

## **Streamlining and Modernizing Government Funding and Strengthening the Funding Relationship**

### **The Opportunity**

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There is widespread consensus that current methods used by governments to deliver services and support to communities is not working as effectively or efficiently as people would expect. In most jurisdictions (USA, CDN, UK, AUS, NZ and six of ten Canadian provinces), work is well underway to streamline and modernize government funding practice and processes.

In 2011, the Government of Ontario accepted the recommendations of the Partnership Project Report as a vision for strengthening the relationship with the not-for-profit (NFP) sector. One of the critical areas identified in the report was the need for government to work with the sector to develop new approaches to funding, as well as appropriate performance and accountability measures.<sup>1</sup> Many of the challenges NFP organizations face with seeking and securing government funding were highlighted, including administrative and accountability red tape, lack of consistent forms and processes across ministries and redundancies embedded in every application.

Ontario has 13 different Ministries managing service contracts with NFP organizations. Across and even within Ministries different funding administrative and accountability practices, procedures and policies are employed. This consumes excessive staff time in the delivery organizations, as well as the various Ministries. The provincial government's funding practices and processes have become overly rule bound, risk averse and output focused, without necessarily strengthening accountability and results for citizens and communities.

A new and important stage of agreement is developing concerning not just problems with funding practices and processes, but approaches to solutions. For example, the Commission on the Reform of Ontario's Public Services calls for systemic reform in the government / sector relationship. The Commission's Report echoes recommendations from the Partnership Project, each with the goal of reducing the administrative burden for the sector. The report also calls for moving towards an investment model, focused on outcomes, rather than a purchase of service model based on outputs. This perspective corresponds with the NFP sector view that government funding is a strategic investment rather than a simple contracted service delivery agreement.

There is much to be gained by reforming the funding relationship between the Government of Ontario and the NFP sector. As the Partnership Project identified, we have shared values and interests in ensuring the well-being of Ontarians. Tangible funding reforms will free up NFP staff and volunteers to work more effectively in communities at a time when innovative, community-driven solutions are most needed.

### **Recommendations**

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<sup>1</sup> Partnership Project, An Ontario government project to create a stronger partnership with Ontario's Not-for-Profit Sector, 2011

**During the Open For Business working period, Ministry of Citizenship and Immigration (MCI) in collaboration with the Ontario Trillium Foundation, will convene a working group to provide the Government of Ontario<sup>2</sup> with advice on streamlining and modernizing government funding/investment processes, and on improving the funding/investment relationship between the Government and the NFP sector.**

The working group will scope out:

- **Principles** to guide the modernization of the government/sector funding/investment relationship.
- Opportunities for **streamlining and modernizing** government’s funding/investment practices and processes, including where short and longer-term gains for tangible improvements exist. Areas for possible reforms include:
  - Stabilizing funding and reducing administrative burden through evergreen and multi-year contracts;
  - Standardizing basic reporting information between Ministries and across programs; and
  - Addressing budget restrictions that hamper NFP efficiency and self-reliance (e.g. rules on end of fiscal year carry over, and transfers within budget categories).
- The structure and terms of reference for a longer-term Funding/Investment **Task Force** to address the systemic ways in which government and the public benefit sector work together to strengthen the quality of life and well-being for Ontarians.

### Working Group Composition

The **Task Force** should be small enough to work effectively and should comprise equal representation from the sector and government. Broader consultations can be undertaken as needed. Note that references to the NFP sector includes those organizations that form the ‘core’ of the sector, and not organizations typically identified as the broader public sector – such as, hospitals, colleges and universities.

Government Members	Sector Members
Ministry of Citizenship and Immigration Ministry of Finance and Treasury Board Office Ministry of Community and Social Services Ministry of Children and Youth Services Ministry of Tourism, Culture and Sport	ONN will provide 5 representatives from the sector with multiple and varied experiences with funding agreements and active interest and involvement in reform

**Lead Ministry** – Ministry of Citizenship and Immigration.

**Supporting Ministries** – Ministry of Finance and Treasury Board Office; Ministry of Community and Social Services; Ministry of Children and Youth Services; Ministry of Tourism, Culture and Sport.

<sup>2</sup> The working group through MCI will advise the secretariat or other group overseeing the structural and relationship changes within government.

## Police Records Check

### The Opportunity

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The NFP sector in Ontario is an international leader when it comes to engaging people in meaningful volunteer activities and contributing to the health and well-being of our society. Volunteerism significantly contributes to this sector which is known for its highly effective and efficient delivery of public benefits in Ontario. With an estimated \$60,000,000 worth of volunteer time invested annually in communities across Ontario, increasingly those volunteer roles carry responsibilities that require NFP organizations to add more stringent screening protocols to their volunteer engagement process.

Effective risk management in service delivery has always been an essential component of the NFP sector's credibility. As such, organizations recognize that police records checks for both volunteers and those employed in the sector are an integral part of strong screening and risk management practices as well as an important step in ensuring service quality for our communities. *However, there is not always a clear understanding of the processes involved, or of what governs the 'why and when' of requesting a police records check as part of effective screening practices (e.g. Criminal Records Check, Police Information Check, Vulnerable Sector Check).*

It is important that the NFP sector understand police records check practices, legislation and regulations that relate to sector volunteers and employees. Police terminology that is more consistent from one police service to another would also increase clarity.

The current challenges faced by organizations in the NFP sector with regard to police records checks should be largely resolved by recent work completed by a sub-committee of the Ontario Association of Chiefs of Police. The LEARN (Law Enforcement & Records (Managers) Network) Committee Guidelines also address some of the key process and terminology issues that have been so problematic for the NFP sector.

Still outstanding, and contributing to the inconsistency of when it is appropriate to request a police records check in engaging a volunteer or as part of human resources practices, is the absence of an authoritative provincial voice providing clear direction for screening protocols. Seeking to be compliant with provincial requirements, NFP organizations are concerned they may be unaware of regulations or requirements relevant to screening decisions.

When requirements are poorly understood, police records check procedures and policies within organizations can be based on the wrong criteria, creating significant costs to organizations and volunteers, and longer wait times due to an unnecessarily high volume of police records check requests. An increase in risk to vulnerable clients and potential violations of the Ontario Human Rights Code can also result when proper protocols are not determined and followed.

## Recommendations

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**An organization's procedure for conducting police records checks on volunteers and employees should be based on a 'bona fide' occupational requirement of the position, as defined by the Ontario Human Rights Code, not on an organizational or funder concern of potential liability.**

The search for solutions to this complex challenge has identified a need that is within the province's power and mandate to address: a clear statement defining all legislative and regulatory expectations for the NFP sector in Ontario, providing references to provincial requirements related to screening, as well as links to key tools and resources available to assist organizations in developing and managing screening protocols.

This would enhance the sector's ability to more effectively and efficiently manage risk and costs when engaging volunteers and employees. It would also support awareness of and compliance with relevant provincial requirements.

**Create a single authoritative statement on the provincial legislative and regulatory requirements as a basic guideline for NFP organizations in developing and managing appropriate and effective screening practices. To support the sector in ensuring compliance:**

1. **Highlight requirements, both legislated and regulatory, by the provincial government that relate to police records checks.** This would clarify compliance expectations and minimize inconsistencies in interpretation. Provide links to requirements for use by the NFP sector and police services.
2. **Create a clear language guideline related to these requirements.** This will be of use to the NFP sector and the policing community, and of assistance to ensure that all provincial ministry/government employees are aware of how to apply requirements.
3. **Provide references to key relevant resources.** Post Volunteer Canada's 10 Steps of Screening and provide links to additional web sites for resources and information on effective screening practices.

**Lead Ministry** - Ministry of Community Safety and Correctional Services.

**Supporting Ministry** - Ministry of Citizenship and Immigration.

**Resources:**

The impact of these issues has been a burden to the sector's human resources, finances and volunteerism for some time and many groups have been working diligently on solutions. The resulting strategies complement each other and are headed in a positive direction for both the sector and the province.

Highlights of a few include:

- The 2011 Guidelines for Police Records Checks developed by the LEARN Committee have made a significant contribution to addressing specific aspects of the sector's current challenges. For more information: [www.oacp.on.ca](http://www.oacp.on.ca). The link to the LEARN Guidelines is <http://www.oacp.ca/content/news/article.html?ID=1047>.
- In 2011, Professional Administrators of Volunteer Resources-Ontario (PAVRO) undertook a review of screening practices in Ontario's voluntary sector with a particular focus on the use of police records checks. The results of the survey, with close to 500 respondents, are available at <http://www.pavro.on.ca/Default.aspx?pageId=1114793>
- Volunteer Canada provides a range of resources on their website on the topic of screening volunteers, including *Best Practice Guidelines for Screening Volunteers*, which outlines the 10 steps in the volunteer screening process; webinars; and power point presentations. For more information, tools and resources, go to: [www.volunteer.ca](http://www.volunteer.ca).

## Expansion of the Ministry of Infrastructure Ontario's Loan Program (IOLP) to the Ontario Not-for-Profit Sector

### The Opportunity

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*“Building Together will help ensure Ontarians have access to the services needed to achieve a better quality of life. Among other priorities, it will: support infrastructure investments which will help revitalize communities.....Building Together will expand Infrastructure Ontario’s (IO) role..... increase the use of the Alternative Financing and Procurement (AFP) model across a range of sectors....The IOLP has allowed municipalities, universities and other eligible public sector and non-profit organizations to access financing for hundreds of infrastructure projects where they would be unable to do so through traditional channels.....the government (of Ontario) will consider expanding the loan program further to include more not-for-profit organizations that provide infrastructure with important public benefits.”.... Building Together–Jobs and Prosperity for Ontarians- June 24, 2011.*

In June, 2011, the Government of Ontario committed \$32 billion over the next 3 years under the Building Together strategy. Following the June announcement, the Minister of Infrastructure Ontario announced on July 11, 2011, an expansion to the IOLP to additional segments in the NFP sector covering community health and social service hubs, Aboriginal health centres as well as sports and recreation organizations. The further extension of the IOLP was a key recommendation raised by the NFP sector through the Partnership Project consultations under the leadership of the Chair of the Ontario Trillium Foundation (OTF) and the Minister of Citizenship and Immigration.

In the July announcement, the Minister of Infrastructure indicated: **“access to the loan program will allow for new infrastructure and/or repairs/refurbish existing facilities while continuing to provide important services that benefit communities across Ontario.”**

Clearly, the opportunities for expanding access to new segments of the sector announced last July was viewed as a foundational component of the **Building Together strategy** and signaled the potential for further expansion to other segments in the NFP sector. In fact, the July expansion reflected a long standing interest among sector leaders for greater collaboration within the sector and for greater access to financing through the Government of Ontario.

Expanding the mandate of the IOLP to **allow access to all charitable, NFP and cooperative organizations providing public benefit** will help communities throughout Ontario access the capital they need for the facilities used by public benefit organizations in their area. This new mandate can be implemented without increasing loan risk as the IOLP will still assess and utilize stringent credit and risk criteria for all applicants.

Recently the Commission on the Reform of Ontario’s Public Services released its massive report recommending a fundamental transformation of public service delivery in Ontario to improve both the efficiency of these services as well as their effectiveness. The Commission’s Report notes the significant social- economic value of the NFP sector and its wealth generating public benefit contribution to the province’s prosperity. It is likely improving and expanding both the quality and quantity of the sector’s infrastructure (as described in **Building Together**) will be an important part of the government’s response to the role of the sector in helping it reform and build a world class public benefit delivery system in Ontario.

The full expansion of the IOLP will help augment the likely reduction in capital grants given the fiscally challenged environment the provincial government faces over the next 5-7 years. It will provide leverage for private fundraising campaigns, create jobs and further community economic development. In addition, it will

also provide a meaningful financing alternative to private lenders and the administrative and interest off sets they charge. These savings should be used instead for public benefit programs and services, critical to the province's civil society.

## Recommendations

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1. **Expand the mandate of IOLP to allow applications from all qualified NFP organizations (using Ontario Trillium Foundation's criteria for defining potentially eligible organizations) through policy and regulatory changes within the Government of Ontario.**
2. **Identify and support key sectoral organizations to act as loan facilitators:**
  - This would provide badly needed capital project expertise, business planning and capacity building in the areas of governance, financial management and technical training; and
  - Assist in loan pre-qualification.

The above represents a means of addressing critical challenges by the majority of sector organizations who lack the technical and financial expertise to apply for the IOLP given the complexity of the application/eligibility and the business planning processes.

3. **Establish an advisory committee comprised of senior government officials from relevant Ministries and a cross section of both Executive Directors and appropriate technical/financial experts from the NFP sector (i.e. arts and cultural organizations, social enterprise, others) to develop policy, program and service delivery opportunities related to the proposed full IOLP expansion.**

**Lead Ministry** – Ministry of Infrastructure (with Ontario Infrastructure and Lands Corporation as a Crown Corporation).

**Supporting Ministries** – Government Services; Community and Social Services; Tourism, Culture and Sport; Economic Development and Innovation; Ministry of Finance and Treasury Board Office.

## Maximizing Public Investment Returns from Government Surplus Lands

### The Opportunity

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The Ontario Government has extensive property and buildings that from time to time become surplus for internal government use. These assets have been purchased with government funds and belong to the people of Ontario. If government lands can be sold to NFP organizations providing public benefit in communities, it will achieve a double return -market and social return and contribute to building community wealth for future generations.

The redevelopment of surplus sites for public purpose will benefit communities and is consistent with the intensification and community strengthening objectives of the Places to Grow Act (June 13, 2005). A process that considers both the market price and future public benefit (social and financial) or redevelopment of public assets is in the best, long term interest of Ontarians.

One of ONN's members, Home Ownership Alternatives Non-Profit Corporation with the support of the other not-for-profit affordable housing organizations has been in discussions with the Ministry of Infrastructure and Ontario Infrastructure and Lands Corporation regarding access to surplus lands for affordable housing. The structure being proposed by the affordable housing sector for access to surplus lands could be easily modified to also provide access to other organizations in the NFP sector needing land.

The challenge for the government is to identify lands suitable for community purpose. The challenge for NFP sector organizations is to know if and when a site might become available in a suitable location for their purposes.

### Recommendations

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- 1. The Ontario Infrastructure and Lands Corporation (OILC) and appropriate Ministry partners develop and maintain a database of eligible public benefit organizations<sup>3</sup> and key criteria for land and building acquisition.** Information in the database could include geographic area and size. OILC would notify eligible (pre-qualified<sup>4</sup>) organizations when potentially suitable lands were becoming available. This database could also include affordable housing providers.
- 2. Organizations providing public benefit typically do not have access to ready capital funds and have a more extensive approval process internally and with the Ministries that invest in them for services. Moreover, depending on the site, service providers may need to partner with others such as affordable housing providers, performing arts groups, and sport and recreation groups to craft a viable financial plan. For this reason OILC should provide public benefit organizations with an interest in a site, six months advance notice of the issuance of a request for proposals (RFP) for the site.**

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<sup>3</sup> Not all NFP or cooperative corporations have a public benefit mission. Some serve only their members (e.g. trade associations, private clubs). Preferred access to public lands would be limited to organizations with a public benefit purpose.

<sup>4</sup> OILC would assess the capacity and financing plans of the organization to ensure they were a serious prospect for loans and land purchase.

- 3. Where public benefit organizations indicate an interest in a site, an RFP process for the sale of surplus land will have a weighted point system for assessing proposals.** Included in this weighting, in order of importance, would be Public Benefit Purpose and/or Housing Affordability, Project Feasibility, Team Experience and Land Price. This transparent process would establish financing criteria that does NOT give de facto priority to groups with the largest amount of immediately available capital instead it PRIORITIZES the long-term return and social outcomes for communities.

This balanced and fair process is most likely to realize the Province's dual objectives of providing affordable housing and/or building community infrastructure for Ontarians. It also realizes fair land prices.

- 4. A working group comprised of sector representatives, affordable housing providers, Ministry of Infrastructure, Ontario Infrastructure and Lands Corporation (a crown corporation), and other key Ministries to develop implementation plans for mapping, weighting and approval processes.**

**Lead Ministry** – Ministry of Infrastructure and Lands (with the Ontario Infrastructure and Lands Corporation).

**Supporting Ministry** – Ministry of Children and Youth Services; Ministry of Community and Social Services; Ministry of Tourism, Culture and Sport; Ministry of Health and Long-Term Care; Ministry of Municipal Affairs and Housing.

## Broader Public Sector Access to Provincial Vendor of Records

### The Opportunity

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In an effort to reduce purchasing costs for the Broader Public Sector, the Ministry of Government Services expanded eligibility to access provincially negotiated vendor of record arrangements to various Broader Public Sector groups in 2010. The Ministry of Government Services (MGS) Supply Chain Management website is the window for Vendor of Record Program information and offerings. According to this site:

*While the types of public sector buyers that can access specific contracts and arrangements are determined in accordance with business conditions and are set out in the related contract or arrangement user guide, most Vendor of Record Arrangements are open to the Ontario Public Sector (OPS) and the **Broader Public Sector**...*

The current definition of Broader Public Sector (BPS) includes: municipalities, academic institutions, school boards, health care providers, community health centres, community care access centres and major transfer payment recipients. **Major Transfer Payment Recipients include any organization which receives operational funding from an Ontario Government Ministry and is determined to be a major transfer payment recipient by that Ministry.**

In order for Major Transfer Payment Recipients to have access to provincial vendor of record arrangements, they must obtain a letter from the applicable Ministry confirming their status. Once this letter has been issued by the respective Ministry and sent to the Ministry of Government Services, major transfer payment agencies are granted access through a simple registration process to a significant number of group purchasing opportunities. Highlights of these opportunities include: 91% off the 600 most commonly ordered office supply items; up to 50% off the retail price on telecommunications hardware and plans; significant discounts on courier services, office furniture, computer equipment and vehicles.

**While this process seems clear and the benefits may be substantial, numerous challenges have been experienced in the sector related to access.** These challenges include:

- Lack of awareness that this opportunity exists both within the sector and within the 13 provincial Ministries which have investment arrangements with the NFP sector;
- No clear definition of “major transfer payment agency” exists leaving approval at the discretion of line Ministries, resulting in inconsistencies within and between Ministries as well as long turnaround times for response; and
- Vendors are often unaware of the extension of their respective vendor agreement to the BPS.

### Case Study

*I run a large nonprofit that receives close to \$1 million in funding from one of the Ministries. I submitted a formal request for “major transfer payment agency” designation thinking that this would be a simple process. My funding manager took the request to her finance department who spent several weeks researching this – we were their first request. The request was turned down as we do not have “core” funding from the province. I was confused as I know much smaller groups with little funding that have received approval by other Ministries. Now my original request is being reviewed again with three Ministries dialoguing on what to do. It has been three months and I am losing hope. Why wouldn't they want us to save money – isn't this mutually beneficial?*

It is clear that everyone wants to see increased efficiencies and the maximum impact of resources leveraged for public benefit. As part of the Commission on the Reform of Ontario's Public Service, several recommendations

were highlighted in this area. In particular, the recommendation was made for “*leveraging purchasing power, standardizing procurement practices and managing inventory more effectively* (as this) *would generate savings through lower costs for goods and services purchased*” (Recommendation 5-95).

## Recommendations

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- 1. Develop a clear and consistent definition of what it means to be a Major Transfer Payment Recipient.** This definition should be developed in collaboration with the sector and comprehensive enough to cover groups who have already received this status and recognize the broad budget range and scope of the thirteen (13) Ministries.
- 2. All provincial Ministries who enter into contribution agreements with the NFP sector need to be made aware of this opportunity and should consistently provide designation of status both within and between Ministries.**
- 3. Provide information about this opportunity and pre-approval to eligible transfer payment recipients as part of annual contribution agreements.** This would eliminate the need for Major Transfer Payment Recipients to discover this possibility and would reduce the administrative burden required of them to seek designation.
- 4. Establish an advisory group of NFP sector provincial vendor of record users to provide feedback on procurement experiences, suggest improvements and further develop group purchasing opportunities for the NFP sector.**
- 5. Offer seminars and other forms of training and promotion to help both the broader public sector and provincial Ministries understand the opportunity -** Seminars would include information on procurement policies, key concepts and important elements of the procurement process. These sessions could be delivered through webinars and provincial meetings. Consideration should be given to offering seminars and webinars through NFP sector partners with expertise in this area.

While the Supply Chain Management Division within MGS offers How To Do Business with the Ontario Government seminars designed for the vendor community, no training seminars are available to the Broader Public Sector or Ministries that have investment relationships with the sector.

**Lead Ministry** – Ministry of Government Services.

**Supporting Ministry** – Ministry of Finance, Broader Public Sector Supply Chain Secretariat.

Resources:

<http://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/VORSearch?OpenForm&type=All&cat=All>