



Generic Valuation Tool

Transfer Payments

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Generic Valuation Tool (GVT) TRANSFER PAYMENTS

How to use this tool:

- This tool is designed for IM specialists to use with relevant business areas when identifying information resources of business value (IRBV) and retention specifications.
- The IRBV and retention specifications contained in this document are recommendations only and should be customized to apply in each institutional context. The complete document should be read before using any recommendations.
- **This GVT does not provide Government of Canada institutions with the authority to dispose of information.** GVTs are not Records Disposition Authorities (RDA) and do not replace the Multi-Institutional Disposition Authorities (MIDA).

Validation: The business processes and IRBV of this GVT have undergone a comprehensive validation process with the relevant communities of practice across the GC. In October 2011, a facilitated session was held with the sitting members of the Business Design and Process Work Group and the Centre of Expertise on Grants and Contributions, as well as a representative from the disbanded working group that produced the draft *Common Business Process Model for Manage Grants and Contributions* in collaboration with the Office of the Comptroller General of Canada. The GVT was also validated with relevant policy centres at TBS including the Centre of Expertise on Grants and Contributions (December, 2011).

Defining the activity

The Transfer Payment process is a common operational activity carried out by Government of Canada (GC) institutions through grants, contributions, and other transfer payments. It involves transferring money, goods, services, or assets to individuals, organizations or other levels of government based on established eligibility requirements, where funds may or may not be repayable under specific conditions.

Grants, contributions, and other transfer payments are defined as follows:

Grants: A transfer payment subject to pre-established eligibility and other entitlement criteria. A grant is not subject to being accounted for by a recipient nor normally subject to audit by the department. The recipient may be required to report on results achieved.¹

Contributions: A transfer payment subject to performance conditions specified in a

¹ *Policy on Transfer Payments*, Treasury Board of Canada Secretariat, 2008.

funding agreement. A contribution is to be accounted for and is subject to audit.²

Other Transfer Payments: A monetary payment, or a transfer of goods, services or assets made, on the basis of an appropriation, to a third party, including a Crown Corporation, that does not result in the acquisition by the Government of Canada of any goods, services or assets. Transfer payments are categorized as grants, contributions and other transfer payments. Transfer payments do not include investments, loans or loan guarantees.³

The management of transfer payments is done in accordance with the *Policy on Transfer Payments* and the *Directive on Transfer Payments*, while the accounting of transfer payments is done in accordance with the *Accounting Standard 3.2.—Treasury Board—Transfer Payments (Grants and Contributions)*.

This GVT does not address the funding of capital plans and projects, including Crown projects. Capital plans and projects refer to circumstances where the federal government will be the owner of, prime user of, or entity responsible for the end product. In contrast, projects funded through grants, contributions, and transfer payments are to develop, create, or improve end products that are used, owned, or operated by entities other than the federal government.

This GVT should be used in conjunction with the GVT for Management and Oversight Services. It is important to examine the recommendations in Management and Oversight before proceeding with the analysis of the recommendations for the Transfer Payments activity. This approach is taken to ensure all overlapping processes are addressed correctly. For policy relating to transfer payment programs, the recommendations in the GVT for Management and Oversight should be used. Similarly, for information resources relating to evaluations, the recommendations from the GVT for Management and Oversight should be used. Transfer payment programs are also subject to audits; however, the audit procedure is wholly contained in the Management and Oversight sub-sub-activity and does not appear in the business processes relating to transfer payments. For this reason, the GVT for Management and Oversight should be used for any information resources relating to operational audits. Operational program audits are not to be confused with recipient audits performed as part of the Transfer Payments business processes, which are included in the recommendations in this GVT. Used in conjunction, the two GVTs provide recommendations for all aspects of the Transfer Payments activities.

Relationship to Other GVTs

Business processes and activities often overlap. When the IRBV from an activity is identified in another GVT, there is a note in the table of IRBV and retention recommendations (below) to direct the user to the proper tool.

Business Processes

² *Policy on Transfer Payments*, Treasury Board of Canada Secretariat, 2008.

³ *Policy on Transfer Payments*, Treasury Board of Canada Secretariat, 2008.

The sub-activities and business processes are very well defined according to the *Gs and Cs Process Reference Model* (November 2011) developed by the Business Design and Process Work Group in collaboration with the Centre of Expertise on Grants and Contributions. The business processes relating to the financial aspects of Gs and Cs payments have been determined and documented by the Office of the Comptroller General as part of the Common Financial Management Business Process Initiative. The draft (September 2011) *Common Business Process Model for Manage Grants and Contributions* defines the common financial management business processes for grants and contributions payments.

The Transfer Payments activity has three sub-activities, with a number of associated business processes.

1. Program Development:

This sub-activity involves the identification of the needs for a program through policy initiatives, followed by the planning and development of the program particulars including eligibility, assessment criteria, parameters, and requirements. The sub-activity involves the following business processes: designing/redesigning programs; approving programs; implementing programs; marketing programs; and conducting evaluation.⁴ The business processes include:

- designing/redesigning programs;
- approving programs;
- implementing programs;
- marketing programs; and
- conducting evaluation.

2. Program/Project Administration:

This sub-activity involves all aspects of the application process and the management of case files. It encompasses the receipt, review and acceptance (or rejection) of applications; the preparation of funding agreements; funds dispersal; recipient monitoring arrangements; and file close out. The business processes include:

- receiving funding opportunities;
- assessing and recommending funding opportunities;
- making final decisions;
- communicating decisions;
- developing Funding Agreements;
- approving Funding Agreements;
- monitoring, analyzing and reporting on progress;
- managing grants and contributions (Gs and Cs) payments;
- processing Agreement amendments;

⁴ Note: The “conducting evaluation” business process is part of the beginning and end of the program development sub-activity. Conducting evaluations serves to assess the outcomes of a program and inform the development or redevelopment of current and future programs.

- auditing recipients; and
- closing files.

3. Managing Grants and Contributions Payments:

This sub-activity involves all of the financial aspects of grants and contributions payments typically performed by a separate business area. The business processes include:

- initiating expenditures and controlling commitments
- managing issuance of payments

Retention

Recommended retention specifications in GVTs are determined based on traditional or best practices, a review of government-wide legislation and policy, and validation with subject matter experts. Retention periods are suggestions only; departments must take into account their own legislative requirements and business needs.

Recommended retention specifications were identified by a thorough review of the *Policy on Transfer Payments* and the *Accounting Standard 3.2.—Treasury Board—Transfer Payments (Grants and Contributions)*.

Business Value and Retention Recommendations

Note: Table includes correspondence documenting decisions or substantive opinions, and substantive drafts (i.e., drafts reflecting substantive content-based modifications rather than simple editorial alterations).

1. Program Development

| Business Processes | Recommendations: Information Resources of Business Value (IRBVs) | Recommendations: Retention Period |
|---|--|--|
| <p>Designing / redesigning program Discussing policy direction, objectives and outcomes at Cabinet Analyzing external and internal program needs Conducting consultations Identifying and assessing program ideas Finalizing program outcomes and measures Developing program scope Determining source of funding</p> <p>Approving program Obtaining policy authority (Memorandum to Cabinet) Preparing and approving program design elements (TB Submission)</p> <p>Implementing program Developing / operationalizing strategies, plans and program guidelines</p> <p>Marketing program Identifying audiences Informing stakeholders of funding opportunities Developing communications materials Launching program</p> | <p>Program templates Program forms Program tools Application templates Application processes Application tools</p> <p>Needs analysis report Records of consultation Risk assessments Risk profiles Selected program outcomes Draft Memorandum to Cabinet (for reference purposes only) Draft TB Submission (for reference purposes only) RMAF / Performance Measurement Strategy (PMS) Terms and Conditions Program guidelines Strategy documents Program plans / project plans Briefing notes Promotions strategies Program announcements Promotional materials</p> | <p>6 years after superseded, based on traditional retention practice applied to policy and procedure IRBV of the Comptrollership function</p> <p>6 fiscal years after the end of the fiscal year in which the program closes, based on traditional practice applied to IRBV pertaining to financial transactions</p> |

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|--|--|---|
| <p>Conducting Evaluation Collecting and analyzing program evaluation data Developing recommendations on program performance Formulating management response to program recommendations Following up on the implementation of the management action plan</p> <p>Notes: Evaluation appears at the beginning and end of the Funding process to assess outcomes and to inform program development.</p> <p>Evaluation is an activity of Management and Oversight but is part of the process cycle of Transfer Payments (see enduring value recommendation). Evaluation appears at the beginning and end of the Funding process to assess outcomes and to inform program development.</p> | <p><i>For IRBV please see Management and Oversight GVT</i></p> | <p><i>For retention please see Management and Oversight GVT</i></p> |
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2. Program / Project Administration

| Business Processes | Recommendations: Information Resources of Business Value (IRBVs) | Recommendations: Retention Period |
|---|--|---|
| <p>Receiving Funding Opportunities Supporting applicants with funding process Receiving funding opportunities</p> <p>Assessing and recommending funding opportunities Conducting pre-assessment of funding opportunity Conducting full assessment of funding opportunity Conducting program management review for approval / sign-off</p> <p>Making final decision Assessing funding recommendation</p> <p>Communicating decision Developing recipient communications package</p> <p>Developing Funding Agreement Developing funding agreement details Conducting internal review</p> <p>Approving Funding Agreement Obtaining departmental approval or central agency approval, where required for the Funding Agreement Controlling commitments (Financial Administration Act (FAA) section 32)</p> <p>Monitoring, Analyzing and Reporting on Progress Providing Funding Agreement administration package to the recipient Implementing Funding Agreement monitoring strategy Collecting and validating progress data Developing reports</p> | <p>Communications materials Call for proposals Correspondence relating to clarifications, recommendations Correspondence (acknowledgements) Completed application forms Environmental Assessment Report Lists of applicants and recipients Assessment of applications Approved funding recommendation Rejection recommendation Risk assessment analysis Member of Parliament letter Funding announcement Communications (press release, event presentation, etc.) Acceptance letter Rejection letter Signed final agreement Proactive disclosure documentation Agreement administration documentation Assessment of project progress Recommendation for termination / extension Recipient reports Program reports Recommendation for termination</p> | <p>6 fiscal years after the end of the fiscal year in which the file closes, based on traditional practice applied to IRBV pertaining to financial transactions</p> |

| | | |
|---|---|---|
| <p>Monitoring Grants & Contributions payments (see 3. Managing Grants & Contributions Payments for breakdown of related processes and recommended IRBV)</p> <p>Processing Agreement amendments Developing Agreement amendment details Conducting internal review Obtaining departmental approval and signatures</p> <p>Auditing Recipient Conducting recipient audit</p> <p>Closing File Closing the file Archiving the file</p> | <p>Payment documentation Signed amendment package Supplement documentation Notice of budget adjustment Audit report Program Management action plan Recipient action plan Close-out letter Close-out report Closed file</p> | <p>6 fiscal years after the end of the fiscal year in which the file closes, based on traditional practice applied to IRBV pertaining to financial transactions</p> |
|---|---|---|

3. Managing Grants & Contributions Payments

| Business Processes | Recommendations: Information Resources of Business Value (IRBVs) | Recommendations: Retention Period |
|---|--|---|
| <p>Initiating Expenditure <u>and</u> Controlling Commitments (these business processes are typically performed concurrently) (FAA section 32) Determining expenditure initiation authority Obtaining and exercising signing authority Determining funds availability (budget review, etc.) Authorizing funds Recording / updating commitments Declining proposal / amendment</p> <p>Managing Issuance and Recovery of Payments / Overpayments Formalizing funding agreement / amendment Certifying entitlement to payment Authorizing payments Issuance of payments by PWGSC Processing recipient payment request Performing financial verification and certification (FAA sections 33, 34) Managing overpayments and receivables Managing repayments for repayable contributions Verifying accuracy of transactions Confirming recipient eligibility / entitlement Ensuring recipient information is accurate Authorizing claims Validating expenses and reconciling payments Handling payment requisition Processing return payment files Recovering overpayments Informing recipients of payment status Issuing notifications and invoices Terminating funding agreements</p> | <p><i>Please note that some of the following recommended IRBV may be produced through the Program Administration sub-activity and should be managed in the business area in which they are outputs.</i></p> <p>Delegation of authorities instruments Signed expenditure commitments Description Risk analysis Funds availability justification Financial coding Specimen signature documents Funding agreement application (signed) Updated funding agreement / amendment Financial amount Funding agreement data & supporting documents / amendment data Repayable installment amounts Request for payment / Claims and claim data Payment advance / installments documentation (request, approval) Resolution of discrepancies documentation Payment details Recipient data (name, address, banking information, etc.) Notifications or invoices</p> <p><i>Note: when the above noted IRBV are entered into and/or managed in a financial management system, the system / database itself is the IRBV, <u>not</u> the individual documents.</i></p> | <p>6 fiscal years after the end of the fiscal year in which the file closes, based on traditional practice applied to IRBV pertaining to financial transactions</p> |