ESDC OPERATING AND GRANTS AND CONTRIBUTIONS (Gs&Cs) BUDGET TRANSFERS

GUIDELINES

Detailed processes, procedures and guidelines are on the [CRM Sharepoint](http://dialogue/grp/CRM-GRM/Budgeting/Forms/AllItems.aspx?RootFolder=%2Fgrp%2FCRM%2DGRM%2FBudgeting%2FBudgeting%20Process&FolderCTID=0x0120008B6AEBFECD73FD4BB39E552BC155378F&View=%7b1BAA8265-E275-4620-8CD9-D03D863CB30A%7d).

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# BACKGROUND

The purpose of this document is to explain the ESDC budget transfers process in myEMS (SAP) for operating and grants and contributions (G&Cs). It also includes the roles and responsibilities of the various groups involved in order to facilitate the resource management process between branches, regions and business lines.

At the beginning of the fiscal year, once the Portfolio Management Board (PMB) approves the initial budget allocation, the budget data information is recorded in myEMS (SAP) and then extracted to produce two separate base derivations (Operating and G&Cs). Subsequently, on a monthly basis myEMS and the base derivations are updated with new budget data information such as new funding decisions, funding increases/decreases, freezes, reallocations and transfers between branches, programs or funds, regions, and business lines.

Corporate Resource Management produces the monthly base derivations based on an extract from myEMS (SAP) that reconciles to the Financial Allotment report (FAR) and Annual Reference Level Update (ARLU). FMAs must then reconcile the base derivations to their branch / region activities. Any discrepancies should be reported to CRM as soon as possible. The report is built using pivot tables therefore, it is important that the fields in FMBB be completed using the established naming convention when entering transactions into myEMS – **See annex A** for details (FMBB Entry details). The base derivations and the instructions are also available on CRM’s [SharePoint](http://dialogue/grp/CRM-GRM/Budgeting/Forms/AllItems.aspx?RootFolder=%2Fgrp%2FCRM%2DGRM%2FBudgeting%2FBudgeting%20Process&FolderCTID=0x0120008B6AEBFECD73FD4BB39E552BC155378F&View=%7b1BAA8265-E275-4620-8CD9-D03D863CB30A%7d).

The base derivations reflect budgets by branch/region, and in some cases for provinces (for Gs&Cs ). It also includes a summary of the approved and allocated multi-year risk management (when applicable).

# 1. BUDGET TRANSFERS – OPERATING AND Gs&Cs

Operating and Gs&Cs budgets require a transfer in each of the following situations:

## Increase of funding (Supplement)

*Regular Operating and G&Cs funding*

* New funding or a funding increase for regular operating and G&Cs are usually approved via Treasury Board (TB) Submission or other financial instruments.
* CRM enters the funding in myEMS, according to the allocation (budget distribution template) provided by the Financial Management Advisor (FMA) TB Submission lead.
* The timing of the new funding budget allocation in myEMS (SAP) depends on the source of funding:
	+ For funding for which the source is the **Consolidated Revenue Fund (CFR)**, Royal Assent must be received before budget is entered and allocated in myEMS (SAP) for spending purposes, i.e. the department can only spend the funding once the Main or Supplementary Estimates have been voted in Parliament and Royal Assent is received.
	+ When the source of the new funding is either from the **Employment Insurance (EI)** Account or the **Canada Pension Plan (CPP)** Account, once the TB Submission is approved, the funding is immediately allocated in myEMS (SAP).

*Service Delivery Partnership Agreements (under DESDA) funding – New or Renewals*

* Budget increases are entered in myEMS (SAP) by CRM upon receipt of a copy of the signed MOU-SLA with the OGD/external partner along with the allocation (budget distribution template) from the FMA responsible for the program. In the event of delays in signing an agreement and spending is required, the branch or region lead will need to cover the expenses related to DESDA from its regular operating budget.

*Statutory operational funding (Emergency COVID-19 measures funding)*

* Budget allocations for new statutory operational funding following the announcement of Emergency COVID-19 measures are entered by CRM upon receipt of the official funding decision and Finance department approval of the operational costing (if applicable).

*Collective bargaining funding*

* When funding is received for Collective Agreements salary increases, CRM determines the allocation by branch and region (based on funding received, PeopleSoft reports and Salary Forecasting Tool (SFT) reports and allocates budgets accordingly.

## Funding Reductions or Freezes (Return)

* Funding reductions or freezes are confirmed via a TB Decision Letter. Once confirmed with TBS, the reduction (or frozen amount) is entered by CRM.

## Budget Transactions (Transfer)

1. **Budget Transfers Between Funds Centers**
2. **Transfers between NHQ Branches and/or Regions at Level 2:**

Both the organization transferring budget and the one receiving the budget must obtain ADM approval via the forecasting exercise, MOU, or email (See Section 4 for approval requirements). Supporting documentation must be attached to the budget transfer document entry in myEMS. The transfer must be sent to CRM through workflow for approval and posting in myEMS.

1. **Transfers to/from Reserves:**

CRM is responsible for maintaining the departmental Reserves.

*Regular Operating (including Project Reserves)*

* Most transactions with the Reserves include transfers for the repatriation of surpluses or funding financial pressures following forecasting periods and Portfolio Management Board (PMB) decisions. CRM prepares the necessary entries in myEMS (SAP) and ensure that proper approval is obtained. Any repatriable surpluses flagged in a forecast period must be rolled up to the branch level by the FMA to enable repatriations to be processed immediately following approval of the departmental forecast. The forecast annexes will serve as the FMA & ADM approval for the repatriation transaction.
* Transfers from the project reserves require the approval of the project manager only. Repatriation of surpluses declared for project initiatives via the forecasting exercises or at the end of the fiscal year does not require the approval of the project manager.

*Gs&Cs*

Gs&Cs budget transfers include repatriation of surpluses linked to approved re-profiles and funding to reimburse the risk management with no source of fund. CRM prepares the necessary entry in myEMS and ensures that proper approval is obtained.

1. **Transfers within the same Fund Center at Level 3 and higher**

*Regular Operating (including Project Reserves)*

The FMA and Branch Management Services (BMS) have access to move budget from top to lower levels to process transfers within the same fund, the same commitment group, and between functional areas (within the same business lines for the regions).

*Gs&Cs*

The Region seeking to transfer funds between provinces within the same region (FC - Level 2) and program must ensure that approval has been obtained from Program Operating Branch (POB) ADM for POB’s related projects – see section 4). POB FMA and Regional Director of Finance (RDF) is responsible for obtaining all necessary approvals and then, the POB FMA processes the transaction in myEMS.

1. **Operating Budget Transfers between Funds**

Transfers between funds must be initiated by the FMA to ensure the requests are based on branch resource needs. The request must be sent to CRM through workflow for approval and ADM approval is required, with the exception of LIF transfers (B011) that does not require CRM approval.

1. **Operating Budget Transfers between Commitment Item groups (Personnel/O&M)**
* Transfers between Personnel and O&M require a budget entry in myEMS. The cost of the transfer (27%) is calculated automatically in myEMS, based on the amount being transferred.

|  |  |
| --- | --- |
| **Type of transfer (budget type)** |  **System Calculation** |
| from Personnel to O&M (ROB3)  | Personnel x 1.27 |
| from O&M to Personnel (ROB4) | O&M / 1.27 |

Note that:

* In all cases and at all times, a transfer from O&M to Personnel (Regular, SCA, DESDA) must include the transfer cost.
* Transfers from Personnel to O&M:
	+ Regular operating budgets: the EBP gain is granted up to P10 depending on the financial situation of the department otherwise, it is a transfer one for one. **The 27% will be granted if the OBA is included in P10 forecasts.**
* Usually, Transfers between Personnel and O&M cannot be done for DESDA, Vote Net Revenue funds (VNR) and SCAs. If a transfer is required, FMAs must contact the lead FMA group responsible for the program to co-ordinate the transfer. The lead FMA will then send a request to the budgeting mailbox to have the transfer actioned by CRM (if applicable). **This type of transfers is always one for one**.
* These transfers must be initiated by the FMA to ensure the requests are based on branch resource needs. The request should then be sent to CRM through workflow for approval.
* In the scenario where a transfer between regular Personnel and LIF is required, this must be done in two steps:
* First, the FMA must request a transfer between Personnel and O&M;
* Then, in a separate request, the FMA must request a transfer between O&M and LIF. Both transfers are done through the workflow for approval.

**Note 1**: *When pre-posting ROB4 OBA’s, the system will post the transfer price to the personnel line before posting the increase to personnel. If there is not enough available free balance already in the personnel line before pre-posting the transaction, the system will not allow the “Pre-Post” functionality. In these cases, an email must be sent to the budgeting mailbox and CRM will post the transaction.*

**Note 2:** *Student budgets are reflected under salary budgets and as such, any OBA’s for Student (1 for 1) are not be permitted as it is not possible to segregate student budget from regular salary budget. Also, all student salaries are considered as salary expenditures and as such, have to be forecasted in SFT.*

**Note 3:** *When posting ROB3 and ROB4 with fund B015, no transfer price applies, as per Policies for Ministers’ Offices. Extract from the Policy : “…the ministers' office budgets will not be impacted by the 27% transfer cost that applies to transfers between personnel and other operating budgets, thereby respecting the spirit of allocating specific budget levels to ministers' offices for personnel and other operating costs. The transfer cost will be managed by the department.”*

1. **Operating Budget Transfers between Functional Areas**

All Service Canada regional business lines are nationally managed and are under the functional direction of NHQ ADMs. Transfers in or out of these business lines require the approval of the respective business line NHQ ADM and the approval of the regional ADM.

However, to assist in managing day-to-day operations, regional ADMs have the flexibility of doing temporary transfers (i.e. not affecting the funding level of the regional business lines for subsequent years) of up to 2% of their regular operating resources by business line without the prior approval of the functional area NHQ ADM. In order to do this:

* Controls have been placed on Functional Area (FA) transfers in the regions to ensure all transactions are picked up correctly in the base derivation for Business Lines purposes. Note: NHQ branches may transfer between FAs at FMA discretion.
* Regional business lines are determined by FA codes. CRM revises the budget by FA every month based on new funding received and transfers in/out of the regions (excluding transfers for pressures and repatriations) for regular funds only (B001). Then the 2% benchmark level is established based on the most up-to-date amounts by FA.
* Transfers between FAs must be processed as an “R” type transaction (through workflow) in order to be included in the base derivation.
* NHQ ADM approval is required for regional business line permanent transfers or transfers over 2%. These transfers will not increase/decrease the current year benchmark level. Any transfer between business lines under 2% can be done with regional ADM approval using the Forecast Approval sheet during forecasting exercise or via e-mail. The transfers must be clearly identified in the Comments column of the Forecast Approval sheet including the affected business lines and the respective amounts. The transfers out do decrease the available benchmark level of the impacted business line.

***NEW***

*For 2020-21, given the exceptional circumstances surrounding COVID 19, transfers between regional business lines related to emergency funding are not subject to the 2% rule for transfers between business lines requiring functional and regional ADM approval.*

1. **Processing time for Budget Transfers – Service Standard**

Budget transfers approved by the appropriate senior management members will be completed within two business days.

# 2. ROLES AND RESPONSIBILITIES

## Corporate Resource Management (CRM)

* + Prepare and process budget transactions for initial budgets allocation;
	+ Prepare and process all budget transactions for Vote Netted Revenue (VNR) for GECA (Government Employee’s Compensation Act);
	+ Prepare and process budget transactions for repatriations and pressures after each forecasting exercise or other corporate exercise;
	+ Validate that appropriate approval authority is obtained before a document is approved in myEMS;
	+ Process budget transactions in myEMS at level 2 Fund Centres (and higher levels for Gs&Cs managed at NHQ);
	+ Reconcile the Operating and G&Cs base derivations with all budget transactions affecting control points on a monthly basis with the Financial Allotment Report (FAR).
	+ Monitor operating budget transfers between business lines to ensure compliance with the 2% benchmark rule, and provide the updated benchmark report with the monthly base derivation.

## Financial Management Advisors (FMAs) & Regional Director of Finance (RDF)

* + Initiate budget transactions (transfers between branches and regions, funds and commitment tem groups) in myEMS, attach supporting documentation (MOU, letter of agreement, exchange of correspondence, emails, etc), and obtain appropriate approval (see section 4 for approval requirements) from the program area (respective ADM) prior to submission to CRM;
	+ Allocate and drill-down budgets to lower level coding (fund centres, functional areas and commitment items);
	+ Review the base derivations (Operating and G&Cs) on a monthly basis and advise CRM of any discrepancies; and
	+ Roll-up surplus budgets to control levels after a forecast period for repatriation by CRM.

# 3. COMMUNICATION

* + CRM will advise FMA’s of the approval of budget transaction requests in myEMS by way of email when they are initiated by CRM.
	+ Workflow initiated transactions sends an automatic response to the person who entered the transaction once approved.
	+ It is suggested that FMAs run periodic reports to ensure they are aware of any budget transactions processed that may affect their client branches.

Communications with CRM for budget requests must be sent to the following address: **NC-Budgeting-Mailbox-CRM\_Boîtes-aux-lettres-Budgétisation-GRM-GD**

# 4. APPROVAL LEVELS





# ANNEX A – FMBB Entry details

