



Recipient Guide

Managing Contribution Agreements and Reporting Requirements

Note to Readers

This document contains information and guidance on requirements to be met by recipients when managing Contribution Agreements (CA), including meeting reporting requirements. The information contained herein is provided for ease of reference only and is subject to change without notice at the sole discretion of the Minister of Innovation, Science and Economic Development Canada (ISED). Recipients should always refer to the relevant provisions of the CA, which are binding and take precedence over this document in case of conflict or discrepancy.

This document does not limit or prejudice in any manner any right or discretion of the Minister, the Minister's representatives, the Auditor General of Canada, or anyone acting on behalf of the Auditor General of Canada, including, without limitation or prejudice to the generality of the foregoing, any of their rights or discretion under the CA to request and obtain from recipients or third parties information or documents in addition to, or different from, those specified herein.

Contents

1. PURPOSE OF THIS GUIDE	1
2. THE CONTRIBUTION AGREEMENT	1
3. GENERAL INFORMATION	1
4. MANAGING CONTRIBUTION AGREEMENTS – FINANCIAL MANAGEMENT AND REPORTING	1
4.1 Setting Up Project Accounting Systems.....	1
4.2 Managing Project Financial Budgets	2
4.3 Project Financial Reporting Requirements	2
5. MANAGING CONTRIBUTION AGREEMENTS – PROJECT PROGRESS AND PERFORMANCE REPORTING.....	3
6. MANAGING CONTRIBUTION AGREEMENTS – PROJECT CHANGES	5

1. PURPOSE OF THIS GUIDE

The purpose of this document is to provide guidance to recipients, who have entered into a Contribution Agreement (CA) under the Connect to Innovate (CTI) program, on how to meet requirements of the CA, including financial, and project progress and performance reporting requirements.

2. THE CONTRIBUTION AGREEMENT

The CA sets out terms and conditions to be met by recipients in carrying out projects funded by the CTI program, including financial, and project progress and performance reporting requirements. Recipients should familiarize themselves with all clauses and schedules contained in CA, in particular:

- Section 6: Progress, Performance and Financial Reporting Requirements; and,
- Schedule C: Reporting Requirements.

3. GENERAL INFORMATION

In addition to the guidance provided in this document, recipients may also refer to two separate documents also available on the Recipient Toolkit site including:

- [*Recipient Guide, Requesting a Claim for Payment*](#); and,
- [*Recipient Guide, Process for Submitting Required Milestone Deliverables*](#).

4. MANAGING CONTRIBUTION AGREEMENTS – FINANCIAL MANAGEMENT AND REPORTING

4.1 Setting Up Project Accounting Systems

To assist in the financial management of projects, recipients are strongly encouraged to set up an appropriate project accounting system to record and track all CTI project costs and funds received for the CTI project from all sources, and to produce financial reports required by the CTI program pursuant to CAs. Accounting for CTI projects should be kept separate from recipient's regular operations, and project expenditures should be easily identified. Financial accounting should comply with Generally Accepted Accounting Principles.

Project accounting systems should produce an audit trail for all CTI project costs incurred, that clearly identifies documentation supporting amounts claimed. There should also be appropriate internal controls, including a proper segregation of duties. For example, individuals should not be able to approve their own expenses or sign their own cheques for expense reimbursement.

Recipients should keep in mind that their annual fiscal year may be different from that used by the Government of Canada. The Government of Canada's fiscal year cycle is from April 1 to March 31, and it is important for recipients to align payment and reporting activities accordingly.

Recipients are encouraged to contact their external accounting firm or program officer to discuss project accounting systems to ensure that they can best support meeting the requirements of CAs.

4.2 Managing Project Financial Budgets

As CTI projects progress, issues may be encountered that could lead to changes in project timing, and possibly delays, despite recipient best efforts to mitigate their potential impact. This, in turn, may result in eligible project costs incurred being more or less than the budgeted amount, as provided for in CAs, in any fiscal year.

Recipients should take particular note that if eligible project costs incurred in any fiscal year are less than the budgeted amount, this could result in a portion of CTI program funding becoming unavailable, which may impact the ability to complete projects, unless appropriate action is taken. Therefore, it is important to inform program officers of any delays as soon as possible after they arise.

CAs stipulate that in the event recipients determine that more or less eligible costs will be incurred during a given fiscal year than provided for in the project budget, they shall notify the Minister as soon as possible ***but no later than August 1 of each fiscal year***. In such situations, recipients will be required to provide a revised forecast of eligible costs to be incurred for the remainder of the current fiscal year and for subsequent fiscal years covering the project. The revised forecasts will be considered a request to re-allocate a portion of CTI program funding to another fiscal year. ***Please note that such requests are subject to prior review and consideration by the CTI program, and the written approval of the Minister. The Minister will consider such requests, but shall have no obligation to reallocate such funds.***

4.3 Project Financial Reporting Requirements

CAs include a number of financial reporting requirements for CTI projects, which are described below.

Financial Updates

Recipients must submit claim forms electronically on a quarterly basis in order to request reimbursement of eligible project costs or an advance of funds. Detailed instructions for completing and submitting claims are included in the [Recipient Guide, Requesting a Claim for Payment](#).

With each claim, recipients are required to provide updates to project funding from each of their other sources (i.e. other government and partners/industry). Further details are provided in the above noted Recipient Guide.

Recipients must advise program officers within 15 business days of any change to the amount of project funding from other government sources. Changes to funding from other government sources may impact CTI program funding.

Payables at Year End (PAYE)

For each fiscal year, recipients must send a report to program officers with an estimate of CTI program funding (i.e., the PAYE amount) that will be requested to reimburse eligible costs incurred or to be incurred up to March 31, and for which a claim for payment has not previously been requested. This report must be submitted to program officers no later than seven calendar days prior to the end of each fiscal year (i.e., March 31) using a prescribed “PAYE Form” to be completed and certified by recipients.

Program officers may request that PAYE Forms be accompanied by any other information, explanation and/or documentation related to the year-end estimate of the eligible costs and CTI program funding.

Final Claim and Project Accounting

Recipients must submit a final claim for reimbursement of eligible costs incurred, which is due no later than 60 days following the project completion date. The final claim must be accompanied by the following documents:

1. A final financial summary of total project costs, and total project funding received by sources other than the CTI program; and,
2. Certification by an authorized official of the recipient that:
 - i. All eligible costs claimed have been incurred and paid;
 - ii. All eligible costs are related to activities described in Schedule A of the CA;
 - iii. All eligible costs comply with requirements described in Schedule B of the CA; and,
 - iv. The recipient has complied with all CA terms and conditions.

Financial Statements

Program officers can request a copy of the recipient’s independently prepared annual financial statements within 120 days of the recipient fiscal year end, or within a longer period where approved.

5. MANAGING CONTRIBUTION AGREEMENTS – PROJECT PROGRESS AND PERFORMANCE REPORTING

CAs include progress and performance reporting requirements for projects. To meet these reporting requirements, recipients should have processes in place to enable the capturing, tracking and

reporting of relevant CTI project data. ***Recipients are strongly encouraged to contact program officers to discuss data collection processes to ensure that they meet the reporting requirements.***

The project progress and performance reporting requirements are described below.

Progress Reports

Recipients must complete a Progress Report with each claim, which must be certified by an authorized officer. The Progress Report is included as a separate schedule with [CTI Program Excel claims workbooks](#).

Progress Reports should provide the following information:

1. Status of Project Implementation. This includes providing estimates on and brief description of project progress towards completion.
2. Project Issues and Risk Encountered. This includes risk mitigation strategies in place.
3. Financial Updates. This includes identifying changes to approved project financial budgets, and providing updates to total eligible and ineligible project costs by fiscal year.
4. Updates to Milestone Achievements. This identifies milestones achieved since the last progress report.
5. Changes to Project Scope. This includes changes to project scope since the last progress report.
6. Third Party Access to Project Infrastructure. This includes requests received from other service providers to access the dedicated broadband service.
7. Progress on Last Mile Component of Projects. This information is to be provided only where applicable.
8. Progress on achieving Service Targets. This includes project statistics related to the number of communities and anchor institutions connected.

Milestone Deliverables

Recipients must provide technical officers with Milestone Deliverables at specific dates set out in Annex A-2 of Schedule A of the CA. Milestone Deliverables must conform to requirements and specifications set out in Annex A-3 of Schedule A of the CA.

Submitted milestones will be reviewed by a technical officer to determine whether project implementation is progressing as planned. In some cases, the technical officer will follow up to ask questions and may request additional information.

Please refer to the [Recipient Guide, Process for Submitting Required Milestone Deliverables](#), for additional information on what is expected to be included each milestone deliverable.

Final Implementation Report

Recipients must provide program officers with a “Final Implementation Report” in accordance with requirements outlined in Schedule C of the CA, no later than 60 days following the project completion date, and using the prescribed form.

The Final Implementation Report must include the following information:

- A description of the region that the resulting broadband network now serves including details related to geography (area and terrain), and economy (main employers and economic development issues);
- The anticipated and actual number of connected anchor institutions connected through the project;
- Other information identifying, demonstrating and quantifying project success, and direct and indirect benefits including the number of jobs created or maintained as a result of the project; and,
- Any lessons learned related to project implementation.

The Final Implementation Report Template can be found at the [Connect to Innovate Recipient Toolkit](#).

Recipient should note that, in addition to the above financial, and progress and performance reporting requirements, the Minister may at any time request supplementary information relating to CTI projects, including but not limited to financial management, expenditures, funding and investments, performance measurement, and reporting.

6. MANAGING CONTRIBUTION AGREEMENTS – PROJECT CHANGES

As CTI projects progress, recipients should inform program officers and/or technical officers of any changes being considered or that may have occurred unexpectedly. This may include changes in project scope, equipment, location, budget and/or schedule. Recipients should inform program and/or technical officers as soon as possible to help mitigate the risk of project changes resulting in non-compliance with the terms and conditions of CAs, which in turn could result in claims being delayed or even denied.

In order to assist recipients with documenting project changes, a [Project Change Form](#) is available for on the Recipient Toolkit Site.

Sufficient details about project changes must be provided to assist the program officers and/or technical officers in assessing their impact on projects. If the changes are significant, there may be a requirement for a formal amendment to CAs. Program officers and/or technical officers will work closely with recipients to ensure that project changes are handled accordingly, and will keep recipients informed of the impact of these changes. ***If there is uncertainty about whether or not***

project changes need to be formally communicated, recipients are strongly encouraged to contact program and/or technical officers as soon as possible to discuss the changes being considered.