

Aboriginal Skills and Employment Training Strategy (ASETS) Guidelines on Eligible Expenditures

Preamble:

According to the *TBS Policy on Transfer Payments, Terms and Conditions*, once approved by Treasury Board or a Minister, set out the parameters under which transfer payments may be made for a given program. As such, the *Aboriginal Skills and Employment Training Strategy (ASETS) Terms and Conditions for Contributions*, specifically Section 5 - *Eligible Activities* and Section 6 - *Eligible Expenditures*, provide directions on exactly what program funds may be spent on.

Although Terms and Conditions provide the general boundaries under which transfer payments can be made, they are usually written in broader terms and, as such, cannot cover every eventuality that will be encountered in a program as large and varied as ASETS. In addition, this can sometimes lead to various interpretations. As a result, it was decided to produce the *ASETS Guidelines on Eligible Expenditures*, which are meant to clarify and expand upon the information provided in the Terms and Conditions.

The *ASETS Guidelines on Eligible Expenditures* are referenced within the *ASETS Funding Agreement* as the authoritative source for determining whether a particular expenditure is eligible under ASETS. Since the Guidelines are cited in the Funding Agreement they are therefore binding on both parties. However, since it is a separate document, the Guidelines can and will be modified as required.

The *ASETS Guidelines on Eligible Expenditures* should be consulted during the drafting and approval of an ASETS Agreement Holder's Annual Operational Plan (AOP). Once it has been determined that any particular expenditure is eligible according to the Guidelines, and included in the AOP, there should be no further need to discuss the eligibility of that expenditure other than to verify if the expenditure is reasonable or not within the context. However, if an expenditure is not included within the AOP, then it is not considered eligible until approval has been received from ESDC.

Updated: June 2016





Table of Contents

Table of Contents	2
ELIGIBILITY CRITERIA.....	4
A. LABOUR MARKET/YOUTH/DISABILITIES PROGRAMMING ELIGIBLE EXPENDITURES.....	6
Wages and Mandatory Employment Related Costs.....	6
Tuition costs	6
Academic Upgrading.....	6
Essential Skills Development	6
Self-Employment services	7
Completion bonuses (stipends).....	7
Identification requirements	7
Living expenses.....	7
Relocation and mobility for clients.....	7
Disability related supports.....	7
Disability related incremental costs	7
Professional fees.....	8
Dependent care costs.....	8
Criminal record official pardon.....	8
Adaptive technology set-up	8
Materials and supplies, books and testing materials.....	8
Travel and transportation costs for staff directly related to program activities.....	8
Travel and transportation costs for clients	8
Parking for clients	8
Wage subsidies and subsidies for MERCs or other paid to Employers	9
Food costs provided to participants in training activities	9
Participants wages or allowances.....	9
Level upgrading (certification).....	9
B. CAPITAL COSTS ELIGIBLE EXPENDITURES	9
C. FIRST NATIONS AND INUIT CHILDCARE ELIGIBLE EXPENDITURES.....	10
D. ADMINISTRATION ELIGIBLE EXPENDITURES	11
Professional fees.....	12



Legal fees	12
Travel and transportation costs not directly related to program activities	12
Organizational capacity building	12
Audit costs	12
Related costs	12
E. INELIGIBLE AND DISPUTED COSTS	13
Costs Associated With Fundraising Activities	14
Canada Revenue Agency or Payroll Penalties and Interest.....	14
Traffic Fines and Penalties.....	14
Parking / Parking Passes for ASETS employees	14
Food Costs	14
Legal fees and court awards for inappropriate dismissal or other inappropriate/ illegal activity.....	15
Membership fees.....	15
Bonuses and Performance Pay.....	15
Purchase of alcoholic beverages	16
Purchase of any illegal substances	16
Mentor wages (under Youth projects)	16
Gifts or payments for recognition (e.g. honoraria, ex gratia payments).....	16
Capital costs for the purchase of land or buildings	16
Capital costs for the construction of a building, renovations and leasehold improvements	16
Director’s fees.....	16
Board meetings.....	17
Termination of employees, severance pay and related legal fees.....	17
Mandatory Termination Costs.....	17
Layoff	17
Termination	18
Wrongful Dismissal	18
Questions.....	18
ANNEX A Program vs. Administration Costs.....	19



ELIGIBILITY CRITERIA

Eligible costs are defined in the agreement between the Recipient (i.e. ASETS Agreement Holder) and Canada. As mentioned previously, the final version of the signed agreement is authoritative on these costs. If there should be a dispute about eligibility, the signed agreement overrides any policy or guideline issued by the Treasury Board or the Department, including the terms and conditions of the program.

For costs to be eligible for reimbursement, one of the two following sets of conditions must be met:

1. Costs must meet all of the following:

- Be spent on an eligible activity:
 - Eligible activities are defined in the Terms and Conditions and the AOP as approved by Canada and attached to the agreement as Schedule C.
- Be spent on an eligible client, if applicable:
 - Eligible clients are defined for each agreement in Schedule B.
- Be spent on a permitted expenditure:
 - Eligible expenditures are defined in Terms and Conditions and the AOP as negotiated with Canada and attached to the agreement as Schedule C.
- Not exceed fair market value for the local economy.

2. Costs must meet all of the following:

- Be spent for support or administration of eligible programs.
- Not exceed fair market value for the local economy.

In addition to the above, for costs to be eligible for reimbursement through the First Nations Job Fund (FNJF):

- clients must be assessed and referred to the ASETS Agreement Holder by the Enhanced Service Delivery service provider; and
- clients can be funded for a maximum of one year.

There are some types of expenses which are eligible under both the Income Assistance and ASETS programs' authorities, such as pre-employment, child care, employment interventions, as well as transitional supports for clients.

For contribution recipients in receipt of FNJF funding, it is important to discuss and outline the funding parameters with the Enhanced Service Delivery provider to consider the most efficient and beneficial delivery of training and support to income assistance clients.

As there are provincial variations of some of these costs, different arrangements may be required depending on local conditions.

A decorative header image at the top of the page shows a row of light blue silhouettes of various people, including men, women, children, and individuals with disabilities, representing a diverse community.

Fair market value, or reasonableness, is a matter of professional judgment and knowledge of the local market conditions. For goods like office supplies, finding prices for comparison is quite easy. For purchases such as training or rental space, finding appropriate comparisons can be challenging. ASETS Agreement Holders who need assistance in establishing a good estimate of fair market value for goods and services should contact their regional Service Canada officials.

Where the recipient further distributes contribution funding to a third party in support of the eligible activities referred to in the ASETS Terms and Conditions and the AOP, provided or delivered by the third party to participants, payments by the recipient to reimburse the third party for the expenditures are also eligible expenditures. However, ***any payments by a recipient to a third party for expenditures other than those in the funding agreement are not eligible expenditures.***

For additional information on eligible activities, please consult the ASETS Terms and Conditions.



A. LABOUR MARKET/YOUTH/DISABILITIES PROGRAMMING ELIGIBLE EXPENDITURES

The following expenditures, if incurred under an eligible activity are an eligible cost:

Wages and Mandatory Employment Related Costs

- Wages for employees, **including work or Job Coaches/Tutors**, whose time and activities can be directly linked to delivering eligible services or programs. This would include employees who deal directly with clients doing employment counselling, needs assessment, life skills coaching, or case management. Employees whose duties do not require them to deal with clients should be considered administration staff.
- Mandatory Employment Related Costs (MERCs) for staff whose time and activities can be directly attributable to eligible core services or programs (including employer portions of Employment Insurance Premium, Canada Pension Plan, workers compensation, health care benefits, accrued vacation pay per applicable labour code, other employer costs required in relation to staff).
- Other employment-related benefit costs for program staff (group medical, dental, pension, etc.) where justified by current organizational Human Resources (HR) policies.
- Other HR costs such as extended illness and maternity leave, vacation leave not already claimed from the Department under MERCs, etc., for program staff where justified by current organizational HR policies and provincial labour standards. Costs related to this item cannot be included as a contingency option. Costs must be foreseeable and negotiated in the original agreement and will otherwise require pre-approval by ESDC and an amendment to the agreement if required.

Tuition costs

Tuition costs to either public or private educational institutions for providing a training or instruction course or program to a participant.

Academic Upgrading

Eligible costs can include acquiring a high school diploma or General Educational Development (GED), secondary school pre-requisites needed to enroll in vocational training and/or post-secondary training programs.

Essential Skills Development

Eligible costs can include literacy skills training, second language training (reading/writing), resumé writing, financial literacy, budgeting, and basic computer skills (Microsoft Word, Outlook, Excel) etc.



Self-Employment services

Support for training for business start-up and development from accredited business school, and assistance with business plan development, particularly related to Indigenous artisans (purchase of leather and beading craft supplies, art supplies, registration fees for craft fair/pow-wow, website design, etc.).

Completion bonuses (stipends)

Lump sum paid to individual participants upon successful completion of their ASETS intervention(s). Completion bonuses are typically used as an incentive for clients with multiple barriers, such as youth at risk, or those most likely not to complete an ASETS intervention (e.g. repeat clients). The maximum amount payable is \$500 per participant.

Note: As per Canada Revenue Agency's guidance, completion bonuses are taxable (organizations must provide participants with a T4A), not insurable (towards EI) and not pensionable.

Identification requirements

Activities related to securing employment, including obtaining necessary identification (birth certificate, Social Insurance Number, driver's licence or other identification).

Living expenses

Financial assistance provided to a client participating in a training or employment ASETS intervention. Assistance may cover accommodation, food, laundry, local and long distance telephone calls incurred for the duration of the ASETS intervention.

Relocation and mobility for clients

Financial assistance provided to a client and their family to succeed in training outside of their communities as well as costs related to relocation/mobility to secure employment. Costs are subject to securing 3 competitive bids to ensure best price.

Disability related supports

Disability supports such as attendant care, note takers, sign language interpreters, etc. required to facilitate participation of clients with a disability in an ASETS intervention.

Disability related incremental costs

Refers to additional per diems (daily rates) for fees for assistance provided, for example, to pay fees for a job coach for 4 hours per day, 3 days per week for the first three months of employment, to facilitate the participant's integration to both the job duties and the workplace itself or costs for an attendant to help a disabled person attend an interview / meeting / etc.



Professional fees

Services provided in support of client ASETS interventions (i.e. vocational assessments, needs assessments, services provided by Aboriginal elders, etc.).

Dependent care costs

Financial assistance provided to a client while participating in an ASETS intervention for the provision of care for those who are young, ill, elderly or disabled and dependent on the participant. Coverage for the provision of care is also eligible outside of regular business hours, including evenings and weekends.

Criminal record official pardon

Financial assistance provided to a client for the purpose of obtaining an official pardon, including legal fees.

Adaptive technology set-up

This may include the purchase of a voice-activated computer, specialized furniture, or other personal or physical supports as recommended by a qualified assessor.

Materials and supplies, books and testing materials

This is a personal support to a client to provide materials and supplies required to participate in an employment or training activity, interview or job start up. Eligible items include hard hats, safety boots and equipment, safety glasses, work apparel including business apparel, haircuts, text books, work books, test fees, etc.

Travel and transportation costs for staff directly related to program activities

This includes reimbursement of mileage to staff in support of outreach programs (e.g. mobile service), per diem payments for meals and incidentals, and accommodation. The benchmark for the ASETS program will be the rates published by the Treasury Board Secretariat for equivalent travel (<http://www.njc-cnm.gc.ca/directive/travel-voyage/index-eng.php>). Claims that exceed the benchmark amounts will need to be fully justified.

Travel and transportation costs for clients

This includes reimbursement of travel related costs related to program activities, including bus passes/tickets, the cost of obtaining a driver's licence including training, and transportation for clients with disabilities. Travel and transportation must not exceed the standard rates set by the Treasury Board Secretariat (<http://www.njc-cnm.gc.ca/directive/travel-voyage/index-eng.php>) as amended. Any cost in excess of the Treasury Board rates will be considered ineligible.

Parking for clients



Financial assistance provided to a client requiring parking while participating in a training or employment ASETS intervention. Assistance may cover parking incurred for the duration of the ASETS intervention, and is based on local/regional prevailing rates and reimbursement of actuals.

Wage subsidies and subsidies for MERCs or other paid to Employers

These subsidies are normally capped at 50% of wages and MERC for private sector employers and 100% of wages and MERC for a public sector employer or public service body.

Food costs provided to participants in training activities

These costs are eligible when providing nourishment is considered to contribute to the participants' successful completion of the training.

Participants wages or allowances

Income support to individuals based on the prevailing provincial / territorial minimum wage rate to support job creation projects, obtain skills for employment, etc.

Level upgrading (certification)

Short-term training to help clients access employment e.g. First Aid and CPR training, WHMIS courses, SmartServe, French training as a second language (for participants residing in the province of Quebec), etc.

B. CAPITAL COSTS ELIGIBLE EXPENDITURES

- A capital cost is incurred to purchase goods, real property or intellectual property assets that will be useful for more than one fiscal year. Under ASETS, a capital asset is any single or composite asset (i.e. a collection of unique capital assets which form an identifiable functional unit) with a purchase value of more than \$5,000 (taxes included) that is not physically incorporated into another product and that remains functional at the end of the project.
- Capital purchases must be identified in an approved capital acquisition plan as part of the AOP approved by Canada.
- The purchase/lease of a vehicle for program related activities is an eligible expense, based upon securing 3 competitive bids including supporting rationale based on economies of scale.
- Capital assets with a purchase price of less than \$5,000 are considered expenses.
- The following guidelines apply only to items over \$5,000:
 - Capital assets with a purchase price greater than \$5,000 must be tracked for inventory purposes. Additions to this inventory are a result of the approved capital plan. At the



end of the agreement, the recipient may dispose of such capital assets subject to pre-approval by Canada of a disposal plan for this itemized inventory.

- Capital assets with a purchase price greater than \$25,000 should follow a formal procurement process that will demonstrate due diligence in obtaining the best value for money in acquiring the asset.
- Assistance may be provided for eligible capital costs to a maximum of \$1,000,000 (\$1 million) per year per agreement per child care facility with prior written approval of ESDC for the construction or renovation of facilities in accordance with provincial/territorial standards and building codes. Eligible projects could include:
 - √ Upgrades to existing buildings to bring them up to standard;
 - √ Expansion of existing facilities to accommodate more day care spaces; and,
 - √ Construction of day care facilities.

All capital projects in this category require explicit approval by ESDC. A notation in the annual plan is not sufficient.

Note: Capital costs in this category are not eligible under FNJF.

C. FIRST NATIONS AND INUIT CHILDCARE ELIGIBLE EXPENDITURES

Eligible expenditures for direct program costs under First Nations and Inuit Childcare Initiative (FNICCI) include:

- Core operating costs for new and existing child care spaces, to a maximum of \$6,500 per full-time equivalent space;
 - Costs to facilitate improved linkages with related services;
 - Capital costs up for construction or renovation of facilities is described in section B;
 - Equipment necessary for the operation of a child care service;
 - Training costs for child care workers related to accreditation and professional development;
 - Start-up costs, such as the establishment of accredited First Nations and Inuit designed and controlled early childhood training programs and planning costs at the local and regional level; and,
 - Costs of food in the form of healthy meals and snacks for nourishment for the purposes of childcare.

Eligible expenditures for Administration under FNICCI include:

- 
- Program support and developmental costs, not to exceed 12.5% of the total contribution for child care activities to support the creation of uniquely First Nations and Inuit services, including:
 - Program development costs such as special programming to meet cultural, language, special needs;
 - Costs to develop and maintain First Nations and Inuit regional technical and licensing support mechanisms; and,
 - Costs to develop First Nations and Inuit standards and accreditation approaches.

Note: Childcare expenditures directly linked to supporting clients while in training are eligible under FNJF; however, expenditures related to the administration of childcare centres/programs in this category are not eligible.

D. ADMINISTRATION ELIGIBLE EXPENDITURES

Eligible expenditures supporting but not directly related to the delivery of labour market programming for targeted clients are described below:

1. Wages and Mandatory Employment Related Costs

- Wages for employees whose time and activities are not directly attributable to delivering eligible core services or programs to clients are indirect costs and should be included as administrative costs.
- Mandatory Employment Related Costs (MERCs) for staff whose time and activities are not directly attributable to eligible core services or programs (including employer portions of Employment Insurance, Canada Pension Plan, workers compensation, health care benefits, accrued vacation pay per applicable labour code, other employer costs required in relation to staff).
- Other employment-related benefit costs for program staff (group medical, dental, pension, etc.) where justified by current organizational Human Resources (HR) policies.
- Other HR costs such as extended illness and maternity leave, vacation leave not already claimed from the Department under MERCs, etc., for program staff where justified by current organizational HR policies and provincial labour standards. This is not a contingency option. Costs must be foreseeable to be negotiated in the original agreement and will otherwise require pre-approval by ESDC and an amendment to the agreement if required.



Professional fees

Contracting in support of administration of the ASETS program. Possible examples include bookkeeping, janitorial, services, internet technology (IT), and equipment maintenance services.

Legal fees

This includes reasonable allowance for costs related to review of lease for premises, and of agreements to be entered into by the ASETS Agreement Holder. It also includes reasonable cost of legal advice in cases of dismissal of employees.

Travel and transportation costs not directly related to program activities

This includes travel for capacity building, including for staff training and workshops.

Organizational capacity building

Expenditures related to organizational capacity building can also be eligible under FNJF, however, the applicant must demonstrate that the proposed expenditures are reasonable and offer value for money.

Activities in support of organizational capacity building may include:

- Strengthening and/or enhancing organizational capacity to address high staff turnover and/or insufficient skilled staff to meet client demands, e.g. governance, business planning, financial reporting, compliance etc.
- Other new or existing locally designed capacity building initiatives compatible with the objectives of ASETS, as pre-approved by ESDC, including training to meet relevant requirements of individual communities at-risk, such as training for grief counselling, emergency preparedness etc.

Audit costs

This can be either or both of the pro-rated cost of auditing the books and records of the whole organization in relation to ASETS funding or the entire cost of the special audit examination referred to in *Section 12 of Schedule D, Financial Management and Accountability Requirement*, of the funding agreement.

Related costs

The following miscellaneous costs are also considered eligible:

- Staff disability supports (personal or physical supports recommended by a qualified assessor to accommodate staff with disabilities);
- Staff training for disability-related issues (e.g. sign language training);

- 
- A decorative header at the top of the page features a row of light blue silhouettes representing various people, including individuals, a person in a wheelchair, a person with a cane, and a person pushing a stroller.
- Rental of premises;
 - Utilities (heating, ventilation and air-conditioning, electrical power generation and distribution, water purification, storage and distribution, sewage handling, treatment and disposal, fuel storage and handling and water heating);
 - Equipment lease / rental / purchase (including computers, fax machines, etc.);
 - Computer software;
 - Costs associated with applicant owned assets other than premises (e.g. computers, furniture);
 - Business licenses and permits;
 - Advertising costs (newspaper ads, flyer production, etc.);
 - Insurance (fire, theft, liability);
 - Operational costs (phone/fax, mail, internet, printing, equipment repair and maintenance, staff professional development);
 - Materials and supplies (pens/pencils, paper, cleaning supplies, subscriptions);
 - Bank charges;
 - IT maintenance; and,
 - Staff and volunteer transportation (bus fare, taxi and parking, per diem for meals and incidentals must not exceed the rates published by the Treasury Board Secretariat).

E. INELIGIBLE AND DISPUTED COSTS

Ineligible costs are defined in the agreement between the ASETS Agreement Holder and Canada and outlined in the ASETS Terms and Conditions. The final version of the signed agreement is authoritative on ineligible costs. Where there is a dispute about eligibility, the agreement overrides any policy or guideline issued by the Treasury Board or the Department, including the Terms and Conditions of the program.

Notwithstanding, some costs are conditionally eligible and require pre-approval by Canada. Because some costs are conditional, there may be differences of opinion relating to these items. The agreement provides for ESDC to request additional information relating to the agreement and its administration. When clarifications are required to determine whether conditions for eligibility have been met, ASETS Agreement Holders may be requested to provide a justification, in writing, of their position. Once all of the facts and rationales have been received, the matter may need to be referred to program management for a decision.

Below are listed the expenditures that are unconditionally ineligible. Where appropriate, supplementary information on situations where disputed costs could be eligible conditional to pre-approval by Canada is provided:



Costs Associated With Fundraising Activities

Costs associated with fundraising for the ASETS Agreement Holder or related organizations are unconditionally ineligible.

Costs associated with a client participating in non-related fundraising activities as a method of gaining employment experience or skills development are potentially eligible and would need to be justified.

Canada Revenue Agency or Payroll Penalties and Interest

These costs are unconditionally ineligible.

Traffic Fines and Penalties

These costs are unconditionally ineligible.

Parking / Parking Passes for ASETS employees

Parking charges for employees at the organization's offices are not eligible for reimbursement and parking spaces should not be included in the rental agreement. However, parking will be reimbursed for ASETS Agreement Holder employees on travel status only.

Food Costs

Food costs are only permitted in the following circumstances:

- Providing meals and refreshments at working sessions (where there is a benefit in keeping the group together for networking or for keeping on time).
- Meal replacement for an employee or officer required to work three or more hours of overtime immediately before or after their scheduled hours of work when not on travel status.
- The provision of food to participants in training activities where it provides nourishment that is considered to contribute to the participants' successful completion of their training (i.e. providing breakfast for youth-at-risk participating in a training program, providing a nutritious lunch as part of the objectives of a training session for clients with multiple barriers, etc.).
- The provision of food in the form of healthy meals and snacks for nourishment for the purposes of child care.

Justifications should be on file. Requests for reimbursement of hospitality should include a brief summary of the event for which a claim is being made. This summary should include the date(s), purpose of the event, and a full list of participants. Participants who are also submitting travel claims should not claim for meals provided at the event. Use of hospitality will be assessed for reasonableness using the Treasury Board Secretariat guidelines on hospitality as a benchmark.



Legal fees and court awards for inappropriate dismissal or other inappropriate/ illegal activity

These costs are unconditionally ineligible.

Membership fees

- Membership fees of a personal nature are not reimbursable. These include golf clubs, private clubs, and professional fees that are not required by law.
- Memberships in health clubs that are part of a wellness program may be permitted if available to all employees on pre-approval by Canada.
- Membership fees in public associations are permitted if the membership is related to the objectives of the ASETS program.
- Where possible the membership should be a corporate membership that allows the organization to choose any employee or director to represent it. Eligible public associations may include Chambers of Commerce, local business networks, and national education associations.

Bonuses and Performance Pay

As a general rule, bonuses and performance pay are not eligible for reimbursement. It is strongly preferred that all employee compensation is negotiated as part of his/her salary or wage structure. However, certain organizations may have standard retention or performance bonuses that are part of their overall compensation strategy. These bonuses must be part of a pre-existing policy of the organization or negotiated in a contract between the organization and an employees' union.

For bonus pay of any kind to be eligible, it must be identified in the annual operating budget under a separate line, but within the Salaries and Wages section. This ensures that the amounts are visible and that pre-approval can be given.

To be eligible, bonuses must be:

- administered as an additional salary or wage payment through the payroll system;
- based on clear rules so that the amount can be recalculated and verified;
- in accordance with clear, reasonable and verifiable targets that have been set and met if the bonus is based on performance; and,
- reasonable in amount.

Note: "Reasonable" is defined as within fair market value. A bonus should not increase an employee's gross compensation to a level that exceeds the local fair market value for similar employment.



Purchase of alcoholic beverages

These costs are unconditionally ineligible.

Purchase of any illegal substances

These costs are unconditionally ineligible.

Mentor wages (under Youth projects)

These costs are unconditionally ineligible.

Gifts or payments for recognition (e.g. honoraria, ex gratia payments)

These costs are unconditionally ineligible.

Capital costs for the purchase of land or buildings

These costs are unconditionally ineligible.

Capital costs for the construction of a building, renovations and leasehold improvements

Capital costs for the construction of a building are not eligible except, as mentioned in section B, under the First Nations and Inuit Child Care Initiative. Capital costs for specified renovations and upgrades to accommodate clients with a disability are eligible on pre-approval by ESDC. Projects with a value greater than \$25,000 should follow the normal bid processes and project management practices. The project plan should contain a report identifying physical barriers that prevent clients with disabilities from participating in the programs offered at the current facilities. Some eligible projects would include:

- wheelchair ramps;
- replacement of interior doors with wider, more accessible door frames;
- automatic door openers;
- replacement of curbs to allow wheelchair access; and,
- installation of Braille signage.

Organizations may wish to consult the Canada Mortgage and Housing Corporation website (<http://www.cmhc-schl.gc.ca/en/index.cfm>) for additional information on grants available to support building renovations.

Director's fees

Director's fees are compensation to a member of a board of directors for their time in preparing for and attending meetings. According to Canada Revenue Agency guidelines (<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/spcl/pychrt-eng.html>), honorariums or



director's fees paid to an employee or officer are taxable income and the appropriate information slips and returns should be prepared. EI and CPP should be deducted and the employer portion should be paid.

Director's fees are always ineligible expenses when paid to the following persons:

- employees of the ASETS Agreement Holder;
- employees of an ASETS sub-agreement holder;
- employees of an organization that is closely related to the ASETS Agreement Holder, including sub-agreement holders;
- elected officials who receive a full time salary from their elected position; and,
- elected officials who are members of the board of directors by reason of their election to another position.

Director's fees may be paid to persons who are recruited to serve on the board of directors for their expertise and who are not defined in an ineligible category above.

Board meetings

Board meeting costs are eligible only to the extent that the topics under discussion relate to the ASETS agreement and its administration. This is determined based on the percentage of meeting time used for ASETS business. Reasonable travel and accommodation costs associated with the meeting are also eligible. Attendees who are not members of the board may only be reimbursed if their attendance is required during ASETS related discussions.

Termination of employees, severance pay and related legal fees

Mandatory Termination Costs

Each ASETS Agreement Holder is required to abide by the applicable labour standards for their organization. These standards may be the provincial employment standards or the Canada Labour Code depending on the location of the ASETS Agreement Holder.

Payments for pay in lieu of notice and severance that are mandatory under the applicable employment standards legislation are considered to be a mandatory employment related cost and are unconditionally eligible.

Layoff

Severance is mandatory when an employee is laid off. The minimum amount of severance pay is given in the applicable labour code. Employers residing on reserve are under the Canada Labour Code. Off-reserve employers are typically under the jurisdiction of the applicable provincial employment standards.

A decorative header image at the top of the page shows a row of light blue silhouettes of various people, including men, women, a person in a wheelchair, and a person with a cane, representing a diverse workforce.

Layoffs should only occur as part of a staff reduction or restructuring strategy. The amount of severance and the timing of such layoffs must align with the applicable labour code for the jurisdiction and be identified in the annual operational plan.

Termination

Termination for cause should be based on employee misconduct; or, on poor performance in cases where it is identified and only after a genuine attempt at remediation has occurred.

The reasonable cost of legal advice to ensure that the proper steps are taken to avoid wrongful dismissal by the ASETS Agreement Holder is eligible for reimbursement.

There may be situations where it is deemed advisable to pay severance in excess of the mandatory payments required under employment standards legislation. After the decision to terminate an employee has been taken but before any payment to the terminated employee is made, the recipient may make a business case to have any negotiated severance pay reimbursed. There must be a solid justification for amounts that exceed the applicable minimums in the relevant labour codes.

ESDC will make its determination to reimburse based on the merits of each case.

Wrongful Dismissal

Legal fees and subsequent court awards for wrongful dismissal are not eligible for reimbursement. Since ESDC is willing to pay for proper legal advice up front, there should be no cases of wrongful dismissal brought forward.

Questions

Please contact your Regional Program Officer responsible for managing the agreement if you have questions regarding these guidelines or the ASETS program.

ANNEX A Program vs. Administration Costs

The purpose of this Annex is provide further clarity with respect to the allocation of expenses to either the administration or program cost categories. As Aboriginal Skills and Employment Training Strategy (ASETS) Agreement Holders have unique circumstances and expenditures, it is the role of the program delivery staff, in consultation with the organization to determine the appropriate cost category for a given expenditure. A general method for determining this is to ask the question:

“Was the outcome of the expense of direct benefit to the client?”		
Answer “Yes”	Answer “No”	Answer “Yes” and “No”
= Program Cost	= Administrative Cost	= Program & Administrative Cost (determine percentage)

If the answer is yes, then the expense is a program cost. If the answer is no then the expense is an administrative cost. In circumstances where the expense directly benefits both the organization and the client, then a determination should be made of the percentage of the expense to be shared between the two costs categories.

Administration Costs are costs that support the organization. These expenses are captured in the Annual Expenditure Plan in section A, Agreement Holder Administration Costs. **It is important to remember that administration costs cannot exceed 15% of the total funding amount that the agreement holder receives throughout the 5 years of ASETS.**

Program Costs are costs directly associated with serving the clients. These expenses are captured in the Annual Expenditure Plan in sections:

- B. Core Program Services
- C. Agreement Holder Programs
- D. Partnership Development
- E. Child Care Programs (if applicable)

The attached table provides examples of expenses that can be considered either program or administration costs, or both. Please note that it is not intended to be an exhaustive list, but is meant to provide some common examples of administration costs.

Table 1: Examples of Program and Administration Costs for ASETS

Expense	Administration Cost	Program Cost
<p>Staff Wages & Mandatory Employment Related Costs (MERCs)</p>	<p>Wages & MERCs for staff who do not deal directly with clients such as the CEO, Finance Officer, HR Officer, etc. Percentages of wages can be established for positions whose functions include both administrative and program responsibilities.</p> <p>Example 1: If 25% of the Executive Director’s time is spent on partnership development, then this percentage could be claimed as a program expense and 75% of the Executive Director’s salary would then be claimed as an administrative expense.</p> <p>Example 2: 45% of the receptionist salary can be budgeted as a program expense based on the amount of time that he/she has direct contact with clients and 55% can be budgeted as an administrative cost based on his/her responsibilities that support the functions of the organization.</p>	<p>Wages & MERCs for program delivery staff who provide direct services/interventions to clients. Percentages of wages can be established for positions whose functions include both administrative and program responsibilities.</p>
<p>Materials and Supplies (pens/pencils, paper, cleaning supplies, subscriptions)</p>	<p>Materials and supplies purchased to support the daily functions of the organization (paper, pens, etc.)</p>	<p>Materials and supplies purchased to support clients enrolled in training courses and/or school (paper, pens, notebooks, etc.)</p>
<p>Basic telephone charges (including fax lines)</p>	<p>Telephone charges to support the daily functions of the organization.</p>	<p>A certain percentage of the organization’s telephone charges can be considered a program cost if these services are available for client use (i.e. access to telephone and facsimile for the purposes of searching for employment)</p>



Expense	Administration Cost	Program Cost
Monthly internet fees	Internet charges to support the functions of the organization.	A certain percentage of the organization’s internet costs are considered a program expense if these services are available for client use (i.e. internet usage for searching job banks, e-mailing résumé, etc.)
Travel	Staff and volunteer transportation (bus fare, taxi and parking, per diem for meals and incidentals must not exceed the approved Treasury Board published rates)	Transportation expenses incurred to support a client (i.e. taxi charges for attending an interview, parking expenses while attending a course, etc.)
Equipment lease/rental/purchase (including computers, fax machines, etc.)	Equipment lease/rental/purchases such as photocopiers, fax machines, etc. to support the daily functions of the organization.	A portion of the cost for the photocopier if it is available for clients to use to copy course material, résumés or information that is helpful in their search for employment.
Computer software	Computer software purchased to support the daily functions of the organization. (i.e. Accounting Software)	Computer software purchased for the organization which enables program delivery staff in assessing clients’ work readiness (i.e. (TOWES) Test of Workplace Essential Skills)
Rent	Office space that is used to support the administration of an ASETS agreement would be coded as an administrative cost.	Office space that is used to serve clients (i.e. where clients are received, meet with employment counsellors, have access to computers) would be coded as a program cost. Rental of facilities for training or workshops for clients/participants would be considered a program cost.