



# DAIRY PROCESSING INVESTMENT FUND RECIPIENT GUIDE

## Reporting and Financial Management



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**DAIRY PROCESSING INVESTMENT FUND RECIPIENT GUIDE - REPORTING AND FINANCIAL MANAGEMENT**

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## TABLE OF CONTENTS

INTRODUCTION .....	4
SECTION 1 – REQUESTS FOR PAYMENT AND FINANCIAL REPORTING.....	5
SECTION 2 – PROGRESS AND PERFORMANCE REPORTING.....	11
2.1 Project Work Plan progress reporting .....	11
2.2 Project performance reporting.....	11
APPENDIX A – RESPONSIBLE OFFICER(S) AUTHORIZATION FORM.....	12
APPENDIX B – RECIPIENT REGISTRATION AND ELECTRONIC PAYMENT REQUEST .....	13
APPENDIX C – TRAVEL COST REQUIREMENTS .....	14

## **INTRODUCTION**

A contribution is a conditional transfer to a Recipient of funds to be used to support a set of activities specified in a Contribution Agreement (CA). Contribution payments are subject to review and audit by Agriculture and Agri-Food Canada (AAFC). As a Recipient of AAFC contribution funds, you must be familiar with your responsibilities, as well as with the procedures and rules that stipulate how you may spend the approved funds.

This document is intended to provide you with key information to request payments under your CA and to comply with the reporting requirements set out within it.

Your AAFC Program Officer will be your principal contact for the purposes of your CA and is available to advise you throughout the course of your project.

Shortly after your CA is signed, your Program Officer may contact you to organize a start-up meeting to discuss and review your CA, and to outline and clarify AAFC's expectations that are specific to the Program from which you are receiving funding.

## SECTION 1 – REQUESTS FOR PAYMENT AND FINANCIAL REPORTING

The information provided in this Section is largely organized sequentially, reflecting the order in which a Recipient would carry out the activities related to payment and financial reporting.

### Identify a Responsible Officer

- Identify a Responsible Officer for certifying requests for payments and other reports. It is recommended that more than one person be identified in this capacity, in the event that one of them is unavailable when needed.
- Complete the Responsible Officer(s) Authorization Form (provided in Appendix A) and submit it to AAFC after the CA has been signed. The form should be certified by the person who signed the CA on behalf of your organization.

### Set up your accounting systems and procedures

- Set up and maintain appropriate accounting systems and procedures to record and track all project costs and funds received for the project from all sources, and to produce financial reports required by AAFC pursuant to your CA.
- Keep project accounting separate from your organization's regular operations. It is imperative that you are able to easily identify project expenditures. You will be asked to provide forecasts and regular financial reports. In addition to using a financial system that allows you to track the use of the project's funding, you may wish to use a separate bank account.
- Ensure that your accounting systems and procedures comply with Generally Accepted Accounting Principles and any other requirements specific to your Program and your CA. You will need to demonstrate that all project funds, including funds provided by other project supporters (such as governments, and/or industry supporters, partners or association members) are being used for their intended purpose and that the provisions in the CA are being met. You will also need to ensure that you are able to provide appropriate supporting documentation for your claims when requested.
- Your project accounting procedures should include strong internal controls and provide for a proper segregation of duties. For example, no individual should be able to approve his/her expenses or sign his/her cheque for reimbursement.

- To receive payments from AAFC electronically, complete the Recipient Registration and Electronic Payment Request form (provided in Appendix B) and return it to AAFC after the CA has been signed. Cheques are no longer issued except in exceptional circumstance.

#### Enter into agreements with suppliers and contractors

- Keep proof on file of the competitive or reasonable business process that took place to ensure that a fair and transparent process resulted in competent and qualified contractors and/or personnel working on the project.
- Keep appropriate records of contracts with other parties to carry out specific activities related to your project. You may be required to demonstrate that the funds allocated to these contracts are eligible, spent in accordance with the provisions in your CA, and in keeping with the purposes of your approved project. You are ultimately responsible for the management of the project funds and for compliance with all the terms and conditions in your CA.
- Ask suppliers and contractors to include detailed information on their invoices/receipts (e.g., clear descriptions of goods and services provided, dollar value, delivery dates, etc.), to allow for verification of expense eligibility and reasonableness. These details are required when transactions are sampled by AAFC, or in the event of a Recipient audit. You must be able to demonstrate that you exercised due diligence in the spending of public funds. AAFC may ask you for a copy of any signed contract with a supplier or contractor.

#### Verify eligibility of expenses

- Check the earliest and latest approved dates (specified in your CA) for incurring project costs. Costs incurred before and after these dates will not be eligible.
- Do not pay or allow to be paid, any portion of AAFC's contribution to any Government of Canada department or agency, including to another AAFC funding program. This also includes any portion of AAFC's contribution towards travel and accommodation costs for federal employees.
- Familiarize yourself with the criteria, pre-approvals and restrictions for specific project costs (such as maximum amounts for consultant per diems, travel and accommodation expenses, equipment and capital assets) identified in your Applicant Guide and/or CA.

- Note that down payments for goods or services made because of a contractual obligation may be considered an incurred expense where, in the opinion of AAFC, expenses are reasonable and respect normal business practices for the type of goods or services being provided. In such cases, the down payments may be claimed for reimbursement for the period in which the payment is issued by the Recipient. Ensure that the down payment is deducted from the final invoice from the supplier.

#### Document all project costs and payments

- Retain originals of all supporting documentation for project costs for review by Program administrators or for audit purposes. Supporting documentation must indicate the costs incurred, how they are related to the approved Work Plan, that they are eligible, and that they were paid (e.g., purchase orders, invoices, contracts, time sheets, payroll registers, receipts, cancelled cheques, bank drafts and other types of proof of payment). This documentation need not be submitted to AAFC unless requested. Note: Credit card statements do not qualify as receipts, invoices or proof of payment.
- Ensure that goods or services purchased by other project supporters (such as governments, and/or industry supporters, partners, or association members) with their cash contributions qualify as eligible costs under the terms and conditions of your CA and Program Applicant Guide.
- Keep supporting documentation where other project supporters use their cash contributions to the project to pay for eligible costs. Supporting documentation must indicate the costs incurred, how they are related to the approved Work Plan, that they are eligible and that they were paid (e.g., purchase orders, invoices, contracts, time sheets, payroll registers, receipts, cancelled cheques, bank drafts and other types of proof of payment). You may be asked to provide this information to Program administrators to validate cash contributions reported or in the event of a Recipient Audit.

Goods or services purchased with cash contributions from other project supporters form part of the Recipient's Contribution and are not eligible for reimbursement by AAFC.

#### Document in-kind contributions from all sources

- Ensure that goods or services received as in-kind contributions qualify as eligible costs under the terms and conditions of your CA. This applies only if in-kind contributions are eligible under the Program.

- Keep proper documentation for in-kind contributions, (e.g. support for the valuation of the contribution; proof that it is a fair market value for the goods or service provided, etc.). You may be asked to provide this information to Program administrators or in the event of a Recipient Audit. In-kind contributions are not eligible for reimbursement by AAFC.

#### Spend according to your approved Budget

- Review the project costs listed in the Budget annexed to your CA regularly. Any variances from these expected costs should be discussed with your Program Officer as soon as possible, as additional advance approvals may be required in order for these cost variances to be eligible for reimbursement by AAFC.
- Note that the amounts approved in the Budget cannot change without approval. Therefore, you are strongly encouraged to submit a Financial Update for consideration, preferably 45 days before planning to redistribute any material amounts between activities/cost categories in the Budget within a fiscal year. Where any changes alter the Project objectives or key Project Outcomes, this, if approved, would require an Amendment which will take time to process. Therefore, please advise us as soon as possible of any such request. Any amounts spent over the limit(s) established in the Budget beforehand, is done so at your own risk and may or may not be approved.
- Note that any portion of AAFC's contribution that is unspent at the end of a fiscal year will not be available for you to spend in a subsequent fiscal year.

#### Check your cost-sharing requirements

- Verify the requirements for cost-sharing your project with AAFC. These requirements are outlined in your Program Applicant Guide and your CA. Note that you are fully responsible for all sources of funding, including in-kind when applicable, that make up the total cost of the project. If, at the conclusion of your project, it is determined that your project was not cost-shared with AAFC according to the agreed ratio, you may be required to repay a portion of AAFC's contribution.
- Ensure that you accurately report on all contributions towards the project (both cash and in-kind, if applicable) from all sources, including your own. Immediately report on any shortfall in relation to forecasted funding for your project, whether from industry firms, other governments, stakeholders, etc. You are responsible for making up any difference, or AAFC's contribution may be reduced accordingly.



## Submit claims for reimbursement

- Ensure that the eligible costs for which you submit a claim for reimbursement were incurred and paid by your organisation.

Other project supporters may use their cash contributions to the project to pay for eligible costs but those costs are not eligible for reimbursement by AAFC.

- Amounts claimed for the reimbursement of eligible costs or reported as contributions to the project may be adjusted without acceptable supporting documentation.
- Submit a completed Financial Update and a Payment Request Cover Letter, signed by the Responsible Officer, to AAFC, along with a General Ledger or equivalent transaction listing.
- Prepare a listing (General Ledger or equivalent transaction listing) of the project costs incurred and paid by your organization, to submit with each claim for reimbursement.
- “Map” or cross-reference the transactions on the listing to the invoices and payroll registers, linking them to the cost category or activity in your CA Budget. Hand-written annotated mappings will be accepted. Add any other information and/or notations that will facilitate the processing of your claim.
- Account for all spent and unspent portions of an advance payment when submitting a claim for reimbursement.
- To ensure that there is no delay in paying your claims, please ensure that all the required documents are properly identified with the activity or cost category and that they are included with your claims for reimbursement. Incomplete claims will be returned to you. Program administrators will randomly select a sample of your claimed expenditures in order to verify eligibility and whether expenditures were incurred and paid by you within the claim period.
- Submit scanned or faxed copies of the requested documents, and keep your original documentation on file.

### Submit a request for an advance payment

- If your CA allows advance payments and you would like to receive one to cover project costs, complete and submit a Financial Update and a Payment Request Cover Letter. The advance period approved for your project is determined based on your immediate cash flow requirements and the results of the risk assessment conducted on your project. You may be asked to provide a justification for the advance.

### Holdbacks

- Ask your Program Officer how holdbacks will be applied to the reimbursement of costs.

### Submit fiscal year-end accounting

- Submit a Financial Update by April 8<sup>th</sup>, to report on all project costs incurred, but not necessarily paid in the previous fiscal year, ending on March 31<sup>st</sup>. AAFC will set-up a payable at year-end (PAYE) account which is intended to allow for an expense claim to be submitted after the accounting period for a given fiscal year. PAYE accounts represent costs incurred or financial obligations to organizations or individuals as a result of past transactions and events on or before March 31<sup>st</sup> that have not yet been reimbursed by AAFC. Any portion of AAFC's contribution that is not claimed and paid before the end of 180 days following the end of a fiscal year may no longer be available for payment to you.

### Project completion

- Submit the final claim for the project and/or account for any advance payment within 180 days following the date you completed your project.
- Keep all capital assets that you acquired for your project using AAFC funds until you have met all your CA obligations, unless you have AAFC's prior written approval to do otherwise.

## SECTION 2 – PROGRESS AND PERFORMANCE REPORTING

Provided below is key information you should note regarding reporting on your project's progress and performance.

### 2.1 Project Work Plan progress reporting

#### Check your reporting requirements

- Ensure that you are aware of the frequency with which you must report on the progress made on key deliverables for your project (set out in the letter accompanying your CA).
- Communicate with your Program Officer to confirm the dates that your reports are due.
- Note that the frequency for your reporting could change following any re-assessment of the risks related to your project.

#### Use the standard template to report

- Use the standard template that your Program Officer will provide to you to report on progress made in your Work Plan activities.

### 2.2 Project performance reporting

#### Check your reporting requirements

- Ensure that you are aware of the frequency with which you must report on your project's performance in relation to your expected project outcomes by communicating with your Program Officer.
- Report against the performance indicators that were agreed to and are included in the Work Plan attached to your CA. AAFC may also request additional performance information, such as success stories, lessons learned, challenges, benefits to the sector and subsequent steps.

#### Use the standard template to report

- Use the standard template that your Program Officer will provide to you to report on your project's performance.

## APPENDIX A – RESPONSIBLE OFFICER(S) AUTHORIZATION FORM

Project Name:

Project Number:

Recipient Name:

Period of Authority: \_\_\_\_\_ to \_\_\_\_\_ (Completed by Recipient)

On behalf of _____ ( <i>name of organization</i> ), signing authority for requests for Federal Contributions has been placed with the following individual(s):		
Designates		
Name of person(s) (Print name clearly)	Position Title	Signature
Certified By:		
Signatory to the Contribution Agreement	Position Title	Signature
		Date: _____

- Information provided in this form will be treated in accordance with the *Access to Information Act* and the *Privacy Act*.
- In the case where information changes (during the implementation of the Contribution Agreement), the Recipient shall advise the Program Officer of such changes as soon as possible to avoid complications and delays in receiving contribution payments.
- An original signed version of this form must be returned to your assigned Program Officer by courier or regular mail.

# APPENDIX B – RECIPIENT REGISTRATION AND ELECTRONIC PAYMENT REQUEST



Government of Canada / Gouvernement du Canada

**PROTECTED A**  
when completed

## RECIPIENT REGISTRATION AND ELECTRONIC PAYMENT REQUEST

<b>IMPORTANT</b>		→ For Electronic Data Interchange (EDI), compliancy must be confirmed by your financial institution. → Note that Electronic Data Interchange (EDI) payments have no stub information.					
<b>1 - TYPE OF REQUEST</b>							
Department	▶	<input type="radio"/> AAFC	<input type="radio"/> CPMA	<input type="radio"/> CFIA	<input type="radio"/> CDC	<input type="radio"/> NRCAN	<input type="radio"/> NPA
<input checked="" type="radio"/> New Request	▶	<input type="checkbox"/> Direct Deposit (DD)	<input type="checkbox"/> Electronic Data Interchange (EDI)				
<input type="radio"/> Change	▶	<input type="checkbox"/> to banking information (provide a new blank cheque)	<input type="checkbox"/> From DD to EDI	<input type="checkbox"/> From EDI to DD	<input type="checkbox"/> Other		
<b>2 - RECIPIENT INFORMATION AND AUTHORIZATION</b>							
Recipient Name: Individual (Family name, First name) or Organization							
Address		Name of Payment Contact (please print)					
City		Telephone number	Extension Fax number				
Province / State	Country	Postal code / ZIP	E-mail for Payment Notifications (please print)				
Department contact e-mail							
Tax reporting information		Number	Aboriginal Preferred Language				
<input type="radio"/> Business Number (BN)	<input type="radio"/> GST/HST	<input type="radio"/> SIN	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> English <input type="radio"/> French				
Select the option that represents your status							
<input type="radio"/> Individual	<input type="radio"/> Corporation / Partnership	<input type="radio"/> Other Government					
Name(s) and Title(s) of Authorized Representative(s) and Signature(s), for organizations only (please print)		Telephone number	Extension				
I, as an authorized representative of the above mentioned organization or as an individual entitled to receive payment from the Government of Canada, authorize the Receiver General for Canada to deposit the payment directly into the account below and to receive payment advices electronically until further notice.							
Signature		Date	Signature Date				
<b>3 - BANKING INFORMATION</b>							
Please attach a blank cheque from your bank account with "Void" written on it or complete fields 1, 2, 3 and 4 below with your banking information.							
1 Branch Number (transit)	2 Financial Institution Number	4 Name(s) of Account Holder(s)					
3 Account Number							
If a void cheque is not attached, your financial institution must confirm banking information by completing fields 5, 6 and 7 below.							
5 Financial Institution Name, Address and Telephone Number		7 Financial Institution Stamp					
6 Signature of Financial Institution Representative							
<b>4 - DEPARTMENTAL USE ONLY</b>							
PROCESSED BY	▶ Name (please print)	Current Vendor Code					
Vendor Type	<input type="radio"/> Vendor (VNDR) <input type="radio"/> Grants and Contributions (NONS)		Payment over \$5,000 <input type="radio"/> Yes <input type="radio"/> No				
Other Information							

The personal information collected on this form is authorized by ss. 35(2) of the Financial Administration Act. Depending on the payment type, there may be additional legislative authorities that authorize the collection. Your name, contact information, payment amount(s), banking details, departmental client identifier and Social Insurance Number, if provided, will be disclosed to Agriculture and Agri-Food Canada by participating departments and used to create vendor profiles that facilitate electronic fund transfers. The same information will be disclosed to Public Works and Government Services Canada (PWGSC), participating federal program(s) and your financial institution for electronic fund transfers. Electronic fund transfer payments cannot be made without this information. The information is described in multiple Personal Information Banks, including PWGSC's central bank: PCU 712 Receiver General Payments. Individuals have the right to access their personal information held by government departments and to request changes to incorrect personal information by contacting the participating departmental coordinators.

## APPENDIX C – TRAVEL COST REQUIREMENTS

The following requirements are based on an internal AAFC directive that is subject to change periodically.

### Requirements

- Per diems will contribute to covering the costs for daily accommodation, meals, local or in-city transportation (buses, taxis, vehicle rentals, etc.), ground transportation (including parking, to and from the public carrier terminal), entry documents (including passports and visas), insurance (all types), vaccinations and incidentals (personal phone calls, laundry, gratuities, currency exchange fees, etc.) for individual travel.
- Recipients may:
  - a) claim the established per diem; or
  - b) claim an amount less than the established per diem (based on actual costs).

Whether using option (a) or option (b), individual invoices and proof of payment for these incurred travel costs will not be required for claims, however, proof of travel is required (for example, boarding pass, hotel invoice, trip report) and recipients are obliged to keep all invoices and proof of payment, as per the terms of their CA.

If using option (a) per diems are payable for every day on travel status as follows:

- i. day trip within Canada with no overnight stay: \$70 CAD/day
- ii. day trip outside Canada with no overnight stay: \$100 CAD/day
- iii. travel within Canada with an overnight stay: \$300 CAD/day
- iv. travel outside Canada with an overnight stay: \$425 CAD/day

Whether using option (a) or option (b), individual proof of payment for all expenses incurred will not be required for a claim. However, recipients are obliged to keep all invoices and payment receipts, as per the terms of their CA.

- The recipient may claim cost for air, rail and ground transportation (to an out-of-city destination) for individual travel as follows:
  - a) air: economy rate (not Business or First Class) fare
  - b) private vehicle: kilometric rates (at a rate of up to \$0.55 per km) as well as costs for parking at the destination
  - c) rental vehicle: the cost for a mid-size vehicle (or the cost of a larger vehicle, based upon factors such as, but not limited to, safety, the needs of the traveler, and the bulk or weight of goods transported), gas, and parking at the destination

Recipients are obliged to keep all invoices and proofs of payment, as per the terms of their CA.