements of Sections 2 and 3, and the criteria of Section 4. However, qualitative information may be provided by audit firms to agencies as a service to the client, similar to the purpose of the management letter.**

### **1.7 Provision 4.01 – Organizational Standards**

The Organizational Standards identify key organizational controls which provide a framework for effective business practices. They were developed to provide assurance the Contractor has the ability to provide services on an ongoing basis.

Provision 4.01 of the Continuing Agreement requires the Contractor to comply with the Organizational Standards. The auditor will use the criteria and indicators listed in Section 4 to assess the operations of the Contractor to determine whether Organizational Standards are met.

### **Organizational Standards to be Audited**

Section 4 lists the Organizational Standards which require examination. No audit work is required on the standards not identified in the section.

### **Criteria and Indicators**

Section 4 outlines the criteria and indicators to use in determining if the Contractor has met an Organizational Standard. The list provided is a guideline and there may be additional criteria or indicators which are appropriate for the auditor to use in their assessment.

The auditor should use the criteria and indicators to determine if Organizational Standards were in place at a specific point in time (e.g., the most current fiscal year end). The auditor does not need to determine if the Organizational Standards were in place for the whole time period under examination.

If a standard has been reported as having been met in an Accreditation Report, then the standard is considered met for the purposes of this audit. If so, report that the standard was omitted from the Specified Audit Procedures for that reason.

### **Professional Judgment**

The auditor must use professional judgment when determining if the Contractor has met an Organizational Standard. **All criteria as listed must be met to meet the standard.** However, the lack of one or more of the listed indicators may not necessarily mean a standard is not met. The auditor may have determined that there were other compensating indicators in place.

## **1.8 Standards**

Audit work should be performed in accordance with the CICA's Generally Accepted Auditing Standards and Handbook section 9100.

## **1.9 Reporting**

### **Responsibility**

The format for the report is outlined in Section 5.

It is the auditor's responsibility to report all exceptions noted as a result of performing the specified audit procedures.

If exceptions have been determined, the auditor should consider expanding the scope of the audit procedures to quantify the extent of exceptions for the purposes of reporting.

The auditor should discuss all exceptions from Part B of the report with the appropriate agency or society representative prior to finalizing the report.

PART A – Agency/Society Details – completed by auditor

PART B – Report on Results of Specified Audit Procedures – completed and signed by auditor

PART C – Management Assertions - completed and signed by appropriate agency/society representative

### **Timing**

The report must be submitted to the agency within 120 days of the Contractor's current fiscal year end. The contractor will submit the report to the ministry as required.

## **1.10 Sources of Information**

Request the name of the designated Ministry Contract Manager from the agency and obtain the following information from the ministry:

- Continuing Agreement and Applicable Schedules, including all relevant amendments;
- Program Standards and Objectives;
- Acts, Regulations, Policies and Procedures;
- Accreditation Reports;
- Guidelines for any major government funding initiatives (Section 3); and
- Relevant correspondence e.g., minutes to planning meetings.

## **1.11 Terminology**

The terms "Contracted Agency" and "Contractor" can be used interchangeably.

**Section 2 – Audit Procedures for the Continuing Agreement**

SUB-SECTION	PROVISION	SPECIFIED AUDIT PROCEDURES
3.01	The Contractor must provide services in accordance with the provisions of this agreement.	<p>Examine for reasonableness whether the organization has provided the outputs as described in the Component Schedule. Only quantifiable outputs used in the billing process must be used in this sample.</p> <ul style="list-style-type: none"> <li>• number of referrals for service;</li> <li>• number of clients served;</li> <li>• number of bed nights;</li> <li>• hours of counseling; or</li> <li>• number of days services provided.</li> </ul> <p>Obtain reports summarizing the outputs provided for the period. *</p> <p>Compare outputs required per the Component Schedule to outputs provided per summary reports.</p> <p>Test, on a sample basis, accuracy and completeness of summary reports (e.g., agree a sample of outputs to source documentation, like client reports, time reports, diaries or calendars and agree some source documents to outputs). *</p> <p>Where practical, confirm, on a sample basis, that the client has received the outputs reported in the summary reports. For recipients of voluntary services, confirm directly with the client. For recipients of involuntary services, confirm with the appropriate ministry the client was referred to the organization for service.</p>
4.01	The Contractor must comply with the Organizational Standards.	<p>For each of the indicators listed in Section 4, examine whether the indicators have been met. Consider the impact of the absence of the indicator. Report under Section 5, any criteria and/or any standards that have not been met.</p>



5.02	The Contractor must comply with the payment requirements set out in all Component Schedules.	Examine for reasonableness whether the organization has complied with payment requirements as described in the Component Schedule. Determine whether the province has complied with the payment requirements.
7.02	The Contractor must produce and maintain accounting and administrative records for the Services segregated by Component Schedule.	<p>Examine for reasonableness, on a sample basis, whether the *accounting and administrative records (e.g., payroll records, attendance records, insurance policies) supporting the services described in the Component Schedule, in all material respects:</p> <ul style="list-style-type: none"> <li>• are complete;</li> <li>• are accurate;</li> <li>• relate to the appropriate component schedule; and</li> <li>• properly separate business and personal activities.</li> </ul>
	The Contractor must ensure that its annual financial statements (covering both the Services and any activities of the Contractor outside this agreement) are prepared in accordance with	<p>Ensure the financial statements:</p> <ul style="list-style-type: none"> <li>• are prepared in accordance with GAAP; *</li> <li>• are prepared using a fund accounting method; and</li> </ul>
7.02 Continued	Generally Accepted Accounting Principles (GAAP) using a "fund accounting method" (or other method approved by the Province) and that attached to those statements are schedules breaking down by Component Schedule the Contractor's income and expense statement and any retained earnings or accumulated surplus.	<ul style="list-style-type: none"> <li>• have attached schedules which include a statement of income and expense; retained earnings and accumulated surplus/deficit for the program identified in the Component Schedule.</li> </ul> <p>Review transfers between programs identified in the Component Schedules to ensure that the accounting activity is in accordance with the requirements specified within the Component Schedule. If activities are outside the provisions, ensure that there is evidence of approval in writing from the respective contract manager(s).</p>

11.01	Unless otherwise specified in the applicable Component Schedule, the Contractor must maintain and pay for insurance relating to the performance of Component Services on the terms, including form, amounts, and deductibles, outlined in the applicable Component Schedule.	Review level of insurance coverage and verify it is consistent with requirements in the Component Schedule. *
12.02	The Contractor must not, without prior written consent of the Province, subcontract any Component Services other than to persons specified as "Approved Subcontractors" in the	Determine, through discussion with management and review of payments, whether the organization has subcontracted any services.  Verify that the contractor is monitoring any subcontracting to ensure it is in compliance with the Component Schedule.
12.02 Continued	applicable Component Schedule...The Contractor must ensure that any Subcontractor fully complies with this agreement in performing subcontracted Services.	Verify the subcontractor is specified as an "Approved Subcontractor" in the Component Schedule.
12.03	The contractor must not provide any services to any person in circumstances which...could give rise to a conflict of interest between the duties of the Contractor to that person and the duties of the Contractor to the Province under this agreement.	Question management regarding any conflict of interest situations with respect to the contracted service they may be aware of.  Note and report any perceived, potential or actual conflict of interest situations that have come to your attention during the audit work.
17.05	The Contractor must apply for any available refund or remission of federal or provincial tax or duty which the province has paid or agreed to pay the Contractor for, as specified in a Component Schedule, unless the refund or remission is negligible or not reasonably practical to obtain. Unless specified in the applicable Component Schedule	Note and report any available refund or remission of federal and provincial tax or duty which the Province has paid or agreed to pay the Contractor.  Verify whether refunds are being applied for and any revenue received is being correctly allocated to the proper accounts.

17.05 Continued	that the refund or remission must be remitted to the province, all such refunds or remissions obtained by the Contractor must be applied to the provision of Component Services set out in that Component Schedule or performance of any other obligation of the Contractor under this agreement in respect of these Component Services	
Component Schedule	Assets listed in the Component Schedule	Verify the existence of any assets with individual historical values > \$5,000 listed in the Component Schedule.
Component Schedule	Allocation of fundraising to program is outlined in Component Schedule.	Verify fundraising revenues and expenses are allocated to the applicable program in accordance with the Component Schedule, where applicable.

### Section 3 – Other Audit Procedures

Reference	Specified Audit Procedures
Major Government Funding Initiative	Examine for reasonableness whether agencies have fulfilled terms of any supplemental agreements arising from government initiatives (e.g., Low Wage Redress).
Financial Reports to Contract Manager	Examine for reasonableness the system for collecting and summarizing data for the reports. Reconcile a sample of key figures from the financial statements to the financial reports submitted to the contract manager.
Policy – Administrative, Facilities and Program Costs for Contracted Agencies	Verify, on a test basis: <ul style="list-style-type: none"> <li>• administrative costs incurred are in accordance with the list of Eligible Administrative Expenditures (see page 24);</li> <li>• costs allocated to program areas are not administrative, facilities or capital in nature; and</li> <li>• costs correctly allocated between government and non-government funded programs.</li> </ul>

**Section 4 – Criteria and Indicators for Organizational Standards \***

<b>Section</b>	<b>Standard</b>	<b>Criteria</b>	<b>Examples of Indicators</b>
D.1	Objectives of the organization are established and communicated.	<p>1. mission or vision established; and</p> <p>2. organizational plan which translates mission into specific results-oriented terms.</p> <p>3. objectives have been communicated to the organization.</p>	<p>1. mission or vision statement;</p> <p>2. organizational plan:</p> <ul style="list-style-type: none"> <li>• is documented</li> <li>• contains objectives;</li> <li>• objectives use results oriented terms;</li> <li>• mission is published;</li> <li>• plan has been distributed; and</li> <li>• objectives relate to mission.</li> </ul>
D.2	Policies designed to support the achievement of an organization's objectives and management of its risk are established, and communicated.	<p>1. policies and procedures are established and communicated; and</p> <p>2. monitoring and reporting processes are in place to ensure policies and procedures are practised.</p>	<p>1a. policy and procedure manuals or memos;</p> <p>1b. distribution process for policy and procedures; and</p> <p>2. management reviews and signs off on key documents/reports.</p>

\* Note that the standards extracted from the Organizational Standards have been amended to facilitate practical measurement.

<b>Section</b>	<b>Standard</b>	<b>Criteria</b>	<b>Examples of Indicators</b>
E.2	Human resource policies and practices are consistent with an organization's ethical values and with the achievement of its objectives.	1. Human Resource policies reflect the organization's ethical values.	<p>1a. personnel are provided with documentation related to Terms and Conditions of employment;</p> <p>1b. documented human resource policies; and</p> <p>1c. criminal record checks and adjudication decisions</p>

			<p>are made if necessary;</p> <p>1d. indicators of negative results:</p> <ul style="list-style-type: none"> <li>• pay levels, e.g., below rates per collective bargaining or low wage redress levels, minimum wage;</li> <li>• high staff turnover.</li> </ul>
		2. Policies comply with applicable legislation, regulations and guidelines including, where applicable:	

Section	Standard	Criteria	Examples of Indicators
E.2 Continued	Human Resources Policies and Practices (continued)	<p>2i. The <i>Income Tax Act</i>:</p> <p>a) employee deductions are made and remittances submitted for income tax, CPP and EI; and</p> <p>b) agency performs the required annual filing of T4s and summaries.</p> <p>2ii. The Workers' Compensation Act:</p> <ul style="list-style-type: none"> <li>• the agency maintains WCB coverage for all eligible employees.</li> </ul>	<p>2ia1. Payroll records show reasonable deductions;</p> <p>2ia2. Monthly remittances are made to Revenue Canada;</p> <p>ib. T4s and summaries are filed by due date;</p> <p>ii. documentation shows that there is current coverage for all eligible employees;</p>
		<p>2iii. The <i>Employment Standards Act</i>:</p> <p>a. agency meets minimum wage standards;</p> <p>b. agency meets requirements for timing of wage payments;</p>	<p>iiia. Records support that: wage rates meet or exceed minimum wage standards;</p> <p>iiib. wages are paid within eight days;</p>

Section	Standard	Criteria	Examples of Indicators
E.2 Continued	Human Resources Policies and Practices (continued)	<p>c. agency provides statements of wages to employees;</p> <p>d. agency observes maximum hours of work regulations and compensates employees with overtime pay where required; and</p> <p>e. agency complies with requirements concerning vacation entitlement and pay.</p>	<p>iiic. statements of wages are provided;</p> <p>iiid. overtime is paid when work hours exceed eight hours/day or 40 hours/week;</p> <p>iiie. vacation pay is accrued/reported and vacation payments are made;</p>
		<p>2iv. Labour Relations Code:</p> <ul style="list-style-type: none"> <li>• where applicable, agency pays union fees and dues, as required.</li> </ul>	<p>iv. records support that deductions from employees' pay for fees/dues are made and remittance is made to appropriate union body as required.</p>

Section	Standard	Criteria	Examples of Indicators
E.2 Continued	Human Resources Policies and Practices (continued)	<p>2v. <i>Public Sector Employers Act</i>:</p> <ul style="list-style-type: none"> <li>• agency meets terms of collective agreements, as required.</li> </ul>	<p>v. records support that wages paid meet or exceed terms of collective agreements;</p>
		<p>2vi. <i>Human Rights Act</i>:</p> <ul style="list-style-type: none"> <li>• absence of discriminatory practices.</li> </ul>	<p>vi. Policies do not encourage discriminatory practices related to culture, sex or language in the areas of:</p>

			<ul style="list-style-type: none"> <li>• provision of services;</li> <li>• wage equity;</li> <li>• employment; and</li> <li>• recruitment.</li> </ul>
		<p>2vii. <i>Community Care Facility Act</i>:</p> <ul style="list-style-type: none"> <li>• licensing requirements.</li> </ul>	vii. maintains licensing in good standing.
E.3	Authority, responsibility and accountability are clearly defined and consistent with an organization's objectives.	<p>1. organizational chart indicating lines and scope of authority;</p> <p>2. delegation of authority; and</p>	<p>1a. organizational chart documented *;</p> <p>1b. organizational chart distributed;</p> <p>2. approvals comply with signing authority*;</p>

Section	Standard	Criteria	Examples of Indicators
E.3 Continued		3. job descriptions.	3. job descriptions documented and agreed by employee.
F.1	People have the necessary knowledge, skills and tools.	<p>1. code of conduct;</p> <p>2. process for supervision of staff, discipline and dispute resolution;</p> <p>3. staff orientation process;</p> <p>4. regular employee performance appraisals;</p> <p>5. training and development; and</p>	<p>1. code of conduct documented;</p> <p>2a. evidence of review of key processes;</p> <p>2b. policies for discipline and dispute resolution;</p> <p>3a. documented orientation process;</p> <p>4. appraisal in personnel file in accordance with organization policies;</p> <p>5a. training plan;</p> <p>5b. training needs identified in performance appraisal; and</p>

<b>Section</b>	<b>Standard</b>	<b>Criteria</b>	<b>Examples of Indicators</b>
F.1 Continued	People have the necessary knowledge, skills and tools.	6. recruitment.	6. if component schedule requires certain qualification – evidence of stated qualification.
F.2	Communication processes exist.	1. regular communication with government contract manager and other officials;  2. avenues for internal communication exist; and	1. evidence of communication process with officials including minutes of meetings, phone calls, emails, correspondence with contract manager, referral sources, licensing officials; 2a. communication plan; 2b. regular staff meetings; 2c. bulletin board; 2d. email; and 2e. minutes of meetings.
		3. communication with community and service groups.	3. minutes of community and service group meetings/ committees.

<b>Section</b>	<b>Standard</b>	<b>Criteria</b>	<b>Examples of Indicators</b>
F.3	Information is communicated in a timely manner to enable people to perform their assigned responsibilities.	1. internal management reporting; and  2. client input.	1. financial and program information is reported quarterly to the Board of Directors; 2a. clients surveys; 2b. procedures for handling client complaints; and 2c. minutes of user group meetings, if applicable.
F.5	Control activities (routines) are established.	1. in good standing with the Registrar of Societies/ Companies;  2. established systems of	1. confirmation from Registrar;  2a. budgeting;



		financial management;  3. established systems of financial control;	2b. financial reporting; 2c. supervisory review*; 2d. business continuity plan;  3a. segregation of duties*; 3b. reconciliations*; 3c. authorizations*;
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Section	Standard	Criteria	Examples of Indicators
F.5 Continued	Control activities (routines) are established.		3d. completeness of recording*;
		4. records management policies are established and communicated; and	3e. accuracy of recording*; 3f. assets safeguarded*; 3g. record keeping for clients' spending money/allowances*;  4a. fireproof cabinets; 4b. cabinets locked at night; 4c. computer files backed up; 4d. critical incident reporting system; 4e. off-site storage of inactive records;
		5. employee safety.	5a. smoke alarms; 5b. earthquake preparedness; 5c. first aid; 5d. fire exits;

Section	Standard	Criteria	Examples of Indicators
F.5 Continued	Control activities (routines) are established (continued).		5e. WHMIS (Workplace Hazardous Materials Information System); and  5f. inspection reports from Fire Chief, Worker's Compensation Board, BC Housing and Mortgage Corporation.
G.2	Performance is monitored against targets and indicators identified in the organization's objectives and plans.	1. system for monitoring achievement of organizational objectives.	1. reports against plan on the achievement of organizational objectives.

**Section 5 – Report**

**PART A: Agency/Society Details**

The following information is given with respect to \_\_\_\_\_ (name of agency/society) for the reporting period ending on \_\_\_\_\_

**PART B: Report on Results of Specified Audit Procedures**

To: \_\_\_\_\_

As specifically agreed, I have performed the procedures listed in Sections 2 and 3 in connection with the agency/society's Continuing Agreement and other relevant documents (specify) \_\_\_\_\_ dated 20\_\_\_\_.

With the exception of Sub-section 4.01 of Section 2, we reviewed the agency/society's compliance with the Continuing Agreement during the period \_\_\_\_\_ to \_\_\_\_\_. With respect to Sub-section 4.01 of Section 2, relating to compliance with the organizational standards, the information reported upon is limited to those procedures in place at \_\_\_\_\_ (date).

As a result of applying the above procedures, I found no (the following) exceptions (list of exceptions (refer to Part B)). However, these procedures do not constitute an audit of the agency/society's compliance with the Continuing Agreement and therefore I express no opinion on the compliance with the Continuing Agreement as at \_\_\_\_\_, 20\_\_\_\_.

It is understood that this report is to be used solely for assessing whether an agency/society is in compliance with the Continuing Agreement and is not to be referred to or distributed to any person not a member of the management of the agency/society or the Province of British Columbia.

City \_\_\_\_\_

(signed) \_\_\_\_\_

Chartered /Certified General Accountant

Date \_\_\_\_\_

**List of Exceptions:**

Continuing Agreement:

Provision Number	Description/Extent of Exception	Action Taken or Planned by Agency/Society

Organizational Standards:

Standard Number	Description/Extent of Exception	Action Taken or Planned by Agency/Society

**PART C: Management Assertions**

Management is responsible for maintaining systems of internal controls within the organization designed to provide reasonable assurance that relevant and reliable financial and program information is produced.

I certify that I have:

- disclosed all relevant books and records to the above named auditor;
- provided all explanations to the above named auditor;
- disclosed all conflict of interest situations that I am aware of that relate to the contract; and
- reviewed the report and to the best of my knowledge believe it to be true and accurate or indicate otherwise.

Name of agency/society: \_\_\_\_\_

Name and position of signing authority: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Proposed Criteria for Exemption from Audit Requirements**

Section 9.01 of the Continuing Agreement states:

The Contractor must arrange for a Financial Statements Audit to be conducted for each fiscal year of the Contractor in accordance with generally accepted auditing standards, subject to any exemptions or other requirements established in the Specified Audit Procedures. The Contractor must ensure that each Financial Statements Audit be documented in a report signed by the auditor which must be delivered to the Province no later than 120 days after the end of the fiscal year to which the audit pertains.

Section 9.02 of the Continuing Agreement states:

The Contractor must arrange for reviews of its compliance with this agreement in accordance with the Specified Audit Procedures.

## Reporting Requirements

The following Risk Factors should be considered before the Exemption Criteria below are applied. The reporting requirements are as stated within the Exemption Criteria unless otherwise specified in the contract.

### Risk Factors

Prior to exempting an society/agency from 9.01 and/or 9.02, the following risk factors should be considered:

- Does the society/agency have employees (Low Wage Redress payments, Employment Standards);
- Are employees non-union (There is increased risk in non-unionized for non-compliance with the Employment *Standards Act.*);
- Does the society/agency sub-contract services (employee versus contractor);
- Does the society/agency provide services to voluntary clients (government has less information about these clients);
- Does the society/agency provide higher risk Residential, Children in Care or Probationary services; and
- Does the ministry have concerns with contractor operations?

### Exemption Criteria

For 9.01, if total revenue received from BC Government contracts for the fiscal year of the contract is:

- under \$50,000, no financial reporting is required for that fiscal year;
- between \$50,000 and \$100,000, the society/agency is required to submit annual financial statements (no requirement for audit or review of the statements) for that fiscal year;
- between \$100,000 and \$500,000, the society/agency is required to have an annual review of financial statements rather than an audit for that fiscal year; and
- over \$500,000, the society/agency must have an annual financial statement audit for that fiscal year.

For 9.02, if total revenue received from BC Government contracts is:

- less than \$500,000, the society/agency is exempt from the requirement for a compliance audit; or
- \$500,000 or more, the society/agency must have a compliance audit.

### Reinstating Audit/Review Requirement

If an society/agency is exempt from 9.01 and/or 9.02, there may be instances where the audit/review requirement should be reinstated, for example:

- the ministry has concerns with contractor operations;
- the Contractor has operating deficits;
- employees or suppliers have complained about not being paid;

- the ministry is concerned the contractor is not complying with the *Employment Standards Act*;
- either the Registrar of Societies or the Corporate Registrar has an outstanding compliance issue with the agency; and
- there has been a change in ownership (company) or significant change in the board membership (society).

#### Other Considerations

If society/agency is exempt from 9.01, but is required to have an annual audit by the *Society/Company Act*, the contract manager should obtain copies of the audited financial statements.

### **Administrative Costs for Contracted Agencies**

#### **Common Administrative Costs**

Administrative costs that relate to and benefit the overall organization.

#### **Program/Service Costs**

The following are program/service costs and should **not** be included in administrative costs:

- program supervisor wages and benefits;
- program staff wages and benefits;
- program vehicles;
- program supplies;
- program related corporate memberships (related to government programs); and
- support costs directly and solely attributable to programs/services, e.g., telephone, receptionist or other support (if located within the program/services facility).

#### **Facilities Costs**

The following are occupancy and maintenance costs for facilities. Where related to head office, these costs will be included in administration. Where related to program facilities, these costs will be negotiated separately. If the head office is within the program facility, facility funding will be reduced by the proportional amount.

- rent, lease or mortgage payments;
- facilities, major repair and maintenance;
- major appliances such as fridges, stoves, washers, dryers;
- property taxes;
- janitorial;
- liability, fire and earthquake insurance;
- utilities (hydro and water only); and
- depreciation of buildings.

#### **Administrative Expenditures Include:**

Administrative Personnel Wages and Benefits

Executive Director and Program/Service Directors:

- executive director and other managers who do not supervise front line staff

Administrative and Accounting Staff:

- office managers, accounting personnel, and clerical support staff, including temporary administrative staff

Human Resources Personnel:

- staff who perform payroll, hiring, recruitment and negotiations functions

*Note: Where direct supervisors of front line staff also perform administrative duties, an allocation of time and cost may be necessary. In smaller organizations particularly, executive directors and other managers may be providing direct supervision of line staff. In this case, an allocation of time and cost may be necessary to adjust for the mix of program/service and administrative duties.*

### **Head Office Operating Costs**

Office Supplies, Postage and Printing:

- paper, pens, staplers and other office supplies, postage and printing annual report, bulletins and brochures

Telephone and Communications:

- costs of telephone, pagers, and answering machines and other communication costs

Office Equipment Purchase:

- purchase of non-depreciable and Rental assets or rental costs for photocopiers, facsimiles, computers and other office equipment

Depreciation Expense:

- for depreciable office equipment (>\$500)

Facilities any facilities costs as defined above related to a head office as applicable.

Fees Dues and Insurance

Legal Fees:

- legal program/services related to BC Government program/services

Audit Fees:

- annual audit

Accounting Fees:

- bookkeeping or accounting program/services

Consultant Fees:

- consulting fees related to BC Government program/services

Corporate Membership Dues:

- corporate memberships in organizations which assist the agency/society to achieve its objectives within the community, including program/service oriented clubs, business organizations, federations and professional association dues for administrative personnel

Subscriptions:

- periodicals related to government-related program/services

Bank Fees: bank program/service charges

Insurance: directors' liability insurance and theft

Travel, Meeting and Training

Travel: administrative personnel and Board of Directors' travel

Vehicles: portion of vehicle expense related to administration

Meeting Expenses:

- Board of Directors' meetings, Annual General Meeting and other administration related meetings

Conferences: related to government program/services

Training: training costs for administrative personnel

Recruitment: hiring and relocation costs for administrative personnel

Please refer to Compensation Guidelines for Executive and Exempt Employees by the Community Social Services Employers' Association for additional information on employee benefits.

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## APPENDIX G: NEGOTIATION PROTOCOL

### NEGOTIATION PROTOCOL

**"Competition between...interests is often miscast as a one-dimensional battle between economic and social interests when, in fact, all of the interests are legitimate and compelling. They are interdependent and require solutions which are flexible, self-regulating, enduring and mutually productive. Failure to reconcile them will be to the detriment of all". (Stephen Owen, 1988 Annual Report of the Ombudsman to the Legislative Assembly of BC)**

*This Protocol sets out the basic responsibilities expected of those involved in negotiations. It includes principles which support effective, balanced and respectful communication and which reinforce consensus building and accountability in the negotiation process.*

### PRINCIPLES OF NEGOTIATION

Where contractors and contract managers have entered into Continuing Agreements, they do so understanding that effective negotiation:

- involves mutual respect and the sharing of information in a fair, consistent, equitable, reasonable and non-coercive manner;
  - promotes an agreement based on responsible public administration practice;
  - involves the parties reaching agreement on the program objectives and service(s) that will be delivered, including responses to changing needs; the cost of such service(s); and, the basis on which the contractor's performance will be measured, monitored and evaluated;
  - ensures that the cost of service(s) to be provided is reasonable and leads to the development of a contract within the approved budget for the service(s) to be supplied;
  - requires clear understanding of the authority and responsibilities of the negotiating parties; and
  - promotes the best interests of clients served and the public.
-