

A Study of Procurement Practices in Government and the Nonprofit Sectors

Let's Be Practical

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EXECUTIVE SUMMARY

THIS STUDY IS INTENDED AS A PRACTICAL LOOK AT PRACTICES RELATED TO PROCUREMENT OF SETTLEMENT SERVICES IN CANADA. IT IS NOT AN EXHAUSTIVE LOOK AT PROCUREMENT BUT RATHER A CONSIDERATION OF PRACTICES THAT MAY BE APPLIED WITH RELATIVE EASE IN THE CURRENT ENVIRONMENT.

THE STUDY TAKES A BROAD VIEW OF WHAT IS INCLUDED IN PROCUREMENT. IT INCLUDES THE SOLICITATION PROCESS, THE STRUCTURE OF AGREEMENTS AND THE MANAGEMENT/ADMINISTRATION OF AGREEMENTS. THIS BROAD VIEW STEMS FROM THE NOTION THAT THE END GOAL IS SERVICE DELIVERY MANAGEMENT AND NOT CONTRACT/AGREEMENT MANAGEMENT.

THE COMMENTS ON CURRENT PRACTICES AND SUGGESTIONS FOR IMPROVEMENT IN THIS STUDY ARE FROM THOSE (IN BOTH SERVICE PROVIDER ORGANIZATIONS AND GOVERNMENT) WHO ARE CURRENTLY WORKING ON DELIVERY OF SETTLEMENT SERVICES TO IMMIGRANTS IN CANADA AND ARE INTENDED TO REFLECT THEIR VIEWS AND EXPERIENCES. THE PROVEN PRACTICES, FOR THE MOST PART, COME FROM THOSE WITH EXPERIENCE AND EXPERTISE IN PROCUREMENT IN VARIOUS GOVERNMENTS IN CANADA.

THE REPORT INCLUDES 13 RECOMMENDATIONS FOR CONSIDERATION AND DISCUSSION BY BOTH CIC AND THE NON PROFIT SECTOR. THE RECOMMENDATIONS ARE BASED ON CURRENT PRACTICES IN SEVERAL JURISDICTIONS.

THE 13 RECOMMENDATIONS ARE SET OUT IN APPENDIX A OF THE REPORT.

A Study of Current Procurement Practices in Government and Nonprofit Sectors

Let's be Practical

Introduction

There are many changes taking place in the environment of immigrant settlement services delivery in Canada. They include:

- Continuing work in the federal government to improve the design, management and administration of grants and contributions as a result of the recommendations of the *From Red Tape to Clear Results: Report of the Independent Blue Ribbon Panel on Grants and Contributions (2006)* and *The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs (2008)*; (Note: Chapter 2 of the *2012 Fall Report of the Auditor General of Canada* reports on implementation of the Action Plan to date).
- Ongoing implementation of CIC's Modernization Vision
- Shifts in responsibility for program management of settlement services for immigrants, including CIC resuming responsibility for programming in British Columbia and Manitoba
- Changes to the organizational and operational structures of CIC including stable funding levels being managed by fewer staff
- Work of the Gs & Cs Delivery Working Group

In the midst of all this change both the nonprofit providers of services to immigrants in Canada, and Citizenship and Immigration Canada (CIC) are intent on working together to improve the efficacy of the various instruments (i.e. transfer payments such as grants and contributions) that are used to administer and govern the delivery of immigrant services by third parties.

This study will review some of the current procurement and contracting practices of governments and the nonprofit sector in Canada, particularly as it pertains to settlement services for immigrants. **The intention of the study is to generate ideas for both CIC and the nonprofit sector to discuss as they continue to develop their relationship in delivering settlement services for immigrants in Canada.**

Acknowledgements

This study could not have been done without the generosity of time and high quality of contributions of both service provider organization representatives and federal and provincial officials. Those contributions have been critical in making the recommendations focused and practical. It is clear that all parties care deeply about providing the best possible services for immigrants to Canada.

The author also acknowledges and thanks all those who have provided comments on draft reports and guidance for this study.

And finally, the author thanks CISSA-ACSEI and its members for providing the opportunity to work with such committed individuals who are intent on making Canada a welcoming place for immigrants.

Background to the Study

The Canadian Immigrant Settlement Sector Alliance (CISSA-ACSEI) commissioned this *Study of Current Procurement Practices in Government and Nonprofit Sectors*.

The proposed approach for the study was to:

- Review existing agreement structures, procurement approaches and governance (management and administration of agreements) structures
- Review the report of the Independent Blue Ribbon Panel
- Interview key informants on what is working and what is not working (see Appendix B for the list of questions)
- Draft a working report document for group discussions with the nonprofit sector and CIC
- Finalize a report document after discussions

The intention is to provide a document that can be of practical use to the nonprofit sector and CIC.

Typically, responsibility for procurement in government is shared between line departments/ministries that have responsibility for services or programs they wish to deliver through third parties and central agencies such as finance or management services that have responsibility for setting policies to guide procurement processes and tools. Consequently, both program management expertise and procurement expertise are required when designing effective procurement processes. **This study of procurement practices acknowledges that need for integration of both program management expertise and procurement expertise to meet program delivery goals.**

Structure of Report

The study is organized under three basic procurement components of third party delivery of government services:

- Solicitation processes
- Agreement structures
- Management/Administration of agreements.

Under each of these headings the report is structured as follows:

- Description of the informants' experiences of current practices, by jurisdiction
- Suggestions for improvements, themed, by all informants
- Proven procurement practices that address the suggestions of informants with notation of their linkage to Blue Ribbon Panel Recommendations or Federal Treasury Board Policies and Directives on Transfer Payments.

1. Solicitation processes

An effective solicitation process usually includes an active engagement of prospective suppliers of the service delivery being sought. It can include seeking input to program and service delivery design as well as contract/agreement design. The elements of the solicitation process typically include:

- A request for proposals from proponents based on a description of services to be provided, a description of how those services will be paid for and a set of criteria that will be used to evaluate the proposals
- An evaluation process to select successful proponents
- A negotiation process to finalize and sign agreements

Depending on the nature of the solicitation process and the services being procured, along with meeting government policies the process needs to meet legal requirements under the Agreement on Internal Trade (AIT) and contract law.

Current Practices

Following is the input from informants (see Appendix C) on solicitation process practices in different jurisdictions.

WESTERN REGION

British Columbia

- BC Bid site is quite powerful – an enabler of a fair and open process. It allows clear communication with sector on all aspects of the solicitation process. Supports use of the different solicitation instruments, including NOI, RFI, RFEL, RFQ, and RFP. (See Appendix E for a glossary of terms). It also supports a Q and A function allowing “a transparent interchange” between the government and sector at the different points of the solicitation process.
- Used BC Bid (a draft RFP) to consult and engage on program design and contract details. Then released the final RFPs. Final RFP had the draft Transfer Under Agreement (contract) appended.
- The front end planning is good – allows for targeted services based on census data – service should echo immigrant patterns.

- Initial introduction of the RFP process to the sector, procuring for everything at once, was “too much” – learning experience for all. Next round was better – staged in terms of programs and players were experienced and understood the process better.
- Everyone (province and sector) needed training before the procurement process was implemented.
- The sector had to rewire their brains to respond to the competitive process.
- The downside of this more elaborate process is that it is very time consuming for both parties. Competitive process can be expensive – it created a new industry.
- Very big change at the outset and the mandates were too strict – it works well now that people understand.
- Over the years the deliverers have become the experts on service delivery and programming.
- Province engaged the sector in how to improve the process.
- The solicitation process laid out very clearly the procurement timelines and the evaluation criteria.
- Over time the process forced/encouraged organizations to work together, leading to new ways to look at service (e.g. links to childcare) and ways to collaborate amongst organizations.
- Posting a draft RFP to encourage input on design works well. It can include comments on the evaluation criteria for the solicitation that allows comments on how to ensure local/community flavor.
- The NOI is a double-edged sword. It can be a transparent way to do a direct award but if the reasoning is not clear it can erode confidence in all procurement processes.
- The NOI can be a problem – people don’t always feel comfortable to challenge. Need to make the vendor-complaint process more approachable.
- The amount of time it takes organizations to prepare to respond can be a problem – and there is a question of equity between large and small organizations. Templating some of the RFP responses go some way to helping that.
- The procurement process “professionalized” many organizations leading to some becoming accredited (financial/management etc.) to objectively demonstrate their effectiveness.

- Competition can create winners and losers and can be very risky to organizations.
- Province is clear in the procurement document on which services, by region, are being sought. Gives a structure to the service delivery system.
- The length of time it takes to sign agreements is too long.
- Creation of a Contract A situation provides some certainty even if the agreement isn't signed.
- Debriefing was a good process. Created transparency, learning and growth for organizations.
- Province required all agreement holders to join AMSSA, which provided a province-wide structure to address program and service delivery issues.
- E bidding is easy and people have now become use to the process.
- With the RFP you get to lay out what you are going to do and the price – if you are successful, it is clear what you will be doing (what you proposed) and how you will be evaluated.
- BC's RFPs are too long.
- It is clear what the evaluation criteria are – the more you know about how it will be scored the fairer the process is.
- Doing templates has made it easier to respond.
- RFI can be problematic because some players don't want to show their hand and so don't respond.
- The old CFPs had a regional flavour that was good and they were easy to use.

Alberta

- Under Modernization, CIC in Calgary did a Letter of Intent (LOI). Not clear what it accomplished, seemed more like an unproductive step.
- Settlement Services in libraries relies on partnerships between libraries and settlement service agencies. In some cases CIC worked directly with libraries on the project and then the libraries approached the agencies. This meant there was not a clear planning process to determine how the services could fit into the overall service delivery framework. A missed opportunity to establish a good planning and partnership context for settlement services.
- RAP doesn't use any CFPs in Alberta. Would be good to have used a NOI so people know what is going on – would provide transparency.

- Alberta Employment (AE) publishes a Competition Plan that outlines the solicitations coming up. They consult with the service provider community prior to releasing the Plan.
- AE attaches drafts of the agreement to the proposal call.
- The current CFP doesn't let the community organizations express what they do – it is contradictory to the basic task of getting community-based services.
- The services already exist in many areas and they already deliver more than CIC is asking for – they need to tap into that.
- The scoring of the current CFP was very disconcerting – some was done centrally and some was done locally, but none of it was transparent.
- The local CIC people should have been involved in developing the Alberta part of the national CFP, because there was no local flavor to the priorities etc.
- Alberta has the Integrated Service Program. It is a partnership agreement between CIC and the province to support community services. It has been in place for 25 years. Over the years it has changed but it could be a good model for collaboration, consultation and cooperation. Need to think about how to fit something like ISP into a national CFP.

Saskatchewan

- The national CFP provides consistency and transparency and that is positive.
- CIC in Saskatchewan did not hold meetings prior to CFP because all the available info was provided on the website.
- CIC used to consult (usually twice a year) to be responsive to emerging service needs – not sure how being responsive to service needs/gaps will work under the national CFP.
- We don't always validate why we spend what we spend.
- Before the National CFP the process was not very clear – the dates for the CFPs would change annually (e.g. Oct. Dec. Feb) couldn't plan for things like staff holidays.
- Happy to see the new process, but the timing wasn't ideal and there were no local information sessions.
- The national priorities were excellent. But the local priorities were not right – not clear where they came from. Not clear what CIC's regional/local priorities are – don't know how they will be determined.

- We used to have meetings to determine what the local priorities would be.
- The format for proposal submission was a bit confusing – lost information until we realized you couldn't have 2 working on the submission at the same time.
- No clarity in the CFP on how the evaluation of the program will be done –do we need to pay for it – and who will do it, also, nothing about risk management.
- CIC is currently monitoring our agreements well – more streamlined.
- For past CFPs we had good relationships with the local CIC office – they understood the local situation and worked with us to determine what changes and improvements would be needed in the next year's agreements.
- The pressure on the SPO to respond to the National CFP was great. We don't have much clerical support and the time we had to respond was short. We were not able to provide good information on who we are and what we do.
- Not having someone local to call was difficult and the word count was restrictive.
- Don't know who is evaluating the proposals.

Manitoba

- The process is organic, based on relationships. The sector of providers is relatively small, with main agencies. Don't do "open" solicitations.
- The province approaches 3 to 5 agencies – they coach us.
- Negotiate directly with known agencies for core services.
- For innovative programming the province will issue a call for Expressions of Interest (EOI).
- Invite "new" agencies to meet with the province to discuss programming and then may negotiate an agreement with them.
- The province works with agencies to set priorities and program design. In 2008 developed a Settlement Strategy that detailed programs and volumes of service (75% of Manitoba immigration is PNP). Engaged with service providers, newcomers and other provincial departments to develop strategy.
- Interdepartmental collaboration with other provincial departments (Entrepreneurship, Training and Trade; Social Services; Education etc.) to provide integration of services)
- The provincial people have a strong vision.

- The provincial process just makes sense. Players know one another – they have been in our shoes and we have been in theirs.
- I liked the August national CFP. Very thorough, you can't fudge it. Well guided.
- The province has a good sense of what is happening on the ground so they know what is needed.
- Service delivery of settlement services is maturing here, including sectoral development to support service planning and collaboration.

ONTARIO REGION

- In 2010 CFP the decision making process was not transparent.
- 2012 national CFP learned from previous one e.g. running the Qs and As was good.
- The national priorities were good, although regional priorities were not local enough to reflect distinctions e.g. in rural and northern Ontario.
- The CFP process doesn't fully reflect the modernization vision – 3 years into the modernization process and things are still siloed in old program areas. The old structure, though siloed was at least clear. The major change is that several programs are included in one Agreement.
- The application form was rigid – proponents didn't know how to respond (e.g. should they put services together into a single proposal, or do separate proposals) and got different answers depending on whom they talked to.
- The CFP asked for concepts (e.g. accountable, client centric) rather than specifics. Hard to respond to concepts when you don't the criteria.
- Don't know how things are going to be evaluated at the different levels (i.e. national, regional, local) and what evaluation criteria are going to be used.
- In some regions of Ontario the sector organizes on a local basis, which can result in service coordination.
- Prior to the national CFP, the CFPs were regionally based. A service need was identified and CIC would do a CFP.

- Its early days, but so far the national CFP seems to be going well. The use of an electronic process has allowed CIC to meet service standards for review of the proposals so far.
- Ontario has, over the past year, developed a “funders” table to facilitate exchange of information and planning and coordination. Some funders consult informally or formally with stakeholders.

EASTERN REGION

(Because of the relatively small number of SPOs in each of the Atlantic Provinces the input from each is shown under the single category of CIC’s Eastern Region.)

- Doing the National CFP electronically was effective.
- The Qs and As for the current CFP were good in that they could be accessed by everyone. They could have been timelier and better managed.
- CIC used to attend planning meetings with the province to coordinate settlement services with the services funded by the LMA and LMDA.
- Previous CFPs included information sessions and that was useful.
- Before the National CFP, the date for CFPs was determined locally and local considerations were taken into account when setting the schedule.
- As one stop service provider agency that delivers the full scope of CIC programming, the current practice was such that not all agreements ended at the same time. In this regard, we did not have to do 5 proposals under one call, as agreement end dates were staggered.
- The national CFP coming out in August was challenging. It would have been better to have the Call in September, if possible.
- In terms of the application form, this was a positive step in some regard, but challenges included: questions that led to repetition, character limits on certain questions were too restrictive, particularly when SPO’s are asked to include comments on 10 plus points in every question. Additionally, it would be helpful if the budget section were a separate form.
- The eligibility screening is intimidating in that an experienced agency could possibly be screened out for a small indiscretion, i.e., forgetting to attach a document. This was a concern.

- The Q and A process had positive elements in that everyone could review the questions posed, however the process was very slow and sometimes the responses were ambiguous, and it was difficult to get clarification in a timely manner. It would have been helpful to be able to seek clarifications from a local, regional or national representative.
- For multi-service organizations that have several programs under one CA, it was difficult to decide the level of detail to provide under the activity section. For example, a volunteer program could be considered one activity or could be broken down into an array of activities that would normally be a part of volunteer program, i.e., recruitment, selection, screening, orientation, delivery and so on. Having an information session, as was the case in past CFP's, would have allowed for these sorts of questions to be addressed.
- The 20% cap on support services may be a challenge for organizations without an efficient public transportation system. Perhaps this should have been a guideline rather than a requirement and if an organization had to exceed this amount, then a rationale is provided.
- The National CFP was a good attempt at being open and fair – allowed commonality and the chance to be succinct and to the point.
- The on-line help desk was good, although the answers were sometimes vague. It would have been useful to have someone to talk to as well, who had the authority to answer the questions.
- The priorities were fine, but there were several of them and I couldn't tell if they were listed in order of importance – which things had the most priority.
- The response format worked well for a specific program, but not so well for an integrated service proposal.
- There was nowhere to capture the cost of IT in the form – guidelines would be helpful.
- The 4-5 week response time was not unrealistic for the current CFP, but some lead time in knowing it was coming would have been useful.
- If you hadn't noticed the call was up on the website you could have missed it. Local CIC staff didn't know when it was coming.
- Quebec does not do a solicitation process. There are 51 agencies that have contracts with the province to deliver settlement services. There are two types of agreements: core

funding and service agreements. Core funding agreements require annual reports only while service agreements require reporting on activities.

- All agreements are governed by the 2001 policy document *Community Action: A crucial contribution to the exercise of citizenship and the social development of Quebec*. It sets out a comprehensive framework to govern the relationship between the province of Quebec and those involved in community development, including third party social service delivery. The policy was developed by government and the nonprofit sector and provides a base for a stabilized relationship built on trust.

Suggestions from provinces/territories for future solicitation processes:

The suggestions have been clustered under the themes of: Planning, Local/Regional Specifics, CFP Process Mechanics, Training and Continuous Improvement.

Planning

- Do front-end planning to link the programming to the agreement structure to the reporting requirements.
- Use the modernization vision to plan a service delivery system rather than just a series of individual agreements.
- Overall, there needs to be recognition of the complexities of the services, including their interactions with other services e.g. childcare and employment.
- Sector can have a quick recovery rate to change if we are involved in the processes meaningfully.
- CIC should validate the priorities – bring the players to the table to determine what is needed, then set the priorities.
- Involve the SPOs in the LIP planning processes.
- Provide stronger links between LIPs setting regional/local priorities
- CIC should be clear about their vision for service delivery – when people understand your intent they will go along.
- Connect the modernization to the procurement process – breakdown the silos in the procurement that were broken down in the modernization funding model.
- Develop mechanisms to solicit input from service providers in service planning.
- Expertise of the sector could be used in planning how the services will be done.

- CIC could have planning meetings before a CFP to support efficient use of resources for immigrants.
- CIC needs to find a way to ensure that the services are community-based, because that is where they are delivered.

Local/Regional Specifics

- It would be good for CIC to give a relatively high value to community connections in the evaluation criteria.
- Provide tools in general CFPs to allow for local responsiveness including identification of sub priorities in regions as part of national calls.
- Make the evaluation criteria transparent and ensure they can reflect local conditions and priorities.
- Providing a breakdown regionally (or sub-regionally) of the budget would be helpful.
- It would be good to use data (e.g. census) to support identification of priorities at the local level – CIC could work with SPOs to analyze the data.
- Support joint funding (federal/provincial) of services for immigrants. The Integrated Service Program in Alberta is a good model of how that can work.

CFP Process Mechanics

- With respect to the national CFP, don't leave the decisions until the end of the 125 days.
- Being prepared internally to manage the procurement process, including in the regions, will be important.
- Orientation sessions prior to the introduction of a new process would be good.
- Attach a draft agreement and reporting template to the solicitation document -it allows for clarity so that everyone is on the same page.
- CIC could provide more lead-time for CFPs, doing things earlier and hosting meetings before issuing CFPs.

- Give enough lead-time to allow agreements to be signed “early”.
- Don’t hold large CFP processes in the summer.
- We need a process to get innovative proposals that may not fit the national CFP.
- Don’t wait until the last minute to sign agreements – if there is not time to fully review the agreement before signing it means things get missed and you need to do amendments after the fact.
- CIC could use other procurement instruments e.g. NOI – it builds trust.
- Real negotiations to finalize the agreements would be good.
- CIC could develop a macro calendar for the process that stays the same from year to year so everyone can plan. Be mindful of the schedule and its impact – if at all possible don’t do it in the summer.
- Separate the financial and the program components into two forms.
- Along with the published Q and A process, have someone local available to clarify things.
- Don’t do the CFP during the summer.
- Knowing what the government’s priorities are is useful in being prepared to respond – what value do they place on different things e.g. how important are linkages to other services etc. Providing the points to be awarded for the different components of the proposal would be helpful.
- Have a schedule for future CFPs (i.e. when is the next round) so that people can plan.
- Consider how to announce successful (and unsuccessful) proponents of the CFP that will create the least disruption.
- Performance Measurement Advisory Group could help develop/refine the application form.
- Agreement negotiations should be interest-based.
- Publishing a schedule of upcoming CFPs would be good.
- Highlight any changes to the Ts and Cs in new agreements so we know where to focus our attention.

Training

- Provide training that creates clarity about the solicitation process including the roles and responsibilities of the players in the process.

- There should be training at the front end of the solicitation process for SPOs – a tutorial.

Continuous Improvement

- Apply learnings from each CFP to the next.
- Encourage service providers to tell the department what is missing in terms of services.
- A debriefing of the National CFP, with the opportunity to provide feedback, would be useful.

Proven Practices

Based on the experience and suggestions, the following solicitation practices have been identified for consideration. They fall under the rubric of:

Active engagement by the parties during the solicitation processes.

- a. Use the solicitation process to engage on program priorities, local delivery system issues, agreement structure and reporting. (#29, #30, 6.5.2; 6.5.8; 5.2.1)
- b. Provide a clear, detailed schedule and timeline of procurement processes in advance. (#29, 5.2.1)
- c. Use local staff to work with SPOs during CFPs. (#8, 5.2.1)
- d. Attach a draft agreement to CFPs (5.2.1, 6.5.8)
- e. Use different solicitation tools to encourage program and service innovation e.g. NOI, EOI. (6.5.8)
- f. Actively offer debriefings after a solicitation process to both learn from the process and to ensure clear communication of results. (#29, 6.5.8; 5.2.1)

Note: The numbers in parentheses refer to recommendations from the Blue Ribbon Panel, or sections of the federal Treasury Board's Policy on Transfer Payments or Directive on Transfer Payments. (See Appendix D)

2. Agreement structures

Most governments use a term like “transfer payments” or “transfers under agreement” to designate the array of funding agreements used to fund services and initiatives being undertaken by third parties on their behalf. Generally speaking these agreements are either grants* or contracts.

For purposes of this study agreement or contract are used interchangeably and can be considered to fall under the definition of Contribution in the Federal Treasury Board Policy on Transfer Payments.

Contribution: Is a transfer payment subject to performance conditions specified in a funding agreement. A contribution is to be accounted for and is subject to audit.

* This study does not specifically address processes for awarding grants, however the principles of fairness, openness and transparency should be part of any granting process.

Current Practices

Following is the input from informants (see Appendix C) on the agreement structuring practices in different jurisdictions.

WESTERN REGION

British Columbia and Yukon

- The contracts are performance-based, based on targets established and performance measured against the targets. If the targets are met, the manager doesn't look at the \$s. Providers can reinvest resources to improve services.
- Cost structures are cost per client based.
- The broad performance indicators are simple and straightforward. Like the clarity.
- The deliverables are clear and the payments are clear – people aren't feeling micromanaged.
- Multi-year agreements are good (up to five years in some cases) they make the long procurement process worth it.

- Province provided a good transition process from old contracting regime to new, outcome-based agreements.

Alberta

- Agreements are focused on finance and expenses minutiae, not on outputs or outcomes.
- The current agreements are very rigid as well as one-sided. They are focused on Treasury Board criteria and not the outcomes – where is the balance.
- CIC needs to strike a better balance in terms of what they will pay for – the restrictions are too rigid right now.
- CIC should be measuring the deliverables in the agreement, and if people don't meet their obligations under the agreement there should be consequences.
- There is an administrative burden of “over monitoring” – they look for things we are doing wrong and miss the bigger picture of what is being accomplished under the agreement.
- Provincial contracts are more flexible and open to changes as situations change, while still being accountable.
- The current agreements are micromanaged – the line-by-line monitoring puts us very close to an employer/employee relationship.
- How do we know we have been successful – that is not evident under current contracts.

Saskatchewan

- Changes in the agreements to allow more flexibility need to be balanced with changes to ensure accountability.
- So far things have been unwritten in terms of roles and responsibilities – can lead to lack of clarity of who is doing what in terms of the agreements.
- The focus in the current agreements is on monitoring financial detail (looking back), not on the services and looking forward.
- Like the outcomes model of Modernization and the current agreements have some of the outputs and outcomes – it's a work in progress.

Manitoba

- The current agreements in Manitoba have lots of line items, under headings of Salary, Overhead and Capital. Salary section requires lots of detail.
- The agreements are one-year contribution agreements. They are usually signed one month before start.
- The contracts are templated, more like an application (5 pages long). Pull services from a drop down list. All agreements are one year or less, but the money always flows quickly so it is ok.
- Province has recently piloted 3-year agreements for the first time – a few immigrant service agreements are included in the pilot.
- The existing agreements allow for professional development of service providers.

ONTARIO REGION

- The way the agreements are currently structured, it results in accounting, not accountability.
- What you are actually going to deliver seems like an after thought in the agreements.
- Limited movement between budget lines and categories.
- There is a concern about the eventual move to 100% of Region's funding being for direct service – how do you continue to be an excellent organization if there is no ability (i.e. resources available) to fund organizational innovation and development.

EASTERN REGION

(Because of the relatively small number of SPOs in each of the Atlantic Provinces the input from each is shown under the single category of CIC's Eastern Region.)

- The agreements aren't structured to support CIC's interest in co-funding. For example coordination with the LMA and LMDA makes sense but there is no provision to support that in current agreement.
- The move to fewer agreements is good, as is the anticipated move to quarterly payments.
- Currently the claims are too detailed. It would be good to collapse the line items – E.g. 10 instructors @ X rather than 10 instructors listed individually.

- Many things require notification to CIC that don't impact on the bottom line or on the services being delivered, so why require notification? E.g. a vehicle replacement or staff transition.
- We like the broader agreement we have now, and the way the line items are set out allows movement.
- We currently have a three-year agreement.
- CIC can get into too much detail in managing line by line in the agreement - give us a bottom line and let us manage to that.
- Quebec has both core-funding agreements and service agreements. They are typically three-year agreements.

Suggestions from provinces/territories for future Agreement Structures:

Many of the suggestions for changes to the Agreement Structures made during the interviews have already been acted upon by CIC through the Gs and Cs Delivery Working Group and other initiatives. They have been captured here for completeness, but all these suggestions should be read in conjunction with the latest report-out of that Working Group.

These suggestions have been clustered under the themes of Flexibility, Multi-year Agreements, Performance Criteria, and Clarity.

Flexibility

- Limit the number of cost categories and set up the contracts to allow movement from one to another as it makes sense.
- CIC could be more prescriptive on narrative requirements in the reporting standards – follow a template that could allow CIC to aggregate nationally, and report out in many ways.
- Allow for sub-contracting to access specific expertise e.g. mental health services, trauma counseling.
- Look at how Manitoba does the budget and cash flow forms. They do the up front payments well
- Allow movement of money between categories.
- Allow movement within categories without an amendment.
- Allow flexibility in the agreements to respond to changes in client profiles.
- Would like to see a move to quarterly payments.

Multi-year Agreements

- Use multi-year agreements to provide some stability to the organizations and to service delivery
- Need flexibility in multi-year agreements to be able to respond to client service needs changes. Need to be able to allow those changes without elaborate contract amendments.
- Multi-year agreements should be that – not annual agreements with a renewal option.

Performance Criteria

- Focus on outcomes and outputs. Don't focus on inputs.
- Define the services to be delivered and the standards to be met and then let us manage that.
- Give regional staff discretion to manage the agreements based on outputs, not inputs.
- Would like to focus on “are we spending the \$s effectively and efficiently” rather than on minor financial details.
- Continue to work the vision of Modernization into the measurement criteria in the agreements.

Clarity

- Allow for research and evaluation of the programs and include provision for sector involvement in the evaluation process, in the agreement language.
- Following the recommendation of the Blue Ribbon Panel, CIC should recognize the full salary cost of settlement practitioners delivering services to immigrants.
- Relationships should be defined in the agreement.
- Review the general Ts & Cs to ensure they are relevant. If they aren't enforceable they shouldn't be in the agreement.
- Use of slippage should be consistent – be clear on how you can use it.
- Have a clause in the agreement to allow changes to the services as CIC priorities change, the profile of clients changes etc.
- Moving funds from one category to another – make it clear in the agreement what can be done.
- A description of who is responsible for what would be helpful.

Proven Practices

Currently the nonprofit sector is working with CIC to address issues that had been identified by the sector in the spring of 2012. Most of the identified issues fall under the Agreement Structures section of this study. The following practices have been identified for consideration and complement the work of the Gs and Cs Delivery Working Group. They fall under the rubric of:

Build flexibility into the agreements to allow the managers to manage.

- a) Include clear descriptions of roles and responsibilities for management of the agreement in the agreement itself. (5.2.1; 6.5.8)
- b) Develop a process (and clearly describe it in the agreement) to manage changes in services in the agreements resulting from changes in service needs and priorities e.g. client profiles or client demand. (5.2.1; 6.5.7; 6.5.11)
- c) Include a description in the agreement of how the deliverables will meet the Modernization goals. (6.5.2; 6.5.8)

Note: The numbers in parentheses refer to recommendations from the Blue Ribbon Panel, or sections of the federal Treasury Board's Policy on Transfer Payments or Directive on Transfer Payments. (See Appendix D)

3. Management/Administration of Agreements

Negotiating and signing agreements creates an ongoing relationship between the parties. Particularly with multi-year agreements changes are likely to happen (e.g. profile of clients may change, new situations require new programming to respond) that require an appropriate response from the parties. This means that management/administration of an agreement depends not only on the specifics set out in Schedule A and the other elements of the agreement itself but also on the relationship established between the parties.

This relationship is particularly important in agreements for sustained service delivery where it can be appropriate for interactions amongst different agreement holders to promote seamless client service and ensure best use of resources.

Current Practices

Following is the input from informants (see Appendix C) on management and administration of agreement practices in different jurisdictions.

WESTERN REGION

British Columbia and Yukon

- If the changes in program or agreement structure are extensive, joint (program/contract managers and service providers) orientation training is developed. Sometimes delivered at the local level.
- Audit plan/guidelines are not as clear as they could be – should articulate principles of fair not being the same way as equal.
- There is joint training when the changes are big – it supports development of a collaborative relationship.
- Good relationships with the staff – people know who their managers are and have established trust.
- Changes in staff mean things can become confusing – breakdown in the lines of communication.
- There are regional meetings (4 regions) where the sector can raise issues and concerns. Executive Director and her team usually there. Establishes a sense of collaboration.

- There are a series of provincial joint committees to guide the service delivery: settlement committee; evaluation committee; pathways committee and training committee.
- Province involves the sector in creation of the ToRs for evaluations.
- The databases for reporting are not great – cumbersome, and rely too much on numbers. Need ability to “tell the story” and give a sense of “the full picture”
- I can’t think of a single time where the conversations are about the contract – it’s always about the program and service delivery.
- Management is about the service, not the financials (unless you underperform).
- Able to manage the ebb and flow of clients more efficiently under a single agreement.
- In the past announcing the outcome of a CFP was not always handled well – created animosity.

Alberta

- The accountant spends a lot of time with project officers, focused on expenses. At times it seems like a manufactured problem. The project officers are trained to monitor expenses, but not the services being delivered.
- Alberta Employment has program officers who are trained in and have expertise/background with programming, so when they are monitoring agreements they include more than just financials.
- CIC doesn’t currently manage to service standards.
- Once agreements are in place we have had excellent communication with CIC staff – they understood the programming and monitored twice a year.
- If all you are doing is monitoring the finances, and have the expertise to do so – fine. But don’t pretend expertise in settlement services and programming – it generates a lack of trust.
- The province often hires people who have both contract and program expertise – you are speaking a similar language when that happens.
- Local CICs have done joint training with the sector in the past – it was effective.
- CIC needs to have engaged, expert staff to manage the agreements – its about communication with one another.
- The Integrated Service Program (Statement of Understanding between CIC and Alberta) could be a basis for a partnership model, going forward.

Saskatchewan

- Training of program officers has not kept up with the changes (modernization and new CFPs).
- In the past CIC Saskatchewan had “learning groups” for settlement officers (topics such as managing contribution agreements, or doing advances). It’s a good model.
- Some organizations have evolved from Mom and Pop shops to large, significant organizations, but CIC hasn’t changed how they manage them.
- We have always had great relationships with CIC.
- Move to 100% funding on direct services is a concern – how do we maintain organizational capacity and sustain partnerships.
- Working with CIC has been good – we have built strong relationships locally.
- Currently CIC is managing the contracts, not the services.

Manitoba

- Province has “content experts” because many came from agencies so they understand the programs and services.
- There are lots of site visits to adapt services as needed. This is done “in partnership” between the agency and the department. Focus is on collaboration.
- The province brings people together on a regular basis as needed – often quarterly meetings. Includes project officers.

ONTARIO REGION

- Program officers want to do well, but some don’t have the training needed to do so.
- We have become self-determining, sophisticated organizations and we don’t have an employer/employee relationship with the funders, but the focus on inconsequential financial transactions doesn’t reflect that. Program officers can be put in difficult positions as a result.
- Slippage can be clawed back monthly, in the different categories – hard to manage budget. Sometimes there is opportunity to reallocate slippage.

- A new Integration Management Committee in Ontario has been established to manage slippage, overall re: Vote 5.
- An SPO management protocol has been established to ensure monitoring efforts are focused where they should be.

EASTERN REGION

(Because of the relatively small number of SPOs in each of the Atlantic Provinces the input from each is shown under the single category of CIC's Eastern Region.)

- In the old model there was room for place-based decision making. E.g. the local people know that there is no public transportation in Newfoundland so the maximum allowable for transportation would be higher to accommodate the local situation. Under the new CFP it is not clear if place-based considerations will be honoured.
- There have been changes in staff and that means changes in how things are managed. New staff requires training and experience to manage.
- SPOs have worked closely with local CIC staff in the past. We were able to address issues easily.
- The Quebec *Community Action Policy* supports regionalization of funding and decision making within the goals of the provincial policy.
- Within the core-funding arrangements is flexibility to support staff development and training.

Suggestions from provinces/territories on managing/administering agreements

The suggestions have been clustered under the themes of Training, Collaboration and Relationships, Monitoring/Evaluation and Local Service Management.

Training

- There needs to be relationships established, not based on micro-managing the agreements. People should get out of their offices and connect. E.g. attend AGMs.
- Give training to agreement holders on key themes of their work (e.g. Modernization vision) – use e-symposiums and other tools to make cost-effective.

- Program officers need consistent training to manage the agreements – currently they are too focused on minutiae. Allowing flexibility in managing the agreements requires program officers to understand the program vision, not just the financials.
- We all (sector and CIC) need orientation to the new processes.
- Training on managing the agreements is important - in order to increase compliance both CIC and the sector should be trained in managing the G's and C's (and T's and Cs).
- There should be ongoing training for staff as changes are implemented.
- Use local settlement sector people to assist in training of CIC staff.
- A workshop once a year with both CIC and SPO staff to work on together on issues and service planning.
- There should be consistency through out the system in how things are being interpreted and what the expectations are in managing the agreements, and the expectations/interpretations should be shared with SPOs.

Collaboration and Relationships

- Don't just rely on personal relationships that have built up over the years. Everyone involved needs to be engaged.
- The funders should see and know the sector. We should see them in the agencies, so that they have a presence on the ground.
- Partnerships take time to build – allow the time and resources for CIC and agreements holders to establish the partnership.

Monitoring/Evaluation

- Use technology to expedite payments and use resources to report on service not contracts.
- Need to be realistic about monitoring, being mindful of efficiencies on both sides.
- When the accountability in the agreements is based on results, you need to be prepared to make the hard decisions re: non-performance so that you are seen to be focused on delivery and what is good for the clients.
- Involve the sector in planning and implementing evaluations of the services.

- We should let program officers exercise discretion, show them we trust them.
- CIC and SPOs should work together on evaluation of the programming.
- CIC program officer and the agreement holder could discuss what will work best for monitoring and managing the agreement.
- Accountability and monitoring are givens – focus on how to measure outputs and outcomes well.

Local Service Management

- Try to preserve the collaboration that has been established (interagency/interdepartmental/interministry) locally.
- Centralized decision-making can miss important things – work to keep the local flavour and nuance.
- If there is a change in service providers as a result of a CFP, think about how to ensure an orderly handover.
- Need a process to capture local priorities and trends and feed them into service planning for the next years.

Proven Practices

The following management /administration of agreements practices have been identified for consideration. They fall under the rubric of:

Actively develop the relationships between CIC and agreement holders at the headquarters, regional and local levels to support a collaborative approach to managing service delivery through the agreements.

- a) Train CIC staff and service providers involved in management of new agreements. (#28, #8, 5.2.1; 6.5.8)
- b) Purposefully establish mechanisms to keep meaningful communication flowing between CICs and SPOs at the national, regional and local levels as the agreements are implemented. (#8, 5.2.1; 6.5.8)

- c) Manage the agreements within existing, local collaborative environments, or jointly work to build a collaborative environment. (5.2.1; 6.5.10; 6.5.11)
- d) To ensure efficient use of public funds, CIC and SPOs, working together, could develop local ways to encourage collaboration with other services for immigrants e.g. linkages to LMAs and LMDAs or provincially/territorially funded services. (5.2.1; 6.5.10; 6.5.8; 6.5.10)
- e) Engage SPOs in developing criteria for program evaluations – nationally to measure progress to the Modernization Vision and locally to measure effectiveness of agreements. (6.6.1.2; 6.5.1; 6.5.2; 6.5.8)

Note: The numbers in parentheses refer to recommendations from the Blue Ribbon Panel, or sections of the federal Treasury Board's Policy on Transfer Payments or Directive on Transfer Payments. (See Appendix D)

Recommendations

Using the experiences and suggestions of informants detailed in this study several proven practices are identified in the three categories – Solicitation Processes, Agreement Structures and Management/Administration of Agreements. Below are some specific recommendations related to those practices.

These recommendations are based on current practices in several provincial jurisdictions, as reported by the informants to this report, through review of procurement policies in most provincial jurisdictions and interviews with procurement practitioners in British Columbia, Alberta, Ontario and Quebec.

In reviewing procurement policies in the jurisdictions there is no single model that emerges because most procurements are situational specific. However it is fair to say that there are three principles that guide the best – **fairness, openness and transparency**.

Solicitation Processes

1. Use the solicitation process (or other initiatives) to engage stakeholders on program design, local delivery system issues, agreement structure and reporting.
 - CIC has relied on third parties to provide direct service delivery to immigrants for many years. As a result SPOs hold valuable information for both the design and delivery of programming and services (i.e., what has/hasn't worked, what is/isn't working, and what the capacity is in a given area for third party delivery). In order to benefit from this knowledge in a way that supports comprehensive and effective program and/or service development and delivery, it is important to engage early on with these "experts".
 - Alberta and British Columbia use the Alberta Purchasing Connection and BCBid (respectively) to publish draft RFPs to solicit input on program design, service delivery issues, clarity of the request or call, timing of the procurement, the relevant weighting of evaluation criteria etc. This is an

effective and efficient way to get feedback from those who may be interested in submitting proposals. This process often includes proponent meetings.

- Under its *Open for Business* initiative the Ontario government is currently engaged with the nonprofit sector to address contracting/granting issues. The work is being guided by principles including: a focus on mutually agreed upon program outcomes; a commitment to collaboration and transparency and a commitment to sustainability of community service delivery. Current initiatives include The Portal as a single point of entry for all government procurement; Grants Ontario as a single window for application that will preclude organizations having to constantly reenter basic organizational information; and standard contracts that will reflect “proportional risk management” depending on the nature or experience of an organization.
- Quebec is mandated under the *Community Action Policy* to engage SPOs on programming, local priorities and funding.

2. Provide a schedule and timeline of procurement processes in advance, giving as much forewarning as possible of when large procurements will take place.
3. Use the Call For Proposals process (and other procurement-related instruments*) to promote openness and transparency.
 - Provide a “line of sight” to how the subject of the call will fit into the Modernization vision.
 - Attach a draft agreement and/or a copy of the terms and conditions that will be included in the agreement.
 - Provide the specific evaluation criteria (mandatory and desirable) to be used, and the points to be awarded for each criterion.
 - Provide a description of both national and regional/local priorities
 - Provide a description of reporting requirements, including examples of forms.
 - Include a glossary of terms.

* CIC should make public how it will implement the FRAM, including the process, the criteria and the weightings for each criterion.

4. Use different solicitation tools to encourage program and service innovation and to maintain an environment of openness and transparency e.g. Notice of Intent (NOI) Expression of Interest (EOI) or Request for Information (RFI). (See Appendix D for definitions).
 - As an example, one way to promote local relevancy and lever existing initiatives for the Local Immigration Partnerships (LIP) would be to publish a locally based EOI, asking for proposals that meet the programs goals and objectives. This would allow for collaboration within the community and linkages to existing services. The EOI would ensure that the process is perceived as fair and open.

5. Actively offer debriefings after a solicitation process to both learn from the process and to ensure clear communication of results.
 - This is a common best practice in procurement processes. It promotes an environment of openness and continuous learning for both parties. Debriefings should not allow for a revisiting of the results, but rather should give proponents a clear understanding of what they scored, and why.

Agreement Structures

6. While good work has already been done, CIC should continue to work with the sector through the SIJPPC Working Group on Gs & Cs to address outstanding issues identified by the sector in the May 2012 briefing note.

7. Include clear descriptions of roles and responsibilities for management of the agreement in the agreement itself.
 - Some multi-year agreements for social service delivery in BC include clauses in the agreement outlining the accountabilities and expected relationships for both parties. This provides clear guidance to the parties on what is expected.

8. Develop a process (and clearly describe it in the agreement) to manage changes in services in the agreements resulting from changes in service needs and priorities e.g. client profiles or client demand. These changes should not be considered “agreement amendments”.
 - Multi-year agreements require a means to respond to changes in the environment given their longer terms. These responses to change should be anticipated and provided for within the agreement itself.
9. Include a description in the agreement of how the deliverables will meet the Modernization goals.
 - Third party agreements are the principal way in which CIC will meet its goals for modernization of services for immigrants. It should be clear in the agreements how they would contribute to meeting those goals.

Management/Administration of Agreements

10. Train CIC staff and service providers involved in management of new agreements.
 - The new agreements resulting from the August CFP are significantly different from previous agreements, there has been a significant change in CIC staff responsible for managing settlement and resettlement services and services in British Columbia and Manitoba will be under federal management for the first time in 15 years. In the face of all this change, parties to the agreements would benefit from training in the management and administration of the new agreements.
 - CIC is seeking improved effectiveness as well as efficiencies in how the services are administered and managed. To realize these goals it will be important to ensure that those involved in implementing the agreements are clear on the goals and how to meet them.
 - Both BC and Alberta have had success in conducting joint training for all parties when they have implemented new contracts that are significantly different from previous agreements.

11. Purposefully establish mechanisms to keep meaningful communication flowing between CICs and SPOs at the national, regional and local levels as the agreements are implemented.
 - Maintain the existing joint Gs and Cs Working Group to continue their current work, as well as the SIJPPC to address common issues across the three CIC regions and to support national strategies.
 - Establish a joint regional structure in each of the three CIC regions to support implementation of the agreements at the regional level.
 - Given the local nature of the services being delivered and the relatively large CIC regions, there should be joint sub-regional (e.g. by province) mechanisms/structures that can focus specifically on local service delivery issues. These should be developed jointly at the sub-regional level to ensure local relevancy. *Quebec's Community Action: A crucial contribution to the exercise of citizenship and the social development of Quebec* includes provision for such mechanisms.

12. Manage the agreements within existing, local collaborative environments, or jointly work to build a collaborative environment.
 - To ensure efficient use of public funds, CIC and SPOs, working together, should develop local ways to encourage collaboration with other services for immigrants e.g. linkages to LMAs and LMDAs or provincially/territorially funded services. CIC should consider how best to resource these activities.
 - The joint Alberta/CIC Integrated Service Program and the *Statement of Understanding* that guides it may be an example of a potential collaborative environment.

13. Engage SPOs in developing criteria for program evaluations – nationally to measure progress to the Modernization Vision and locally to measure effectiveness of agreements.
 - This work could be done by the structures referenced in Recommendation #10.

Questions for Informants*

1. What things in the current delivery of settlement services do you think are working well re:
 - a. Solicitation processes
 - b. Agreement (Gs&Cs, contracts, etc.) structures
 - c. Service delivery governance processes (management and administration of agreements)

2. What things in the current delivery of settlement services would you like to see changed re:
 - a. Solicitation processes
 - b. Agreement (Gs&Cs, contracts, etc.) structures
 - c. Service delivery governance processes (management and administration of agreements)

3. Do you have any suggestions for changes in how the services are procured?

4. Do you have any suggestions for changes in how the agreements are structured?

5. Do you have any suggestions for changes in how the agreements are managed/administered/governed?

6. Are there other ideas/issues you think should be considered in this study?

*These questions should be considered under the overarching goal of improving the efficacy (efficiency and effectiveness) of the delivery of settlement services to immigrants in Canada.

INFORMANTS INTERVIEWED

BRITISH COLUMBIA

Chris Friesen, Director of Settlement Services, ISS of BC

Manpreet Grewal, Manager, Multicultural and Immigrant Services Department,
Abbotsford Community Services

Jean McRae, Executive Director, Inter-Cultural Association of Greater Victoria

Lynn Moran, Executive Director, AMSSA

Eyob Naizghi, Executive Director, MOSAIC

Lucy Swib, Director, Program and Regional Operations, BC Ministry of Jobs, Tourism
and Skills Training

Patricia Woroch, CEO, ISS of BC

Deb Zehr, Executive Director, Immigrant Integration Branch, BC Ministry of Jobs,
Tourism and Skills Training

YUKON

Darlene Doerksen, CEO, Yukon Tourism Education Council, Whitehorse

ALBERTA

Fariborz Birjandian, Executive Director, Calgary Catholic Immigrant Services

Alice Colak, CEO, Catholic Immigrant Services, Edmonton

Mason Tate, Director, Income, Employment and Disability Policy, Alberta Human
Resources

Dale Taylor, Executive Director, Centre for Newcomers, Calgary

Alice Wong, Director, Integration, Immigration Policy and Programs, Alberta Human
Resources

SASKATCHEWAN

Darcy Dietrich, Executive Director, Regina Open Door Society, Regina

Dr. Beulah Gana, Executive Director, Saskatoon Open Door Society, Saskatoon

Chris Gelineau, Director of Operations, CIC, Saskatchewan

Carla Logan, Manager of Finance, Saskatoon Open Door Society, Saskatoon

Getachew Woldeyesus, Manager Settlement and Family Unit, Regina Open Door Society, Regina

MANITOBA

Val Cavers, Executive Director, MOSAIC Newcomer Family Resource Network, Winnipeg

Grace Eidse, President, MIRSSA Inc., Winnipeg

Liz Robinson, Director, Integration Services, Manitoba Immigration and Multiculturalism

ONTARIO

Veronica Barnes, Regional Director, Operations and Integration, CIC, Ontario

Josie Di Zio, Senior Director, of Planning and Program Development, COSTI Immigrant Services, Toronto

Debbie Douglas, Executive Director, Ontario Council of Agencies Serving Immigrants (OCASI), Ontario

Ted Richmond, VSRU (Funding Reform and Research), Team Lead, Research and Evaluation, Ontario Ministry of Citizenship and Immigration

Reza Shahbazi, Executive Director, New Canadians' Centre of Excellence, Windsor, Ontario

Cathy Woodbeck, Executive Director, Thunder Bay Multicultural Association, Ontario

QUEBEC

Stephan Reichhold, Directeur, Table de concertation des organismes au service des personnes refugiees et immigrantes, Montreal, Quebec

NEW BRUNSWICK

Lisa Bamford De Gante, Executive Director, Multicultural Association of Fredericton

NOVA SCOTIA

Claudette Legault, Director of Programs and Services, ISIS, Halifax

PEI

Craig Mackie, Executive Director, PEI Association for Newcomers to Canada, Charlottetown

NEWFOUNDLAND AND LABRADOR

Jamie Baker, Research Coordinator, Association for New Canadians, St. John's

Megan Morris, Director of Programs, Association for New Canadians, St. John's

Sandra Pynn, Director of Finance, Association for New Canadians, St. John's

CANADA

Angie Barrados, Director, Modernization, NHQ – Integration Program Management, CIC, Ottawa

Sylvie George, Director, Centre of Expertise on Transfer Payments, Office of the Comptroller General, Treasury Board of Canada Secretariat

Bruce Scoffield, Director General, NHQ – Integration Program Management, CIC, Ottawa

Deborah Tunis, Director General, NHQ – Integration, CIC, Ottawa

I. RECOMMENDATIONS FROM THE BLUE RIBBON PANEL

SOLICITATION PROCESS

Relevant Blue Ribbon Panel Recommendations

8. To improve the system for managers and recipients alike, the TB of Canada Secretariat and departments should take immediate steps to simplify and make more transparent the grant and contribution application process by reducing the number of steps, making greater use of common forms, simplifying information requirements and using electronic technologies for submissions and follow-up communications. Where appropriate, departments and agencies should be encouraged to use trained program officers to assist applicants in understanding and accessing the system.

29. The TB of Canada Secretariat should act in partnership with lead departments to improve the current system of recipient access to information about grants and contributions, including web-based notices, email alert systems, keyword search capacity, electronic application processes, electronic tracking processes (for status of project files) and improved posting of policies and guidelines.

30. The TB of Canada Secretariat should collaborate with key departments to improve the electronic interface with governments through a portal or portals (such as MERX and Strategis, which support Canadian small and medium-sized enterprises, or Grants.gov and GrantsLink which support applicants for government support in the United States and Australia, respectively). The access system could be built by expanding existing federal portals, building a new portal, or by further funding a sector portal such as the Community Non-Profit Gateway.

AGREEMENT STRUCTURE

Relevant Blue Ribbon Panel Recommendations

4. In reviewing the *Policy on Transfer Payments* and associated policies and guidelines, the Treasury Board (TB) should ensure that grant and contribution funding instruments are better matched to the type of program being funded. Instead of the current multi-category spectrum of payment instruments, the panel sees a need for just three instruments:

- a. *grants* that are unconditional or that have only very limited reporting requirements
- b. *contributions* that are project-related or are finite; and
- c. *contributions* that are for sustained service delivery and are therefore longer-term.

5. The objectives established in the funding agreement for a particular recipient should be clearly defined, realistic and determinable.

12. The TB should, through its policy and decisions, encourage multi-year funding of projects where projects or activities are multi-year in nature.

13. Similarly, the TB should encourage multi-year funding of the federal granting agencies that offer multi-year funding to their own recipients.

14. The TB should encourage a reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories.

15. The TB should encourage funding departments and agencies to revisit the issue of whether and under what circumstances core funding is warranted to supplement project-specific funding.
16. The TB should establish as a principle that, to the extent that the policy objective underlying the grant or contribution program is the delivery of federal programs through a third party, funding levels should reflect the full cost of program delivery.

MANAGEMENT/ADMINISTRATION OF AGREEMENTS

Relevant Blue Ribbon Panel Recommendations

6. To achieve a 'single view of the client' the TBCS and concerned departments should improve horizontal coordination of program administration within and across departments.
11. The TB should modify policy development, program design and evaluation practices to ensure that evaluations measure program-related objectives and outcomes that are well defined and realistic. Data collection and reporting requirements should be specified accordingly.
17. The TBCS should develop a risk management approach for grants and contributions that tailors the nature of the oversight and reporting requirements to the capacities and circumstances of recipients and complements their existing reporting processes. The panel believes that these conditions should include, but not necessarily be limited to, the following: the amount of money involved; the complexity of the uses to which the money is to be put (e.g. conditionality); the established management creditability and track record of the recipient; the sensitivity of the project/program; and the size and capacities of the recipient organization.
18. The TB and departments should modify monitoring and recipient reporting requirements in the policy framework for grant and contribution programs to ensure that they are not duplicative or redundant and that they are clearly connected to a demonstrable need.
19. The TBCS and departments should encourage and facilitate cross-departmental, consolidated audit planning for recipients engaged in projects funded from multiple programs.
20. The TB should replace the current Terms and Conditions, Result-based Management and Accountability Framework (RMAF) and Risk-based Audit Framework (RBAF) documents with simplified documents (or a single document) flexible enough to accommodate program and project differences and focused on realistic, determinable objectives. This document (or these documents) should be developed through a consultative process involving internal and external stakeholders.
21. Recipients should be subject to audit by the federal government no more than once a year, regardless of the number of funding agreements in place. (Exceptions would apply where a need was identified for follow-up action e.g. forensic audits.)
22. The TB should encourage departments to perform a regular series of random audits, based on the annual financial cycle of the recipient organization and a department-wide risk assessment of the organization.
23. The TB should implement the provisions of the Federal Accountability Act regarding five-year reviews of the relevance and effectiveness of grant and contribution programs in a cost-effective manner such that in-depth evaluations are focused on larger program areas, and data collection and reporting requirements are reasonable and demonstrably relevant to meaningful program evaluation.

24. The TBCS, in collaboration with selected departments and agencies, should conduct a thorough review of services and processes used to deliver grants and contributions. This review should reveal opportunities for improved service and efficiency as well as successful practices from other programs. The government should validate findings from this review with a limited number of departments through 'proof of concept' projects. The first wave of business process reviews and validations should be completed within three years. **The findings from this review and validation would inform the longer-term implementation and program of change.**

27. The TBCS should establish a centre of expertise in the Government of Canada, with an advisory board of departmental funders and program recipients, to assist departments in sharing best practices related to the application and administration of grants and contributions, and to promote innovation in program administration.

28. The TB should encourage government-wide training programs targeted at all relevant public servants, including program officers, comptrollers, audit and evaluation personnel as well as senior managers responsible for the administration of transfer payment programs. Development costs should be centrally funded and programs administered by the Canada School of Public Service.

II. (SOME) RELEVANT FEDERAL TREASURY BOARD POLICIES AND DIRECTIVES ON TRANSFER PAYMENTS

Policy on Transfer Payments

5.2 Expected results

5.2.1 The expected results of this policy are that:

- Roles, responsibilities and accountabilities for the management of transfer payments programs are clearly defined and understood by all departments.
- Transfer payment programs are designed, delivered and managed in a manner that takes account of risk and clearly demonstrates value for money.
- Transfer payment programs are supported by cost-effective oversight and control systems at both departmental and government-wide levels.
- Transfer payment programs are accessible, understandable and useable by applicants and recipients. In particular that:
 - Administrative requirements on applicants and recipients, which are required to ensure effective control, transparency and accountability, are proportionate to the level of risks specific to the program, the materiality of funding, and to the risk profile of applicants and recipients;
 - Applicants and recipients are engaged in support of innovation, continuous improvement and the establishment of fair, transparent and positive relations with them; and

- Collaboration exists within and among departments to harmonize transfer payment programs and standardize their administration, when appropriate.

6.5 Deputy heads are responsible for:

- 6.5.2 Ensuring that a performance measurement strategy is established at the time of program design, and that it is maintained and updated throughout its life cycle, to effectively support an evaluation or review of relevance and effectiveness of each transfer payment program.
- 6.5.7 Ensuring that the administrative requirements on recipients are proportionate to the risk level. In particular, that monitoring, reporting and auditing reflect the risks specific to the program, the value of funding in relation to administrative costs, and the risk profile of the recipient.
- 6.5.8 Engaging applicants and recipients, when appropriate, to achieve the objective and expected results of this policy through innovative, cost-effective, citizen- and recipient-focused transfer payment programs that are accessible, understandable and useable.
- 6.5.9 Establishing reasonable and practical departmental service standards for transfer payment programs.
- 6.5.10 Ensuring, when appropriate, the harmonization of transfer payment programs within the department, and ensuring collaboration with other departments.
- 6.5.11 Ensuring that opportunities are pursued to standardize the administration of transfer payment processes, procedures and requirements within the department and, to the extent possible, with other departments, to achieve efficiencies in the administration of transfer payment programs for applicants, recipients and the department.

6.6 Monitoring and reporting requirements

6.6.1 Deputy heads are responsible for:

- 6.6.1.2 Establishing a three-year plan that identifies plans for the continuation, amendment or termination of terms and conditions, evaluations or reviews of relevancy and effectiveness to be conducted, and initiatives to engage applicants and recipients. This plan is integrated with the departments Report on Plans and Priorities.

Directive on Transfer Payments

3. Context

3.1 This directive is to be read in conjunction with the Policy on Transfer Payments.

3.2 The directive supports the objectives of the Policy on Transfer Payments by providing operational requirements for departmental managers who have been assigned responsibilities for the management of transfer payments.

3.4 The requirements of the directive provide for accountability, transparency and effective control in the management of transfer payments. The requirements also provide flexibility to adapt the administrative requirements on applicants and recipients to the risks involved. The directive allows departments to develop a measured response to risk throughout the management cycle of transfer payments, reflected in the selection of the appropriate transfer payment instruments, in the extent of funding agreement requirements, in cash management practices, in reporting requirements and in the monitoring and auditing recipients.

6. Requirements

Departmental managers who have been assigned responsibilities for the management of transfer payment programs and transfer payments are responsible for:

6.2 Determination of funding level

6.2.1 Ensuring that the amount of a proposed grant or contribution is at the minimum level required to further the attainment of the objectives of the transfer payment program and the results expected from the recipient, and that the amount is appropriate taking into account other sources of funding available to the recipient.

6.3 Funding agreements with recipients

6.3.1 Ensuring that a funding agreement is executed with each recipient before the provision of a transfer payments.

6.3.4 Determining whether multi-year agreements are appropriate when the achievement of the objectives of a transfer payment program, or a funding agreement, may involve a relationship with a recipient over a number of years.

6.3.5 Determining whether the use of a single agreement is practical for the department and beneficial to the recipient when a recipient is to receive transfer payments from multiple transfer payment programs.

6.4 Cash Management

6.4.1 Ensuring that transfer payments are paid to recipients in a timely, prudent and efficient manner that supports the achievement of objectives and recognizes the risks involved.

- 6.4.3 Ensuring that, where advance payments of a contribution are essential to the achievement of objectives, they are specifically provided for in the funding agreement and are based on the recipient's cash flow requirements.
- 6.4.4 Ensuring that advance payments in a fiscal year do not exceed a recipient's estimated cash flow requirements with respect to the federal government's share of eligible expenditures for that fiscal year. However, an advance payment may be made in a fiscal year to cover the federal government's share of expected eligible expenditures to be incurred by the recipient during April of the following fiscal year when a department deems this essential to meet the objectives of the funding agreement.
- 6.4.5 Obtaining timely accounting from recipients to ensure that advance payments are being spent for authorized purposes and that unexpended balances in the hands of recipients are reasonable having regard to the recipient's cash flow requirements.

6.5 Recipient reporting, monitoring and auditing

- 6.5.1 Ensuring that the level of monitoring of recipients and the reporting required from recipients, including the degree of certification or audit assurance required from the recipient on any reports, reflects an assessment of the risks specific to the program, the value of the funding in relation to administrative costs, and the risk profile of the recipients.

GLOSSARY OF TERMS

Invitation to Quote (ITQ)

Invitation to Quote (ITQ) refers to the process and document used to solicit bids or quotes for the provision of clearly specified goods or services. Typically the bids received in response to an ITQ are evaluated on price alone.

Notice of Intent (NOI)

Notice of Intent (NOI) refers to the process and document used to inform others of the intention to enter into an agreement with an individual or organization. It typically provides some detail of the services to be provided, the value of the agreement and the reasons why a direct award is considered appropriate. It can give others the opportunity to submit a proposal.

Request for Expressions of Interest (RFEI)

Request for Expressions of Interest (RFEI) refers to a process and document used to obtain information on the level of interest in a planned solicitation opportunity and may be used to pre-qualify proponents for an opportunity. It is often used when a department or ministry knows that a good or service is available but is not sure if the proponent community is interested or available to provide the service or compete on the opportunity.

Request for Information (RFI)

Request for Information (RFI) refers to a process and document used to obtain information to be used in developing a future solicitation opportunity. It is often used to obtain specific information about the service as well as the availability and performance of the service.

Request for Proposals (RFP)

Request for Proposals (RFP) refers to the process and document used to solicit proposals that will be evaluated on price as well as other criteria, including proponent qualifications and the proposed solution.

Request for Qualifications (RFQ)

Request for Qualifications (RFQ) refers to the process used to pre-qualify those who are interested in a current opportunity or for pre-qualifying those who are interested in supplying services in the future on an if, as and when requested basis.