



COUNTY OF WELLINGTON

WELLINGTON GENERAL OPERATING GRANT

TIER ONE GUIDELINES

The Wellington General Operating Grant Guideline is part therein of the Wellington General Operating Grant Service Agreement. It provides guidance to Service Providers, Accountants, Bookkeepers, Auditors and other services providing support to the Service Provider. It also provides employees with a clear understanding of what financial supports and funding is available.

Wellington General Operating Grant Funding (WGOG)

The intent of WGOG Tier One funding is to stabilize service levels and improve access to high quality affordable early learning and care and to reduce wait times for fees and services for infant, toddler and preschool licensed child care spaces.

Priority must be given to the non-profit sector and where it is necessary to meet local community needs, the grant may be provided to the for-profit operator sector. Service Providers must maintain full time services for the full year unless with prior approval from the County.

The County reserves the right to determine the number of staff eligible to receive General Operating Grant funding based on staffing requirements outlined in the CCEYA, size of the agency and current community staffing practices.

New or expanded programmes will be placed on a pressures list and may be eligible to receive the General Operating Grant once funds become available. Where there are insufficient funds to provide the full funding entitlement, Service Providers may receive a percentage of their eligible allocation until additional funding is available.

The Wellington General Operating Grant Agreement (core and schedules) is a legal document that outlines the funding conditions for Service Providers receiving WGOG.

It is the responsibility of the Service Provider to read, understand, acknowledge and ensure compliance with the Agreement in its entirety.

It is also the responsibility of the Service Provider to ensure all services used to support the requirements also perform their services in compliance of the Agreement.

Admissible Use of WGOG Tier One Funds (in order of process)

Tier One funds **are restricted** to programmes identified in Schedule A of the WGOG Service Agreement.

Grant allocations must be used in their entirety to achieve best possible outcomes of the intent of the WGOG strategy.

1. As the County ensured no reduction of funding allocations from the prior fiscal year, the Service Provider must ensure that the salaries and benefits of eligible staff are not reduced from the prior year.

Payments to employees must be made at least as frequently as the County makes payments to the Service Provider.

Note: WGOG funds must only be used to increase salary and mandatory benefits of staff filling eligible positions to licensed capacity. Mandatory benefits include CPP, EI, WSIB and Employer Health Tax (if over \$400,000 in wages). Funding may not be used to cover base salary or non-mandatory benefits resulting from base salary costs. **Base salary must be minimum wage or above.**

The Service Provider must develop an independent formula to pay the difference of staff minimum wage (from user fees or other generated revenue), to their current wages (from WGOG if needed) to support maintaining staff at the prior year wage level.

2. Regardless of the amount of the WGOG – Tier One funding allocation, the Service Provider must demonstrate that the overall child care budget of the organization meets percentages identified in the “budget for quality”; this does not preclude the use of the WGOG funds to meet this requirement (unless where inadmissible use of funds is identified).
 - **80%** of the child care programme’s operational budget is allocated to wages and benefits (minimum of 75% for staff in programme to meet ratios)

Eligible positions include:

- i. RECE or Ministry Director Approved programme staff
- ii. Untrained Programme Staff
- iii. Supervisors/Administrators (dependent on the size of the programme)
- iv. Home Child Care Home visitors
- v. Child Care Specific Clerical Staff
- vi. Cooks
- vii. Housekeeping and Janitorial Staff (employed by the programme)

Only full & part time employed staff that are part of a programme’s regular staffing component are eligible; supply staff do not qualify.

- **17.5%** of the operational budget is allocated to occupancy costs, operating materials (minimum of 2.5% for the cost of nutritious food)
- **2.5%** of the operational budget is allocated to professional development for all staff

Note: See for “Guidelines for Financial Review” for detailed information on admissible expenses to each percentage.

A maximum of 10% of the overall budget can be applied to administration (reported in operational budget). Administration includes the salaries and wages paid or costs incurred to administrative staff including contracted services. This applies to staff that support administrative responsibilities above and beyond those supporting the day to day operations of a child care programme. This includes but is not limited to HR staff, bookkeepers, IT support staff, Executive Directors/CEO, President or Vice-President, legal supports.

The use of funds for this requirement must be approved by the County prior to use.

3. Once Steps 1 and 2 are achieved, and available funds are identified, the Service Provider must identify their plan to use any additional funds one or more areas:
 - i. Demonstrate increase to staff wages identified by the Children’s Early Years Division
 - ii. Demonstrate increase to full time employment of Registered Early Childhood Educators
 - iii. Demonstrate increase to utilization or occupancy rates identified by the Children’s Early Years Division
 - iv. Demonstrate no increase or a decrease in parent fees as identified by the Children’s Early Years Division

The use of funds for this requirement must be approved by the County prior to use.

Inadmissible Use of WGOG Funds:

The WGOG **cannot** be used for the following:

- Bonuses (including retirement bonuses), gifts, honoraria paid to staff except for in the case that they are provided as a retroactive wage increase that will be maintained the following year
- Debt costs including principal and interest payments related to capital loans, mortgage, financing, and operating loans

- Property taxes
- Non-arm's length transactions not transacted at fair market value
- Fee paid on behalf of staff for memberships in professional organizations such as the College of Early Childhood Educators
- Any other expenses not listed in the allowable expenses section

Reporting Requirements

Service Providers will provide each employee with written communication regarding the amount of salary and/or benefit covered by funding and the method used to determine each employee's share. Copies of all communication must be kept on file at the head office of the child care programme and made available to County staff upon request.

Service Providers must immediately report to the County of Wellington any significant reduction to the service levels, such as change to license capacity, operating capacity or the staffing level or service levels.

An annual Service Provider FTE Calculation Form will be submitted to the County. The Service Provider FTE Calculation Form will also be provided immediately whenever there is a change to licensed capacity, operating capacity, or staffing of the programme to which the General Operating Grant has been allocated.

Service Providers will request approval for use of the WGOG will be negotiated and receive final approval from the County. The Service Provider will be held accountable to the approved use which will be used for review of the Mid-Year and Year-End report.

A Mid-Year and Year-End report will be submitted which will demonstrate the Service Providers ability to meet the Accountability Requirements and "budget for quality". The County of Wellington will also request the completion of reports periodically throughout the year as information is required. Please note: Accountability Requirements will include reporting expenses that are inadmissible uses of the WGOG to access percentages only, not to verify of use of WGOG funds (e.g. mortgage payment in lieu of rent).

Audit Requirements

Service Providers that receive in excess of \$50,000 in General Operating Grants must submit an Audited Financial Statement within 4 months of the Service Provider's fiscal year end as identified in the WGOG Service Agreement.

Service Providers that operate various services and/or programmes which includes child care and the Audited Financial Statements are consolidated, must also provide an additional review engagement of the revenue and expenditures of child care operations.

Audited Reports must:

- a) Be completed and signed by “An accountant licensed under the Public Accounting Act, 2004 (Ontario).” This includes review engagements of revenue and expenses for the child care operations.
- b) Provide disclosure of the Auditors name, address, the name or firm of the Auditor, the date of the report and the place of issue.

The Auditor must include the 3 standard paragraphs:

- 1) An “introductory paragraph” identifying that the reports have been audited, and identify any provisions of the agreement, statute or regulation. It will refer to any disclosure of any significant interpretations of the provisions made by the Service Provider.
- 2) The “scope paragraph” will state that the audit was conducted in accordance with Canadian generally accepted auditing standards, and that the audit was planned and performed to provide reasonable assurance that the Service Provider complied with the following:
 - Funding was applied to only those sites identified on the Wellington General Operating Grant Agreement – Schedule “A” (Tier One);
 - Funding was distributed according to the Admissible Use of Funds section of the County of Wellington-Wellington General Operating Grant Guidelines.
- 3) The “opinion paragraph”, the Auditor will express an opinion whether the Service Provider has complied, in all material respects, with the requirements identified in the Wellington General Operating Grant Agreement Schedule A and Wellington General Operating Grant Guidelines as indicated under 2) above.

Payments

General Operating Grants are paid to Service Providers on a calendar quarterly basis or as otherwise indicated by the County.

Other Funding Allocations

Post Pay Equity and Wage Enhancement Grants are not part of the Wellington Operating Grant Strategy.