

<p>Service Description Schedule One per Service Contract or Child, Youth and Family Services Act (CYFSA) approval</p>
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TRANSFER PAYMENT RECIPIENT GOVERNANCE
Ministry of Children, Community and Social Services

Initiated In: **2019 - 2020**

Organization Name: Contact Brant for Children's and Developmental Services

TPR#: 100925

Legislation:

This Service Description Schedule (SDS) is part of the Service Contract/CYFSA Approval between the Ministry and the Service Provider (Transfer Payment Recipient). This Schedule outlines the Ministry requirements relating to transfer payment recipient governance.

This Schedule applies to all services covered by this Service Contract/CYFSA Approval as listed on the approved budget and other associated schedules.

Exclusions: This schedule is not applicable to Service Contracts with the municipal sector, Dedicated Supportive Housing, Ontario Disability Support Program – Employment Supports, and First Nations.

<p>Ministry Completed Section</p>
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Expectations:

Service Provider (Transfer Payment Recipient) must have governance structures and accountability processes to properly administer and manage public funds, to provide services to clients, for which the transfer payment was made.

The Transfer Payment Recipient commits to fulfilling the Ministry's expectations for good governance, as identified below, and affirms that:

- The Transfer Payment Recipient is legally incorporated;
- The Board of Directors, collectively, has taken reasonable steps to understand its corporate and fiduciary duties and, to the best of its knowledge, has the expertise

and experience necessary to discharge its responsibilities in compliance with government requirements;

- The Board of Directors is comprised of people who:
 - possess the necessary knowledge, ability and commitment to fulfill their obligations;
 - understand their purpose, roles and responsibilities and whose interests they represent;
 - understand the objectives and strategies of the organizations they govern;
 - understand what constitutes reasonable information for good governance and obtain it;
 - once informed, are prepared to act to ensure that the organization's objectives are met and that performance is satisfactory; and
 - fulfill their accountability obligations to those whose interests they represent through regular monitoring and oversight of their organization's management and operations performance.
- The Board of Directors has a governance structure and accountability mechanisms in place to manage Ministry funding as set out in the Service Contract (refer to [Schedule A](#));
- The Board of Directors has taken steps to ensure that they meet all legislative, regulatory and policy and program requirements including overseeing the organization's management and expenditures with sufficient care to ensure that funds are spent appropriately, effectively and efficiently for program and service delivery.
- The Board of Directors has taken steps to strengthen processes/mechanisms to consistently adhere to and address non-compliance with legislative, regulatory, policy and program requirements including recommendations identified in applicable program and audit reviews.
- The Board of Directors complies with the bylaws and governance policies of the corporation;
- Any changes to the Board of Directors are reported in writing to the Ministry within fifteen days of the change.

- The Board maintains an effective working relationship with the executive director of the Transfer Payment Recipient. The Board completes and documents a performance appraisal of the executive director of the Transfer Payment Recipient on an annual basis.
- The Transfer Payment Recipient will comply with the Ministry's risk assessment business process;
- The Transfer Payment Recipient will submit an annual update to the Ministry and any supplementary information required by the Ministry on all identified areas of risk;
- The Transfer Payment Recipient will submit an action plan and any supplementary information required by the Ministry that specifies how it will mitigate the identified risks according to specific timelines;
- The Transfer Payment Recipient's governance structures and accountability mechanisms are in accordance with all statutory and/or regulatory provisions including government directives that may apply to the organization;
- The Transfer Payment Recipient agrees to provide any governance documents requested by the Ministry, including, but not limited to: letters patent, mission statement, vision, values, bylaws, governance policies and procedures, board meeting schedule, board succession plan, annual report, minutes from the annual general meeting;
- Should there be a risk-based concern, the Transfer Payment Recipient agrees to provide evidence that board meetings are held, board decisions are minuted, and that the board has a current strategic plan.

Schedule A – Accountability Mechanisms

A typical Governance Structure for Not-For Profit Organizations is set out below:

- The Board of Directors is responsible for all aspects of the organization, including:
 - Overseeing its operations
 - Understanding the legislative requirements and environment;
 - Designing a governance framework;
 - Implementing the framework;
 - Ensuring the right board dynamics;
 - Ongoing monitoring, learning and improvement; and holding management accountable for delivering on the mission of the organization including its legislative, regulatory, policy and program obligations
- As a board, directors are obliged to:
 - Oversee all aspects of the organization's management and operations.
 - Make decisions in the best interests of the organization, taking into account the impact on members and/or other stakeholders.
- As individual directors, they are obliged to:
 - Exercise the care, diligence and skill that a reasonably prudent person with similar knowledge and expertise would exercise in comparable circumstances (“duty of care”).
 - Act honestly and in good faith in the best interests of the organization (“duty of loyalty”).

Additional Reference Publications used for this document: “Governance for Not-For-Profit Organizations: Questions for Directors to Ask” (Chartered Professional Accountants Canada, 2014); and “20-Questions-NFP-Directors-Should-Ask-About-Risk” (Canadian Institute of Chartered Accountants 2009 and reissued by Chartered Professional Accountants Canada).

Schedule B – Explanation of Service Description Schedule for Governance

The Recipient Governance Schedule is also known as the Board of Directors Capacity SDS, and requests that Boards affirm that collectively, they have the governance structure and capacity to manage MCCSS funding as set out in the service contract.

In the 2009-10 Transfer Payment Budget Package the SDS was expanded and renamed the Agency Governance SDS, with specific expectations for good governance practices and compliance with the Risk assessment process. This

revision was done as part of Ministry's activities to comply with the Ontario government Transfer Payment Accountability Directive, 2007 (TPAD), which includes mandatory requirements for all ministries administering transfer payments. In April 2017, the updated Transfer Payment Accountability Directive, 2017 (TPAD) requires that ministries must consider the recipient capacity, governance structure (legislated, non-legislated), control structures (e.g., rules, guidelines, procedures, protocols, etc. that direct the work and processes of an organization), recent changes to governance or control structures. In 2019-20, the SDS was renamed to Recipient Governance.

The TPAD states that ministries must ensure that transfer payment recipients have "appropriate governance and control structures in place that are in accordance with all statutory and/or regulatory provisions that apply to the recipient." Good governance structures and practices support the effective use of public funds and achieving results for clients.

The Recipient Governance SDS also clarifies that the Board of Directors collectively has taken reasonable steps to understand their duties, and that to the best of their knowledge they have the experience to discharge their responsibilities. The SDS also clarifies that the Ministry may ask for evidence that board decisions are minuted, or that a strategic plan was in place, to support the Ministry's risk assessment process. Minuted board decisions and strategic plans are key indicators of good governance practices according to many widely available sources.

The Recipient Governance SDS is a mandatory provision for inclusion in all service contracts. The SDS must be signed each time a service contract is signed, or when there are changes to the SDS.

Agencies are encouraged to discuss the rationale for this SDS with their Regional Office during their annual contract negotiation process. This will ensure that all parties understand its purpose and intent, as well as support the overall governance and accountability in service contracts.

Only one schedule needs to be completed per applicable service contract.

CONTACT INFORMATION:

If you require additional information or need assistance regarding the Recipient Governance SDS please contact your Program Supervisor with the Ministry's Regional Office.