



**Family and  
Community  
Support Services**  
Surplus Policy

*Alberta* 

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## Introduction

Since 1966, the Government of Alberta (GoA), together with participating municipalities and Metis Settlements, have partnered to fund preventive social services for Albertans through the Family and Community Support Services (FCSS) Funding Program. Through the FCSS Funding Program, partnering municipalities and Metis Settlements design and deliver preventive social services to enhance the well-being of individuals, families, and communities. Services provided must be of a preventive nature, delivered through promotion or intervention strategies provided at the earliest opportunity.

Participating municipalities and Metis Settlements enter into a funding agreement with the GoA, and set up FCSS programs in their community (referred to as 'local FCSS programs' in this document). Each local FCSS program is a partnership between the communities and the GoA. Participating municipalities and Metis Settlements are required to contribute one dollar for every four dollars provided by the GoA.

The FCSS Funding Program funding formula determines the allocation of provincial funding amongst participating municipalities and Metis settlements. Each local FCSS program is required to fully expend the funding allocated from the municipality or Metis settlement and the GoA funding each year.

Section 7 of the current funding agreement, January 1, 2020 to December 31, 2022 for municipalities and April 1, 2020 to March 31, 2023 for Metis Settlements, outlines provisions the Minister may pursue to address unexpended funds. Section 7 reads as follows:

*7. If the Minister determines there is unexpended funding ("Surplus") during the Term or at any time following the expiry or termination of this Agreement, the Minister, in the Minister's sole discretion, may:*

*(a) demand repayment of all or part of the Surplus by the Municipality to the Government of Alberta within ninety (90) days of the demand or the expiry or termination of this Agreement;*

*(b) adjust the total amount of Funding by withholding payment of any portion of Funding equal to the Surplus amount, or by setting-off the Surplus amount against any future scheduled payments of Funding in the Term;*

*(c) authorize the Municipality to retain the Surplus and redistribute the Surplus amount across the remaining year(s) of the Term; or*

*(d) apply the Surplus to any payment made by the Minister pursuant to a further funding agreement with the Municipality for the same or similar purpose.*

Note: The Family and Community Support Services Act defines municipality in section 1(b)(i) as both a municipality and a Metis Settlement.

## Purpose of Surplus Program Policy

This document is intended to outline and clarify the process the FCSS Funding Program will employ related to section 7 of the funding agreement to address surplus funds as reported by funding program recipients (local FCSS programs).

## What is a surplus?

Each local FCSS program has an annual budget consisting of 80% provincial dollars and at least 20% matching contribution by the municipal or Metis Settlement program. Local FCSS programs are required to provide annual reports consisting of financial reporting of revenues and expenditures.

If a local FCSS program does not spend all its FCSS dollars budgeted within a fiscal year within the term of the agreement and/or at the end of the agreement's term, the remaining funds result in a surplus. By convention through the history of the FCSS Funding Program, every dollar spent by a local FCSS program spends at a rate of 80% provincial dollars and 20% local program dollars. Therefore, surplus dollars at the end of the year are calculated proportionate to the amount the GoA and municipality have contributed. If a municipality, through the submission of its annual report, demonstrates it has contributed more than the required 20% of funding, consideration may be given in the determination of the surplus under section 7 of the funding agreement.

# Four Mechanisms to address FCSS Funding Program Surpluses

Based on the FCSS Funding agreement, the department (on behalf of the Minister of Community and Social Services) has four mechanisms by which to address surpluses reported by local FCSS programs.

## Occurrences of a Surplus

Local FCSS programs whose annual reports confirms a financial surplus will be engaged by the GoA to provide the reason (rationale) and/or unique circumstances that resulted in the surplus. Efforts will be made by GoA FCSS Funding Program staff to discuss individual circumstances of the surplus prior to determining which provision to exercise.

The provisions are:

1. Demand repayment of the surplus funds (section 7(a) of the FCSS Funding agreement).
  - If this option is pursued, a letter will be sent from the GoA to the local program indicating the amount of funding the local FCSS program is owing to the GoA. Repayment of the surplus will be due ninety (90) days from the date the letter was received by the local FCSS program.
2. Adjust the total amount of funding to the local program by withholding payment of any portion of funding equal to the surplus amount or by setting-off the surplus amount against any future scheduled payments (section 7(b) of the FCSS funding agreement).
  - If this option is pursued, a letter will be sent from the GoA to the local FCSS program indicating the amount of FCSS Funding dollars the local FCSS program will have withheld or set-off future payments to account for the surplus.
  - Funding releases to the local FCSS program will be withheld or set-off until the GoA portion of the surplus is matched by the funding release being withheld by the GoA.
  - Amendments to the funding schedule within the funding agreement will be made to reflect the necessary changes.
3. Authorize a local FCSS program to retain and carryover a surplus into the following year of the term (section 7(c) of the FCSS Funding agreement).
  - If this option is pursued, an email from the local FCSS program authority to the GoA will be required stating the amount of the surplus, what caused the surplus, and details explaining how the monies will be used to ensure zero surplus at the end of the year following the surplus.
  - If this option is pursued, a letter will be sent from the GoA to the local program indicating the amount the local FCSS program has been approved to carry forward into the following year. The GoA surplus funds will be required to be spent in the year with the required matching municipal contribution.
  - Surpluses approved by the GoA will show as 80% of the total surplus request added to the next year's annual report. With additional provincial funding added as a surplus carry over, the local FCSS program will need to match that amount to complete the 80/20 provincial/municipal or Metis Settlement program split.
  - This option will not be pursued if there is not sufficient time left within the funding agreement term.

### Example

- A local FCSS program has a \$100 surplus at the end of the year. The local FCSS program requests to carry over the full surplus. 80% of that surplus is deemed GoA FCSS Funding and 20% is deemed municipal.
  - The 80% or \$80 is carried over into the following year of the term and requires the additional 20% matching local FCSS program contribution.
4. Authorize the municipality or Metis Settlement to use the surplus funding for another funding agreement with the same or similar purpose (section 7(d) of the FCSS Funding agreement)
    - This option would likely be authorized only in the last year of the funding agreement.
    - If this option is pursued, a letter will be sent from the GoA to the local FCSS program indicating the amount of GoA dollars the local FCSS program will be approved to transfer to a new FCSS Funding agreement. The new FCSS funding agreement will reflect the surplus that is carried over in addition to any new funding.

## Surplus Decision Process

Surplus decisions are determined on a case-by-case basis and cannot be appealed. The steps and factors used to evaluate a grantee's individual circumstance include, but are not limited to, the following. GoA Staff will:

- Review the FCSS annual report from the local FCSS program to determine the surplus amount.
- Engage and consult with the local FCSS program to discuss the reason for the surplus.
- Assess the recipient's individual circumstances to inform which provision is the most suitable under section 7 of the funding agreement. Assessment may include:
  - The validity of the budget provided by the local FCSS program to the GoA to utilize the requested surplus funds in the year following the surplus.
  - The amount of the surplus compared to their annual funding.
  - How often the local FCSS program reports a surplus.
  - The quality of the reporting from the local FCSS program.
  - The rationale and circumstances for the surplus.
  - The remaining term of the funding agreement.
- Make a recommendation to the responsible Executive Director and will subsequently endeavour to notify the recipient of their decision within thirty days.

## Delegation of Authority

The FCSS program is within the portfolio of the Minister of Community and Social Services. Each FCSS Funding agreement is entered on behalf of the Minister of CSS. The Executive Director of FCSS within CSS will make all local FCSS program funding surplus decisions on behalf of the Minister of CSS, unless otherwise delegated.