

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

## **Preamble**

The ASETS Guidelines on Eligible Expenditures are intended to inform and provide guidance to ASETS Agreement Holders (AAHs), Sub-Agreement Holders (SAHs) and Service Canada (SC) regional staff in relation to the eligibility of activities and expenditures that are described in the ASETS program Terms and Conditions.

Also, as described in the ASETS contribution agreement, AAH and SC regional staff will work collaboratively together in reviewing the Annual Operation Plan (AOP) that is submitted and these Guidelines on Eligible Expenditures will serve as a reference document for this purpose.

As a best practice, AAH's and SC regional staff should have discussions in advance if there is any uncertainty regarding the eligibility of expenditures.





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A decorative header image showing silhouettes of various people, including a person in a wheelchair, a person with a cane, and a person with a stroller, representing diversity and accessibility.

## SUMMARY OF CHANGES

The Guidelines are now aligned with the outline of the Annual Operational Plan (AOP).

The specific changes and/or additions/deletions that have been made to the guidelines are as follows:

- Contextual Information regarding the Annual Operational Plan (AOP) has been added;
- Reference to Fair Market Value has been deleted;
- Clarifications have been made on Eligible Activities;
- References to the First Nations Job Fund (FNJF) have been removed from the document as the program will sunset March 31, 2017;
- References to pre-approval by Canada have been removed throughout the Guidelines (where previously *applicable*);
- Revised definitions, consistent with the ASETS Amending Agreement in 2017-18, have been included in Annex A;
- Clarity on modified approach to Contracting and related clauses have been added;
- Description of eligible costs has been re-organized in the Guidelines to align with the structure of the AOP; and;
- Clarification on the eligibility of Capacity Building / Professional Development (for Administration and Core Services / Program Staff) has been made;



# ELIGIBILITY CRITERIA

## Effective Date

These Guidelines on Eligible Expenditures (Guidelines) replace the version dated July 2016.

## Annual Operational Plan

The Annual Operational Plan (AOP) for 2017-18 is to be submitted on or before March 1, 2017. It provides an overview of planned activities and eligible expenditures for one year, with the activities and expenditures now combined in a single document.

Formal approval of the AOP is no longer required. Instead, Service Canada (SC) regional staff and ASETS Agreement Holders (AAHs) will review the AOP together to ensure that the activities and expenditures listed are consistent with these ASETS Guidelines on Eligible Expenditures. Once completed and signed by both parties the AOP will be attached to Schedule C of the ASETS contribution agreement.

AAHs may make changes to their operational plan during fiscal year 2017-2018 as needed. Within 30 days of making changes, AAHs and Service Canada (SC) should work collaboratively to ensure that all planned activities and expenditures for the fiscal year will remain consistent with the Guidelines.

## NOTE:

First Nations and Inuit Childcare Initiative (FNICCI) funding cannot be allocated to other cost categories or funding streams, and cannot be used for other purposes besides childcare.

The following expenditures will continue to require written approval from Canada as per the ASETS Contribution Agreement:

- New Capital Assets over \$5,000 (excluding GST/HST) as per the ASETS Terms and Conditions;
- Non-arm's length contracting of any goods or services (see Schedule F, Section 14.4 – Conflict of interest provision)

The **ASETS program Terms and Conditions** upon which these Guidelines are based can be found at the following link:

<https://www.canada.ca/en/employment-social-development/services/aboriginal/asets-terms-conditions.html#h2.6>

For expenditures to be eligible for reimbursement, **they need to be either a direct program cost or an administration cost.** Please refer to Annex B for further information on the difference between program and administrative costs.



## ASETS Program Objectives and Outcomes

The ASETS Objectives and Outcomes are stated in the ASETS Terms and Conditions.

## Eligible Activities

**Activities eligible** for support under the ASETS programs are activities that provide assistance in support of:

1. Indigenous labour market development;
2. Activities aimed at providing employment-related assistance to Indigenous Youth;
3. Activities aimed at providing employment-related assistance to Indigenous clients with disabilities;
4. Activities to help build the capacity of Indigenous organizations to deliver employment-related programs and services to Indigenous clients; and
5. Activities specifically aimed at providing child care supports for First Nations and Inuit parents who are participating in labour market development activities.

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

The carrying out of project activities may involve the AAH further distributing funding to one or more persons or entities to support the delivery of the activities (i.e., sub-agreements and service providers), provided appropriate accountability mechanisms are in place.

## Eligible Expenditures

**Eligible Expenditures** means the expenditures for costs described in the AAH's budget and any sub-agreement holder budgets that form part of the Recipient's annual operational plan and that are in compliance with these Guidelines on Eligible Expenditures.


**NOTE:**

The following definitions list possible activities that could be considered eligible expenditures. These lists are not exhaustive, and there are additional activities that could be eligible. The examples are only meant to provide a measure of guidance on eligible expenditures.



## **Definitions:**

- 1) **Direct Program Costs** are directly associated with serving the eligible clients. These expenses are captured in the AOP in the following sections:
  - a) **Funded Programs Activities** - the activities to support clients in improving their employability. Examples of Funded Program Activities include: Targeted Wage Subsidy; Skills Development such as Individual Course Seat purchase and Industry/Sector-specific; Group Training program such as Trades, Health fields, Summer Student Work Experience; and Job-readiness supports.
  - b) **Core Program Services** – the activities of staff providing a direct service to clients. Examples of Core Program Services include: client/participant assessment; case management; the services that would be provided under an Employment Assistance Services (EAS) agreement such as the development of a Return to Work Action Plan; sharing labour market information; employment counseling; job placement services; and follow-up with a participant in an employment program. Related activities also include office rental and associated utilities such as telephone, internet, office supplies, computer/printers for résumé development and job-search. The salary and associated non-salary operating costs would also be an eligible expenditure in this cost category.
  - c) **Partnership Development or Maintenance** - means any expenditure incurred by the Recipient towards the development or maintenance of partnerships that support, or contribute, to the overall objectives of the ASETS to increase Indigenous engagement in the labour market (e.g. Memorandum of Understanding (MOU) development, development of training initiatives, and advisory committees).
  - d) **Child Care Costs (if applicable)** - means any expenditure incurred by the Recipient in support of Child Care service offerings to Indigenous persons that are specific to the particular needs of this clientele (i.e. equipment necessary for the operation of a child care service, training costs for child care workers related to accreditation and professional development, etc.). This section applies for Child Care and can apply to FNICCI or CRF funds. Funding provided under FNICCI can be used as described under section 3 of these Guidelines.
  
- 2) **Capital Costs:** 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 (excluding GST/HST)) that is not physically incorporated into another product and that remains functional at the end of the project. Examples are provided on page 12.



**3) Administration Costs (Indirect Costs)** means any expenditure incurred by the Recipient in the course of its regular operations that, though indirectly related to the delivery of programs, enable the Recipient to manage the delivery of programs successfully.

## Type of Expenditures:

### 1) Direct Program Costs

The following expenditures, if incurred under the eligible **labour market, youth or disabilities activities**, are an eligible cost:

#### 1.1 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 activities, 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 employees 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.

**1.2 Professional Fees** means services provided in support of participants/clients ASETS interventions (i.e. vocational assessments, needs assessments, services provided by Indigenous Elders, etc.)





### 1.3 Organizational Capacity Building / Professional Development


Activities in support of organizational capacity building include:

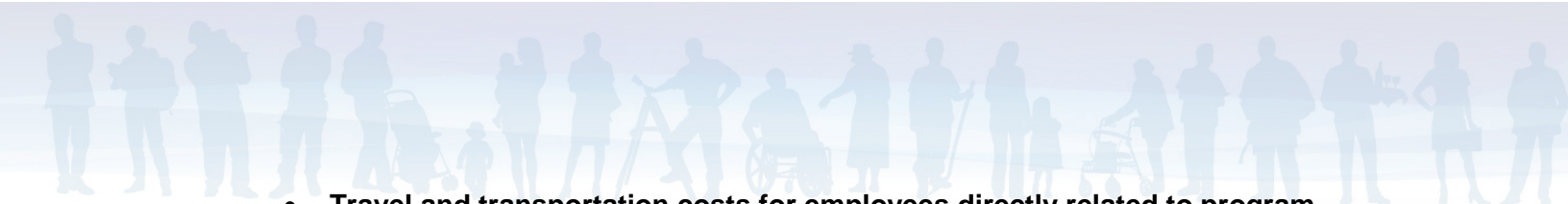
- Strengthening and/or enhancing organizational capacity of direct program delivery staff; and
- Other new or existing locally designed capacity building initiatives compatible with the objectives of ASETS, including training and succession planning to meet the relevant requirements of program delivery.

**1.4 Participant Costs** means any wages, MERCs (as required by law) or benefits (as required by collective agreement or company policy), any support payments, tuitions fees, participation or completion bonuses paid by the Recipient to, or on behalf of, Project Participants:

- **Tuitions fees** to either public or private educational institutions for providing a training or instruction course or program to a participant.
- **Fees associated with Academic upgrading** - 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.
- **Fees associated with Essential skills development** - literacy skills training, second language training (reading/writing), resumé writing, financial literacy, budgeting, and basic computer skills (Microsoft Word, Outlook, Excel) etc.
- **Fees associated with Self-employment services** - an intervention that provides direct financial assistance, business training or professional support to enable a client start his/her own business or continue in a career of self-employment. Assistance may include providing support for training in business start-up and development from accredited business school, assistance with business plan development, for professional advice for marketing, accounting and financial management and for professional advice to determine where a good office location could be. This would not include paying for rent and other ongoing operational costs.
- **Completion bonuses (stipends)** paid by the Recipient to, or on behalf of, Project Participants (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).*

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- **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. Recipients shall select the proposal offering the best value for money.
  - **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.
  - **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** is a financial assistance provided to a client for the purpose of obtaining an official pardon, including legal fees.
  - **Adaptive technology set-up** may include the purchase of a voice-activated computer, specialized furniture, or other personal or physical supports as recommended by a qualified assessor.
  - **Materials, supplies, books and testing materials** - 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 clients/participants** – this includes reimbursement of travel costs related to program activities, including bus passes/tickets, reimbursement of mileage to participants, the cost of obtaining a driver's licence including training, and transportation for clients with disabilities. Costs should be in line with the organization policies and 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.

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- **Travel and transportation costs for employees 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. Costs should be in line with the organization policies and 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
  - **Parking for clients** - financial assistance provided to a participant 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.

Where AAHs further distribute the contribution funding to a third party in support of the eligible activities referred to above, provided or delivered by the third party to participants, payments by the AAHs to reimburse the third party for the expenditures are also eligible expenditures. However, any payments by AAHs to a third party for participant-related expenditures other than those permitted above are not eligible expenditures.



## 2) Capital Costs

Capital Costs should be reflected in the appropriate Cost Category (e.g. Capital Costs related to administration costs versus Capital Costs related to direct client support or in support of a funded project).

- A capital cost is incurred to purchase goods and services that will remain useful at the end of the project.

**A Capital Asset** is any single or composite asset with a purchase value of more than \$5,000 (taxes excluded) that is not physically incorporated into another product and that remains functional at the end of the project. For example, four \$500 chairs are not capital assets because each chair is functional on its own and, as a single unit, falls below the established threshold of \$5,000.

**A composite asset** is a collection of unique assets that form one identifiable functional unit, where all components are required for the asset to be functional. The collection of assets is treated as a single capital asset if the total cost of all individual items together is greater than \$5,000. For example, a personal computer composed of a hard-drive, a monitor, a keyboard, a mouse and cabling can be defined as a composite capital asset.

- Capital assets with a purchase price of less than \$5,000 are considered expenses.
- The following apply only to items over \$5,000:
  - During the Period of the Agreement, the Recipient shall preserve any asset costing \$5000 or more which is purchased by the Recipient with funding provided under this Agreement and shall not dispose of it unless Canada authorizes its disposition.
  - Capital Assets with a purchase price greater than \$5,000 must be tracked for inventory purposes.
  - All capital assets acquired by the Recipient or by a third party over \$5,000 (excluding GST/HST) will require the written approval of Canada before purchase and include a plan for disposal of the asset at the termination of the project for which the capital asset was purchased (*as per the ASETS Terms and Conditions*).



## CONTRACTS

- The Recipient will use a competitive process when contracting for goods and services valued at \$25,000 or more (excluding GST/HST) in relation to the administration of activities funded under the agreement. The Recipient shall select the bid or proposal offering the best value for money.
  - (a) The Recipient must not unnecessarily divide a requirement for goods and services into a number of smaller contracts (contract splitting).
  - (b) For greater certainty the competitive process requirement does not apply to contracts for services with service providers or sub-agreements holders.

The Recipient must inform Canada, in writing, of any exception to the requirement to use a competitive process including justification as to why the competitive process was not followed for any sole-source contracts.

- The purchase/lease of a vehicle for program related activities is an eligible expense. The bid or proposal offering the best value for money should be selected.
- Assistance may be provided for capital costs to a maximum of \$1,000,000 (\$1 million) per year per agreement with prior written approval of Canada (as per the *ASETS Terms and Conditions*).

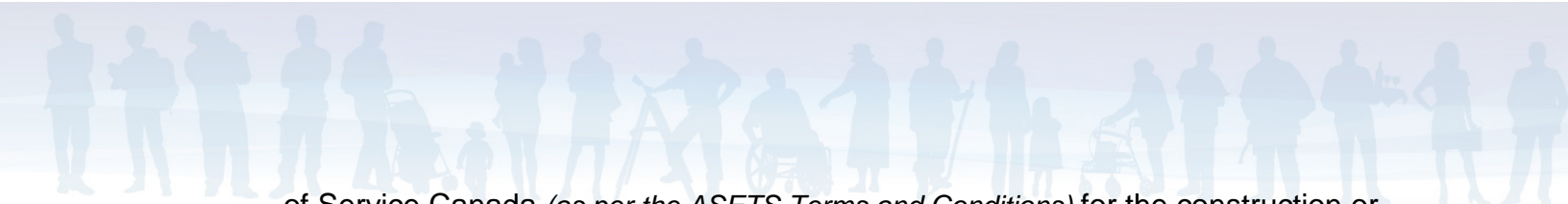
### **Ineligible capital costs are:**

- Capital costs for the purchase of land or buildings; and
- Capital costs for the construction of a building, except repairs or renovations to support the participation of persons with disabilities, or the construction or renovation of child care facilities in accordance with provincial/territorial standards and building codes.

## **3) First Nations and Inuit Childcare Initiative (FNICCI)**

### **Eligible Expenditures for direct program costs under FNICCI include:**

1. Core operating costs only, for new and existing child care seat, to a maximum of \$6,500 per full-time seat (*Capital costs, training, start-up, eligible food and program support and development costs are in addition to the \$6,500 maximum*);
2. 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 Service Canada (as per the ASETS Terms and Conditions) for the construction or renovation of facilities in accordance with provincial/territorial standards and building codes.

**Eligible projects could include:**


- i. Upgrades to existing buildings to bring them up to standard;
  - ii. Expansion of existing facilities to accommodate more day care spaces;
  - iii. Construction of day care facilities; and
  - iv. equipment necessary for the operation of a child care service
3. Training costs for child care workers related to accreditation and professional development;
  4. 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;
  5. Costs of food in the form of healthy meals and snacks for nourishment for the purposes of child care; and,
  6. 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:
    - a. program enrichment costs such as special programming to meet cultural, language, special needs;
    - b. to facilitate improved linkages with related services;
    - c. to develop and maintain First Nations and Inuit regional technical and licensing support mechanisms; and,
    - d. to develop First Nations and Inuit standards and accreditation approaches.

#### **4) Administration Costs (Indirect Costs)**

The following administration expenditures are eligible costs:

##### **4.1 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 employees 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 employees (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 employees where justified by current organizational HR policies and provincial labour standards. This is not a contingency option.

#### **4.2 Professional fees**

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

#### **4.3 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 (please review sections 6 and 16 of Ineligible expenditures).

#### **4.4 Travel and transportation costs not directly related to program activities**

This includes travel for staff working on the administration of the agreement to participate in the capacity building/professional development including for staff training and workshops.

#### **4.5 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.

#### **4.6 Organizational Capacity Building / Professional Development**

Activities in support of organizational capacity building may include:

- Strengthening and/or enhancing organizational capacity of Administration staff; and
- Other new or existing locally designed capacity building initiatives compatible with the objectives of ASETS, including training and succession planning to meet relevant requirements of the ASETS agreement.



#### 4.7 Other Related costs

The following 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);
- 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.). Marketing, Communication / Promotion of programs/activities for participants could also be claimed under Core Programs;
- 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 (regular monthly fees are covered, but late fees and overdraft penalties may not be eligible depending on the circumstances in which they were incurred);
- IT maintenance; and,
- Staff and volunteer transportation, when working off-site (bus fare, taxi and parking, per diem for meals and incidentals as well as mileage must not exceed the rates published by the Treasury Board Secretariat).

The total administration costs, including those of third party organizations, should not exceed 15% of the total contribution (*CRF, EI and FNICCI funding*). Administration costs over 15% of the total contribution amount may be permitted in special circumstances provided the justification is reasonable and the costs have been negotiated in advance and approved by Canada (*as per ASETS Terms and Conditions*).





## INELIGIBLE AND DISPUTED EXPENDITURES

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 should be negotiated with Service Canada. Because some costs are conditional, there may be differences of opinion relating to these items. The agreement provides for the Department to request additional information relating to the agreement and its administration. When clarifications are required to determine whether conditions for eligibility have been met, AHs 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:

### **1. 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.

### **2. Canada Revenue Agency or payroll penalties and interest;**

These costs are unconditionally ineligible.

### **3. Traffic fines and penalties;**

These costs are unconditionally ineligible.

### **4. Parking / Parking passes for AH's 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.



## 5. Food costs

Food costs are **only** permitted in the following circumstances:

- 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.
- 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.

*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.*

## 6. Legal fees and court awards for inappropriate/ illegal activity

These costs are unconditionally ineligible (*please review section 16 for legal fees related to dismissal employees*).

## 7. Membership fees of staff

- Membership fees of a personal nature are not reimbursable unless part of existing non-monetary employment benefits package. 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.
- 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.



## 8. Staff salary 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 plan under a separate line, but within the Salaries and Wages section, and reviewed by both parties as part of the AOP review process.

### **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,
- a reasonable amount.

***Note:** "Reasonable" is defined as comparable to other similar positions in the geographic area. A bonus should not increase an employee's gross compensation to a level that exceeds the local rates for similar employment.*

## 9. Purchase of alcoholic beverages

These costs are unconditionally ineligible.

## 10. Purchase of any illegal substances

These costs are unconditionally ineligible.

## 11. Capital costs for the purchase of land or buildings

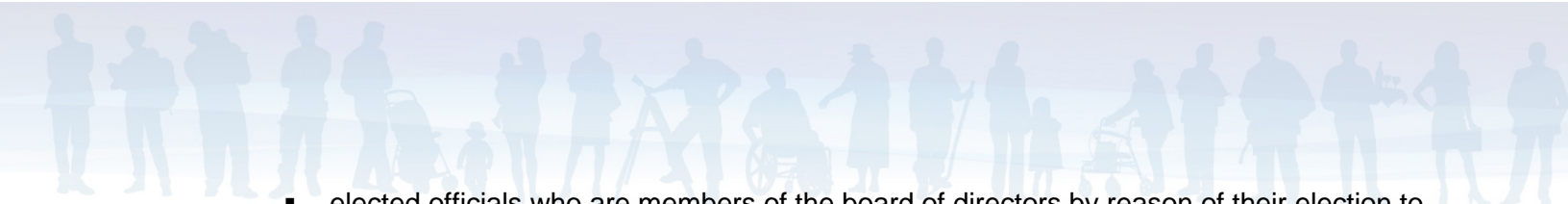
These costs are unconditionally ineligible.

## 12. 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.

*Note: Board Minutes and Records of Decision are no longer required to be submitted.*

### **13. 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.

### **14. Mentor wages (under Youth projects)**

Under review

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

Under review

### **16. Termination of employees, severance pay and related legal fees**

#### **16.1 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.

#### **16.2 Layoff**

Severance is mandatory when an employee is laid off. The minimum amount of severance pay is given in the applicable labour code. Employers operating on reserve are under the Canada Labour Code. Off-reserve employers are typically under the jurisdiction of the applicable provincial employment standards. It is recommended that AAHs contact the Canada Revenue Agency and/or seek legal advice for specific guidance related to jurisdiction and labour laws.

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, be identified in the annual operational plan, and reviewed by both parties during the AOP review.

A decorative header at the top of the page features a row of light blue silhouettes representing a diverse group of people. The silhouettes include individuals of various ages, a person in a wheelchair, a person with a cane, and a person pushing a stroller, set against a light blue background.

### **16.3 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 is eligible for reimbursement, to ensure that the proper steps are taken to avoid wrongful dismissal incurred by the ASETS Agreement Holder.

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 AH 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.

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

### **16.4 Legal Fees related to Inappropriate or Wrongful Dismissal**

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

## **Questions**

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



## ANNEX A – Additional Definitions

- **Other Sources of funding** are defined as sources of funding that contribute to the project, but are separate from the funding received under ASETS.
- **A contract** is an agreement between a contracting authority and an individual or firm to provide a good, perform a service, construct a work, or lease real property. The contract document describes the subject of the transaction, the price and conditions agreed upon and the timeframe within which the goods or services are to be delivered.
- **Competitive process** is evidence that the Recipient has provided the opportunity for more than one organization to bid on a contract for goods and services.  
Examples could include:
  - An advertisement in a local paper inviting bids on a contract
  - A posting on a web-site inviting bids on a contract
  - Copies of emails/correspondence to a number of local suppliers asking them for a quote or to submit a bid on a contract.

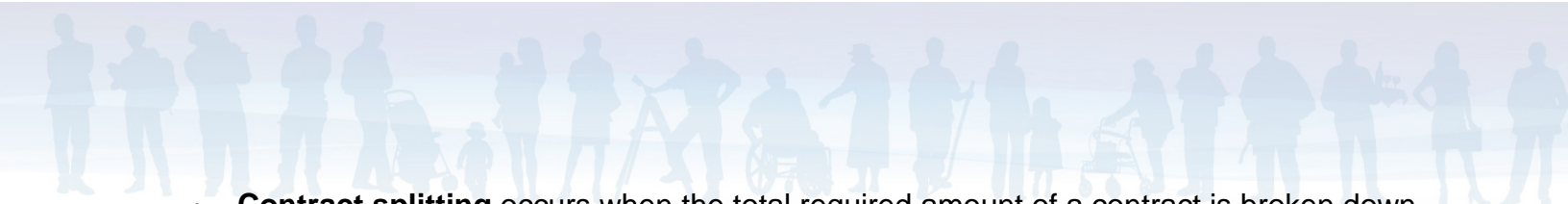
A competitive process becomes important as it will compare the bids/proposals submitted by other organizations to determine if the cost is reasonable when compared with the activities to be performed by the contractor or subcontractor.

Fair and Accountable Competitive Process - any such process should provide for:

- Equal opportunity for contractors;
  - Transparent tendering process;
  - Appropriate method and scope of advertising, and;
  - Impartial evaluation method
- The AH must inform Canada, in writing, of any exception to the requirement to use a competitive process.

Examples of the exception to the requirement to use a competitive process include:

- A repeat project where the same contract had been submitted for a competitive process under the previous agreement;
- Only one source is available for the particular good or service;
- Time is limited such that the successful completion of the project activities is in question.

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- A decorative header at the top of the page features a row of light blue silhouettes of various people, including men, women, children, a person in a wheelchair, and a person with a cane, representing a diverse group of individuals.
- **Contract splitting** occurs when the total required amount of a contract is broken down into smaller requirements to keep the total contract value less than \$25,000 (excluding GST/HST) in order to avoid completing a competitive selection process.

## ANNEX B - Direct Program Costs 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”
= Direct 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 Operational Plan.

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

- Funded Program Activities
- Core Program Services
- Partnership Development and Maintenance
- Child Care Costs (*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 versus Administration Costs for ASETS**

Expense	Administration Cost	Program Cost
<b>Staff Wages &amp; Mandatory Employment Related Costs (MERCs)</b>	<p>Wages &amp; 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><b>Example 1:</b> 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><b>Example 2:</b> 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 &amp; 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>
<b>Materials and Supplies (pens/pencils, paper, cleaning supplies, subscriptions)</b>	<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>
<b>Basic telephone charges (including fax lines)</b>	<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
<b>Monthly internet fees</b>	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.)
<b>Travel</b>	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.)
<b>Equipment lease/rental/purchase (including computers, fax machines, etc.)</b>	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.
<b>Computer software</b>	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)
<b>Rent</b>	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.
<b>Capacity Building / Professional Development</b>	For staff whose time and activities are <u>not directly</u> attributable to delivering eligible core services or programs to clients.	For staff 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.