

Cooperation Canada Chief Financial Officer (CFO) Working Group

Last updated – December 2018

WHY

Deputy Minister Diane Jacovella, Deputy Minister of International Development within Global Affairs Canada (GAC), has challenged departmental officials to be bold in finding ways to streamline and reduce administrative and financial burden on partners working with GAC to deliver international development assistance. As GAC's designated chief "Admin Buster," their Chief Financial Officer (CFO) tasked the Grants and Contributions Management Bureau to work in collaboration with the International Assistance Operations Bureau to identify concrete measures to accelerate due diligence and deploy funding faster, while continuing to demonstrate sound stewardship of public funds, high-quality results and good value-for-money.

WHO

Following an initial outreach / engagement session with various CFOs, at which a list of priorities was communicated, the Canadian Council for International Co-operation (CCIC) CFO Working Group was formed to tackle specific items. The CCIC CFO Working Group has advanced several contractual items, and in the summer of 2017 addressed smaller more specific items through sub-working groups. The CCIC CFO Working Group is comprised of CFOs, Directors of Finance and other interested employees of civil society organizations (CSOs) who are CCIC members. The CCIC CFO Working Group engages with representatives of the Grants and Contributions Management Bureau at GAC. Non-CCIC member CSOs have occasionally joined meetings.

WHAT

The current ongoing consultations include discussions on the following:

Compensation to Project Personnel Costs

GAC is looking into simplifying and rationalizing the salary increase process by establishing a pre-set percentage for annual increases which GAC will reimburse, thereby eliminating the need to seek approval or to consult annually any updated policy documents. The new process would entail agreeing on a "range" for salary increases in addition to the Consumer Price Index (inflation) over the life of the agreement. This initiative is to be launched on April 1, 2019. It will likely only apply to contribution agreements signed after that date; that said, a grandfathering option for existing agreements is being assessed.

Replacing Timesheets by Attestations

CSO partners are currently required to dedicate significant resources to produce individual timesheets for GAC-funded project positions. The CCIC CFO Working Group explored ways to reduce this burden. The proposed model implies replacing timesheets by attaching attestations (formal affirmations with legal standing) to existing financial reporting forms. These will have to be signed by the most senior financial officer of the organization. This process is expected to become effective in January 2019; however, signed attestations are already part of any agreements signed after November 1, 2018. A grandfathering option is being assessed.

Policy on Cost-Sharing and Guidance on In-kind Contributions

A new [Policy on Cost-Sharing for Grant and Non-Repayable Contribution Agreements](#) was published on October 1, 2018, following extensive consultations within the CCIC CFO Working Group, including a written submission to GAC from the civil society members of the group. GAC indicated in an April 2018 meeting with the CCIC CFO Working Group that 95% of the recommendations from the CCIC CFO Working Group submission were included in the new Cost-Sharing policy, including reducing cost-share requirements from 20% to 5%. This Policy will become effective on April 1st, 2019.

GAC has also shared with CCIC an annex to the new cost-share policy, which provides additional information on eligibility and the value attribution methodology for in-kind contributions. This document has not yet been made public and GAC has indicated that greater clarity will be forthcoming on the differences between conventional cost-share arrangements and the notion of “leverage” under innovative financial structures and mechanisms.

Other Initiatives

At the upcoming CFO Outreach Session (planned for January 2019), it is expected that the CCIC CFO Working Group will continue to collaborate to update the Overhead Compensation Policy and address the holdback process.ⁱ

The CCIC CFO Working Group is also beginning to consider a broad suite of GAC-proposed initiatives, including moving towards a portfolio (as opposed to a transactional) approach to managing fiduciary risk; and more predictable calls for proposals with enhanced service standards for each stage of the calls process that will need to be met; and new budget approaches and templates.

ⁱ Global Affairs retains up to 15% of the total value of a contribution agreement / arrangement as deemed appropriate based on the nature of the investment and the fiduciary risk assessment. This holdback is paid to the partner following the receipt of final accounting of contribution and the final reports. Partners must also certify that all financial obligations have been satisfied to subcontractors, employees and suppliers, in respect to Global Affairs Canada's contributions.