

Policy on Collaborative Arrangements With Non-Government Organizations

Table of Contents

1. Effective Date.....	2
2. Policy Objective	2
3. Application and Context.....	2
4. Policy Requirements.....	2
4.1 <i>Collaboration Criteria</i>	2
4.2 <i>Project Funding</i>	3
4.3 <i>Risk Management</i>	5
4.4 <i>Delegation of Authorities</i>	6
5. Roles and Responsibilities.....	6
6. Monitoring and Reporting	10
7. Consequences.....	11
8. References.....	11
9. Enquiries.....	12
Appendix A: Definitions and Acronyms.....	13
Appendix B: Approval Sign-Off for Collaborative Arrangements which include Payment to the Collaborator for the Reimbursement of Project Expenditures	14
Appendix C: Collaborative Arrangements Template	15

1. Effective Date

- 1.1 This policy takes effect on December 1, 2008.

2. Policy Objective

- 2.1 The objective of this policy is to set out the accountabilities and business rules with respect to collaborative arrangements between the Department of Fisheries and Oceans (DFO) and external non-government entities.

3. Application and Context

- 3.1 A collaborative arrangement is an arrangement whereby the Crown and one or more parties agree to cooperate on a project where that cooperation entails sharing of the costs, benefits and risks. These arrangements shall not be construed or designed in a manner that creates a legal partnership, whereby partners share in profit and losses, whereby acts committed by each party are binding on the other.
- 3.2 This policy applies to collaborative arrangements between DFO and non-government entities. It excludes arrangements with other federal government departments, agencies and branches of the public service, other levels of government (provincial, municipal, regional) and foreign governments.
- 3.3 This policy is not intended to be all-inclusive. DFO Responsibility Centre Managers (RCM's) wishing to enter into collaborative arrangements shall become familiar with the provisions of related Treasury Board (TB) policies and directives and shall adhere to these where an issue has not been addressed in this policy.

4. Policy Requirements

4.1 Collaboration Criteria

- 4.1.1 For a collaboration to be considered for DFO participation, all of the following criteria shall be met:
- The proposed activity must be within DFO's mandate and program authority, and the financing arrangements must respect appropriate legislative authorities and central agency policies and directives.

- Each participant has a compatible interest in the expected outcome of the collaboration and has shared or compatible objectives associated with the project.
- Each participant must supply/provide resources to the project, which may include financial or human resources, use of assets or equipment, or information and expertise.
- Each participant must agree to a fair allocation of risk, demonstrated through the development of a governance framework on decision making, accountability, and risk mitigation related to the project.
- The activity does not replace or avoid normal cost-recovery activities (i.e., where fees for goods, services, or use of facilities would normally be charged), and does not result in either party selling goods or services to the other.
- There is a written collaboration agreement setting out the terms of the arrangement, and covers all the terms as outlined in the Collaborative Arrangements template (Appendix C).

4.2 Project Funding

4.2.1 Collaborative arrangements, including cost sharing agreements can be financed through one of the following means:

- funding provided by the collaborator and administered by DFO through a Specified Purpose Account (SPA),
- payments made separately by DFO from appropriations and by collaborator from their own resources, or
- through the reimbursement to the collaborator by DFO for project expenditures incurred by the collaborator (used only in exceptional circumstances see s.4.2.11-s.4.2.15).

Funding provided by the collaborator to DFO and deposited to a Specified Purpose Account

4.2.2 Funding provided by the collaborator to DFO shall be administered in accordance with the *TB Policy on Specific Purpose Accounts*.

4.2.3 Funding provided by the collaborator to DFO shall be received in advance of expenditures and deposited to a Specified Purpose Account (SPA).

- 4.2.4 All project expenditures made with SPA funds shall be charged directly to an SPA. Any payment made against a DFO appropriation (RCM's budget) in advance of receipt shall not be reimbursed at a later date with specified purpose funds.
- 4.2.5 Upon the completion of the project, all remaining SPA funds shall be returned to the collaborator in accordance with the *Repayment of Receipt Regulations*. If, in accordance with the collaborative agreement, the obligation to return the remaining funds to the collaborator is waived, the balance of the project account shall be transferred to the Miscellaneous Revenue account.
- 4.2.6 The costs incurred by DFO for the administration of the funds held in an SPA shall be charged to a departmental appropriation.
- 4.2.7 All receipts to and expenditures from an SPA shall have proper (appropriate) coding that allows for detailed accounting and reporting on the receipt and spending of collaborator's funds.
- 4.2.8 At the end of the fiscal year, the ending credit balance of an SPA fund will be carried forward to the new fiscal year, in accordance with the agreement duration terms of the agreement.
- 4.2.9 All funding received towards project expenditures shall be considered as sunset funding for the purposes of this policy and other DFO policies.

Payment to Suppliers and Contractors Not Party to the Arrangement (Agreement);

- 4.2.10 All commitments, contracts and expenditures required to be charged to DFO appropriations (RCM budget) under the collaborative agreement with/to suppliers and contractors not party to the collaborative arrangement, shall be in accordance with established Government of Canada regulations, policies and directives, as well as DFO policies and processes.

Payment to the Collaborator for the Reimbursement of Project Expenditures (used in exceptional circumstances)

- 4.2.11 Payments to the collaborator for the reimbursement of project expenditures shall not be construed as a procurement of goods or services, or a transfer of monies or in-kind contributions from the federal government to the non-federal entity. DFO is not purchasing goods or services from the collaborator, rather the collaborator is, as per the agreement, purchasing goods or services for it's and the collaborator's own use from a third party towards the completion of the project.

4.2.12 In these rare circumstances, where Government Contracts Regulations or transfer payment regulations would not apply, the Minister may exercise her/his authority under general rules of mandate to enter into a contractual arrangement that is clearly with the departmental mandate. All payments to the collaborator shall be in accordance with all applicable legislative authorities, regulations, policies and procedures. The powers, duties and functions of the Minister are set out in Sections 40 to 45 of the Oceans Act. Acting within her/his mandate, the Minister may bind the Crown to a contract with an organization, body or individual where all other normal departmental means of entering into a contractual arrangement have been exhausted and where the Minister's powers are not otherwise restricted by statute. Therefore, the use of Government Contracts Regulations and Departmental Grant and Contribution program terms and conditions must be exhausted before this option is considered. As such this type of funding mechanism would occur only in exceptional circumstances and authority to enter such an arrangement is to be exercised only at the highest level of departmental authority, i.e., the Minister's or Deputy Minister's signature would normally be required.

4.2.13 Funds must never be advanced to the collaborator to manage. As per any other contractual document, payments are made in accordance with the payment terms in the agreement and the confirmation that section 34 of the Financial Administration Act (FAA) has been exercised. It must be a DFO employee with properly delegated authority to certify section 34 of the FAA.

4.2.14 In order to properly exercise section 34 of the FAA, the collaborator shall provide DFO with a copy of the original invoice and packing slip for goods or certification of services provided, and any other relevant information from the contractor.

4.2.15 All agreements that require payment to the collaborator under specific legislative and program authorities shall be reviewed by Finance and Administration and Legal Services prior to entering into the agreement or engaging in collaborative activities (Appendix B).

4.3 Risk Management

4.3.1 Through the agreement, each participant must agree to a fair allocation of risk, demonstrated through the development of a governance framework on decision making, accountability, and risk mitigation related to the project. Individual risks shall be allocated and attributed separately to each participant, so that there are no risks shared between DFO and the collaborator.

4.3.2 In accordance with the *TB Policy on Risk Management*, the agreement shall specify the following:

- Identify any important risks and uncertainties surrounding future events with the potential to significantly affect the achievement of the joint project's objectives (e.g., threats to employees, assets, staying on scope, on time and within budget).
- Assess the risks, by estimating the impact on effectiveness and efficiency with respect to objectives and the probability and timing of the impact. Quantify and rank the risks in terms of magnitude, costs and other metrics.
- Develop risk responses, where required or possible that reduce, minimize or contain the risks. Consider if the risk is to be accepted, reduced and or avoided. Identify the accountabilities, controls (process to ensure risk responses are carried out) and governance for mitigation.

4.4 Delegation of Authorities

4.4.1 The DFO representative (signatory) entering into the agreement shall ensure that they have all applicable legal, programs, and financial authorities to fulfill obligations created under the agreement.

4.4.2 The DFO representative (signatory) must be the person fulfilling all the duties of the position with an authenticated specimen signature record (SSR) as indicated in the chart at annex D.

Note: Funds received for a Special Purpose pursuant to the FAA, section 21 are agreements where DFO is administering DFO and the collaborator's funds and entering into third party contracts to procure the required goods and services as stipulated in the agreement (money in agreements).

Funds paid to a collaborator are agreements where the collaborator is receiving funds from DFO and entering into third party contracts and other arrangements to achieve the objectives stipulated in the agreement (money out agreements).

5. Roles and Responsibilities

The following roles and responsibilities will apply in the department:

5.1 Deputy Minister/Associate Deputy Minister

The Deputy Minister (DM) is responsible for:

- for the purposes of section 4.4 Delegation of this policy, acting as the DFO representative (signatory)

5.2 Chief Financial Officer

The Chief Financial Officer (CFO) is responsible for:

- establishing a framework of effective management practices and controls for departmental collaborative arrangements including approval of and amendments to the DFO Collaborative Arrangements Policy; and
- establishing minimum standards for regional account verification programs.
- for the purposes of section 4.4 Delegation of this policy, acting as the DFO representative

5.3 Commissioner Canadian Coast Guard (CCG) Agency, Assistant Deputy Ministers (ADM), Regional Director Generals (RDG) and Assistant Commissioners, CCG Agency, DGs, Regional Directors and Directors

The Commissioner CCG Agency, ADM's, RDG's and Assistant Commissioners, CCG Agency, DGs, Regional Directors/Directors are responsible for:

- establishing Collaborative Arrangements within the context of this policy and ensuring the guidelines of this policy are adhered to,
- administering Collaborative Arrangements including annual reporting of the activity undertaken under the scope of this policy,
- for the purposes of section 4.4 Delegation of this policy, acting as the DFO representative (signatory).

5.4 Director General, Finance and Administration

The Director General, Finance and Administration is responsible for

- ensuring that adequate and relevant processes, controls and monitoring programs are established to enable effective implementation of this policy;
- reviewing all proposed collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures and completing the approval sign-off (Appendix B) as per section 4.2.15 of this policy.
- ensuring at the end of every fiscal year a report detailing the activity undertaken under the scope of this policy is created and provided to Departmental Management Committee (DMC) for their consideration.

5.5 Director, Accounting, Materiel and Administrative Services

The Director, Accounting, Materiel and Administrative Services is responsible for:

- directing the development, implementation and communication of the departmental Collaborative Arrangement policy;
- ensuring that adequate and relevant training material and tools are available within the department;
- carrying out for the NCR, the responsibilities assigned to the Regional Directors, Finance.

5.6 Regional Directors, Finance and Administration

The Regional Directors, Finance and Administration are responsible for:

- ensuring that adequate information and training on procedures and controls is disseminated to regional managers with respect to this Policy,
- establishing a monitoring program for collaborative arrangements through the guidance of the DG, Finance and Administration,
- providing advice and guidance on collaborative arrangements to regional program managers as required,

- reviewing all regional collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures for the purpose of providing advice and guidance to the DG, Finance and Administration and
- reporting to the DG, Finance and Administration on an annual basis and as requested, on the results of the regional monitoring program and recommending additional controls including strengthening policy requirements and/or increasing approval levels.

5.7 Legal Services

Senior General Legal Counsel

- reviewing all proposed collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures and completing the approval sign-off (Appendix B) as per section 4.2.15 of this policy.

Legal Services is responsible for:

- ensuring an appropriate template (Appendix C) for collaborative arrangements is available which complies with the applicable legislative authorities and contains all the pertinent clauses required for the administration of a collaborative arrangement;
- reviewing all proposed collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures for the purpose providing advice and guidance to the Senior General Counsel and
- as requested, to review all collaborative arrangements that would necessitate legal review, such as joint management concerns or challenges to mandate and authorities.

5.8 Senior Finance Managers

The Senior Finance Managers Division are responsible for:

- reviewing all proposed collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures for the purpose of providing advice and guidance to the DG, Finance and Administration and
- providing advice and guidance on collaborative arrangements to Commissioner CCG Agency and Assistant Deputy Ministers as required.

5.9 Manager of Materiel Management Services NCR

- reviewing all proposed collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures for the purpose of providing advice and guidance to the Director, Accounting, Materiel and Administrative Services and
- providing advice and guidance on collaborative arrangements to program managers in NCR as required.

5.10 Regional Manager of Materiel Management Services

- reviewing all proposed collaborative arrangements where there is a proposal for Payments to the Collaborator for the Reimbursement of Project Expenditures for the purpose of providing advice and guidance to the Regional Director of Finance and Administration and
- providing advice and guidance on collaborative arrangements to regional program managers as required.

6. Monitoring and Reporting

- 6.1 At the end of every fiscal year, Regional Directors, Finance must submit a report to the DG, Finance and Administration in the form of Appendix C detailing the activity undertaken under the scope of this policy. This report will be provided to DMC for their consideration.

- 6.2 Monitoring of this policy will be based on the principles of risk management and is intended to promote accountability and sound management in the area of financial authorities and cash control.
- 6.3 Internal Audit will periodically audit the application of this policy, and consider the operations of this policy during the planning of other internal audits.

7. Consequences

- 7.1 The CFO is responsible to inform the Deputy Minister when significant issues arise regarding policy compliance. The CFO is also responsible for providing assurance to the Deputy Minister that appropriate remedial actions are taken to address any issues.
- 7.2 Instances of non-compliance may prompt the CFO to have an audit or review conducted, withdrawal or reduction of signing authority, or any other action deemed appropriate, take corrective action and report back to the Deputy Minister.

8. References

- 8.1 Related Treasury Board Policies and Documentation include:

Code of Values and Ethics
Conflict of Interest Guidelines
Government Contracts Regulations
Guide on Financial Arrangements and Funding Options
Managing Collaborative Arrangements: A Guide for Regional Managers
Policy on Account Verification
Policy on Accounting for Non-Monetary Transactions
Policy on Specified Purpose Accounts
Policy on Transfer Payments
Policy on Risk Management

- 8.2 Related Legislative Authorities include:

Financial Administration Act
Federal Accountability Act
Department of Fisheries and Oceans Act
Fisheries Act
Oceans Act
Fisheries Development Act

Public Service Employment Act
Official Languages Act
Access to Information Act
Lobbying Act
Privacy Act

9. Enquiries

- 9.1 Enquiries concerning this Policy should be directed to the Manager,
Financial Policies Division.

Appendix A: Definitions and Acronyms

Collaborative Arrangement

An arrangement whereby the Crown and one or more parties decide to work together cooperatively on a project or activities where that cooperation entails sharing resources and costs, sharing the efforts, sharing the benefits and allocating/sharing the risks between them.

Consolidated Revenue Fund (CRF)

The Consolidated Revenue Fund (CRF) is the aggregate of all public moneys that are on deposit at the credit of the Receiver General

Cost-Sharing Agreements

Arrangements whereby the parties involved agree to share specified costs but not to participate directly in or assign staff to a common undertaking.

Governance

Governance refers to the processes and structures through which power and authority are exercised, including the decision-making processes, i.e., who participates and how.

In-Kind Resources

Sharing of non-financial resources i.e. information, space, equipment

Risk Management

Risk management involves determining the probability, impact, and materiality of an event happening. The objective of the risk management is to limit or minimize the damage to and liability of the Crown.

Specified Purpose Account

A specified purpose account is opened in the general ledger to ensure that money received for a specified purpose are used only for that purpose. It is recorded as a liability of the Government of Canada, as it constitutes a financial obligation of the government. Funds deposited in a Specified Purpose Account do not lapse at the end of a fiscal year

Appendix B: Approval Sign-Off for Collaborative Arrangements that require Payment to the Collaborator for the Reimbursement of Project Expenditures

Finance and Materiel Management:

I have reviewed the attached Collaborative Agreement and concur that this agreement is compliant with DFO's *Policy on Collaborative Arrangements*, and would not be considered a Transfer Payment as per the TB *Policy on Transfer Payments* nor would it be considered a procurement of goods or services as per the Government Contracts Regulations.

Director General of Finance and Administration

Legal Services:

I have reviewed the attached Collaborative Agreement and concur that this agreement is compliant with DFO's *Policy on Collaborative Arrangements*, complies with the applicable Departmental legislative authorities, and contains all the pertinent clauses included in the policy template.

Senior General Legal Counsel)

Appendix D: Delegation of Authorities Chart

Total Value of Agreement	Approval Authority
Up to \$100K	DGs, Regional Director/Director
Up to \$500K	ADM, RDG/Commissioner, Assistant Commissioner, CFO
Over \$500K	Deputy Minister/Associate Deputy Minister
Funds paid to a collaborator	Deputy Minister/Associate Deputy Minister