



Treasury Board of Canada
Secrétariat

Secrétariat du Conseil du Trésor
du Canada

Canada

Update on Science Collaboration: New Guide on Departmental Collaboration with Recipients of Grants and Contributions

Presentation to FMI

Office of the Comptroller General
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Overview

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Background

Science Collaboration:

Definition

- Refers to collaboration between scientists and federal government where there is a shared interest in their government funded project.
- May be supported through financial and/or non-financial support.
- Non-financial contribution provides access to goods and services (G&S) to recipient.

Goals of Science Collaboration

Consultative or advisory arrangements.	Increase or leverage federal resources to promote excellence.	Access to Gs & Cs that would not be accessible otherwise.
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Current Status

Science collaboration projects have been processed by TBS on case by case basis.	Collaboration funding has been addressed through one option only: Vote 1 funding.	Transfer payment (TP) recipients were not allowed to buy services from Government departments with charging authority.
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Principle

Not leveraging researchers and services would be a detriment to the success of the project.

Background

Perceived Barriers to Science Collaboration

- **Section 26 of the Financial Administration Act**
 - Subject to the [Constitution Acts, 1867 to 1982](#), no payments shall be made out of the Consolidated Revenue Fund without the authority of Parliament.

- **Provision 6.5.13 of the Policy on Transfer Payments**
 - Deputy Heads are responsible for ensuring that transfer payments are not made to a department as defined in section 2 of the [Financial Administration Act](#), nor made to finance the ongoing operating or capital requirements of a federal Crown corporation.

Background: Departmental Roles & Responsibilities in a Collaborative Environment

Funding Department

A Funding Department is when the department:

- Provides monetary payments or transfers goods, services to third parties (recipients) in the form of a G&C.
- The recipient is directly benefiting from the project.

Supplier Department

A Supplier Department is when a department:

- Provides access to goods and services for a fee.
- Has a charging authority.

Collaborator Department

A Collaborator department is when a department:

- Participates in a project in support of the department's mandate.
- Has an interest in the project success, beyond financial aid.
- It receives a direct benefit from the project equally proportional to the type of the collaboration.

Recipient

Is an applicant that was deemed eligible to receive a transfer payment from a Funding Department.

Debunk Myths

Myth

Recipients may not use G&C budget to procure departmental Goods & services

- X Department with charging authority may use their authority to support science collaboration.
- X G&C recipients may not procure with funding department using G&C funds.

Departments may provide in-kind and recipient may make direct payment to collaborative department

- X A department could “gift its goods/services” to a recipient as in-kind.
- X A recipient may use G&C funding to cover for operating expenditures of a collaborating department.

Fact

- ✓ G&C recipients may procure from the funding department who have charging authority.
- ✓ A procurement is not a collaboration.
- ✓ The procurement process and the G&C processes are independent.
- ✓ The good/service to be procured are equally available to other stakeholders.
- ✓ The procured good/service are part of the cost estimate of the G&C project.

- ⚠ Goods/services may not be gifted to a recipient. They are to be used for what they were appropriated for.
- ⚠ “In-kind funding” is provided by the recipient in support of the project.
- ⚠ G&C funding may not be used to cover for operating cost unless converted to O&M.

Principles and Considerations

Principles

Department led Collaboration

- ✓ Project is aligned with the departments mandate.
- ✓ Department to ensure they have a program to enable such
- ✓ Department to ensure Legal liability is addressed and other consideration e.g. Security, IP etc...

Department G&C

- ✓ Recipient leads project independently.
- ✓ Independence by the recipient to chose who they deal with.
- ✓ Transparency and fairness in selecting recipient
- ✓ Separation in the event dual roles (collaborator and G&C funder)

Funding mechanism

- ✓ Collaboration is done with departmental O&M vote as appropriated.

- ✓ Funded by the department using G&C vote
- ✓ Potential Transfer between votes through ARLU or Supps to another department

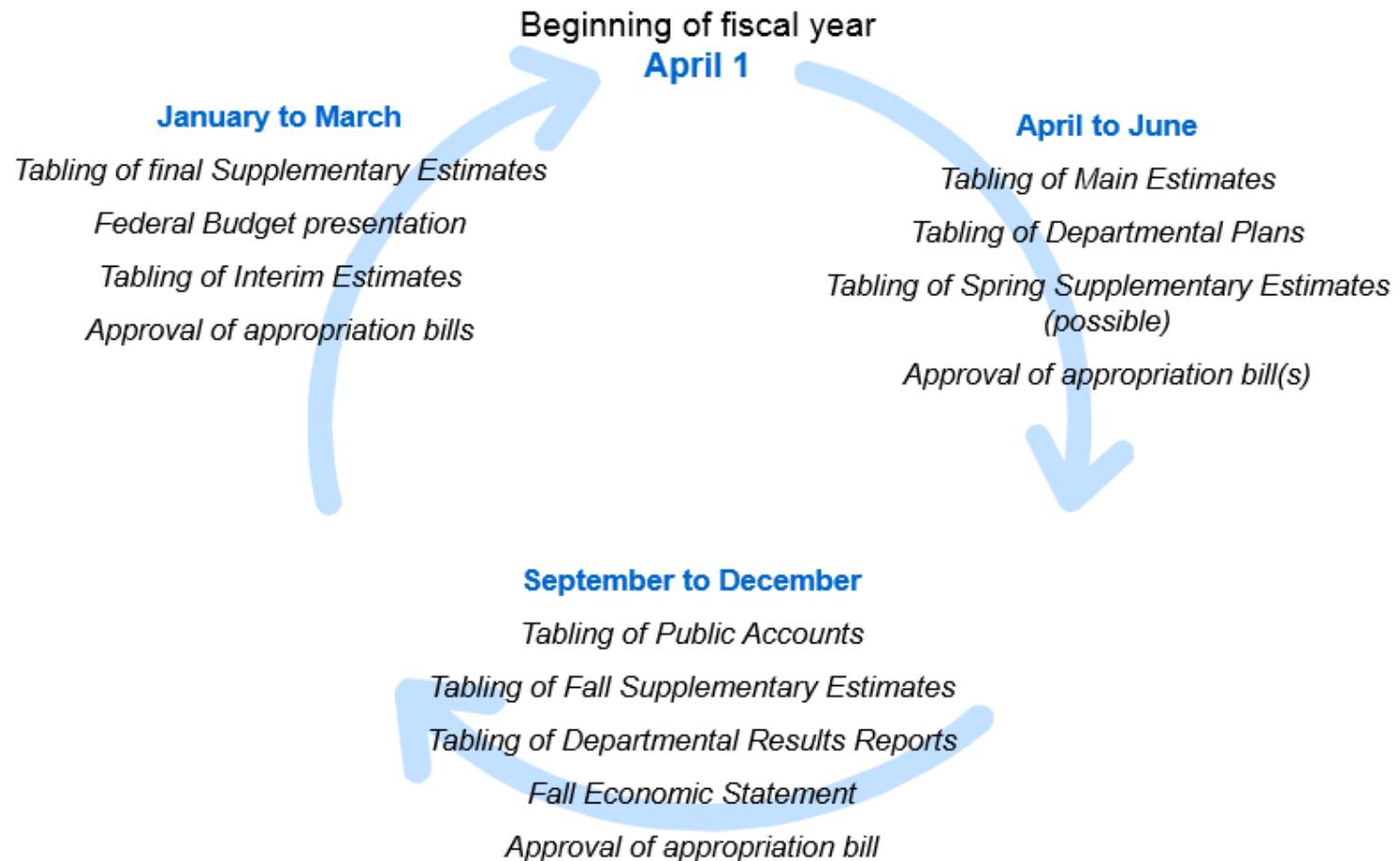
Considerations

- ✓ Cannot provide service / good free of charge
- ✓ Department must have charging authority

- ✓ Transferred funds to be used only for incremental costs.
- ✓ Department of Finance and the Treasury Board of Canada Secretariat may question the transfer between departments.
- ✓ Only cash can be provide to recipient to be considered as G&C

Parliamentary Reporting and the Supply Cycle

(Two-year pilot)



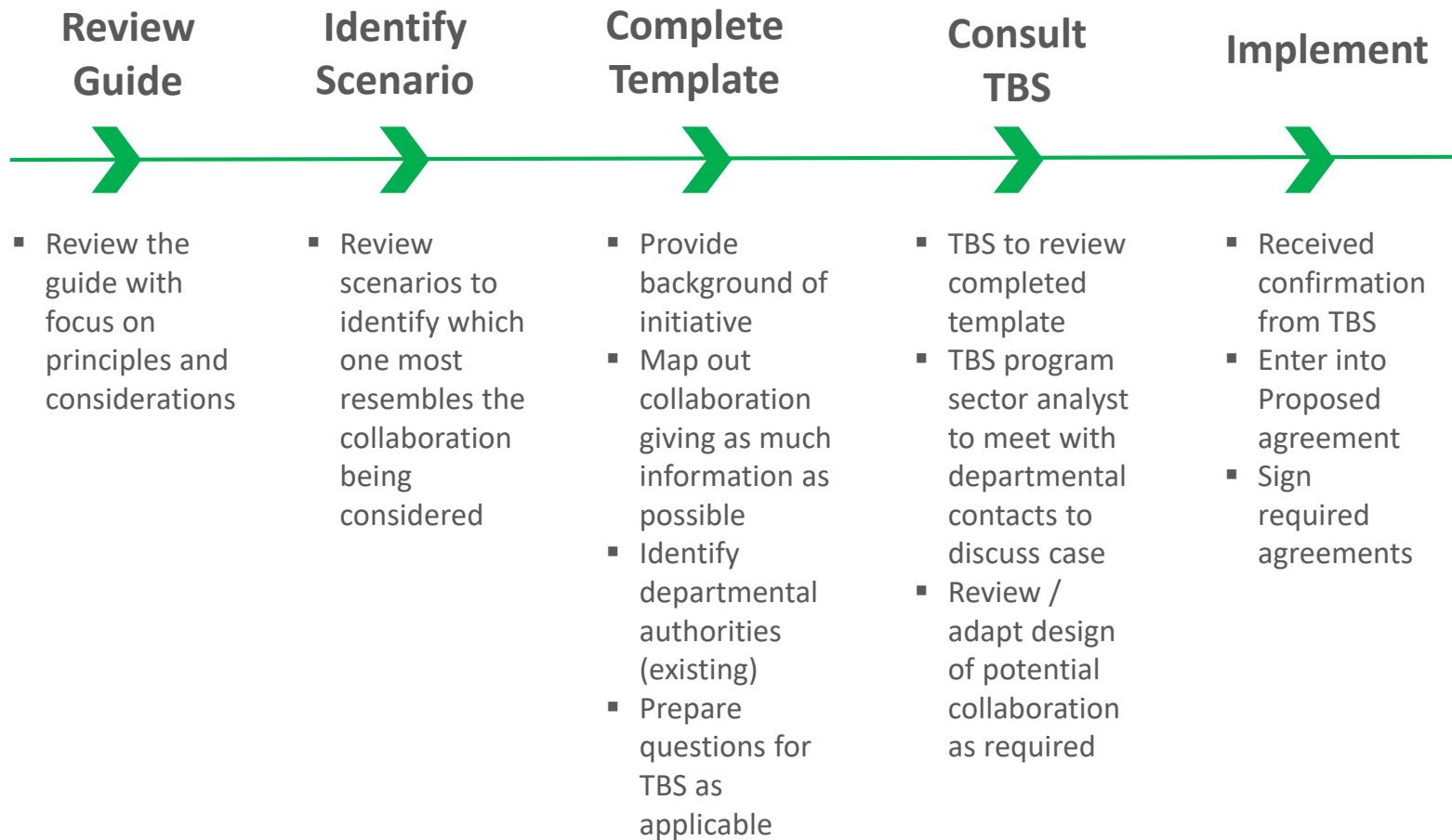
Reminder: When planning for science collaboration requiring transfers between departments/votes, take into account the Parliamentary Supply Cycle.

Consultations: Key Observations and Results

- Development of a Guide that will ensure a broader application across departments, title of guide changed from *Science Collaboration* to *Guide to Departmental Collaboration with Recipients of Grants and Contributions*
- Collaboration with G&C recipients is allowed under PTP, as long as principles and considerations are applied and funds are not redirected to support departmental operations
- Department-led collaboration with a large O&M component was not captured under the common scenarios e.g. NRC
- Guide is to be treated as such. Any departments uncertain about compliance with PTP are to consult with their TBS Analyst
- Targeted communications to functional community to address risk tolerance is required to ensure collaborative projects can be put in place

Considering Collaboration with a G&C Recipient?

We recommend departments follow these steps:



Next Steps

Implementation plan for 2019-20

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
Consultation	5 months											
Internal Approval & Briefing up the chain						2 months						
Communication to departments								1 month				
Implementation								Ongoing				

Moving forward to 2020-21

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept
Info sessions	As needed											
Evergreen updates	As needed											

Annex A: Scenarios and examples

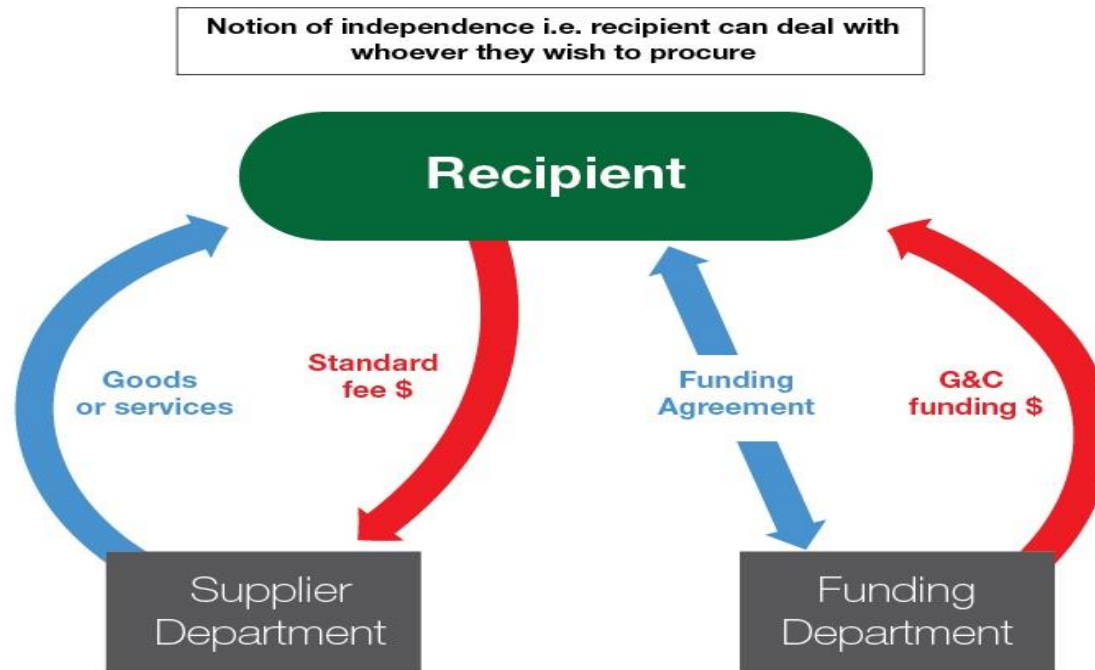
Scenario 1: a G&C recipient uses a federal department's services and/or facilities

Under certain circumstances, a recipient of G&C funding may procure services or facilities from a non-funding department (supplier department) that has the authority to provide services and charge for them.

- A university researcher receives a \$1-million grant from Sport Canada (Canadian Heritage) to undertake research on athletic uniforms in order to improve their aerodynamic properties. The researcher uses the some of the grant funding to purchase time in National Research Council Canada's (NRC's) wind tunnel to perform tests on various materials.
- In this case, NRC is not participating in the recipient's project; it is strictly providing a service to a paying customer. There is no relationship between Canadian Heritage and the NRC. Expenses related to testing materials are an eligible expense under the funding agreement between Canadian Heritage and the recipient under the category of "professional services."
- See Figure next page

Annex A: Scenarios and examples: (Continued)

Scenario 1: a G&C recipient uses a federal department's services and/or facilities



Considerations for Supplier Department (NRC in this example):

- Cannot provide service/good free of charge
- Must have charging authority

Considerations for Funding Department (Canadian Heritage in this example):

- G&C authority needed
- No in-kind
- Cannot provide service/good it must be \$, \$\$\$ dollars

Annex A: Scenarios and examples: (Continued)

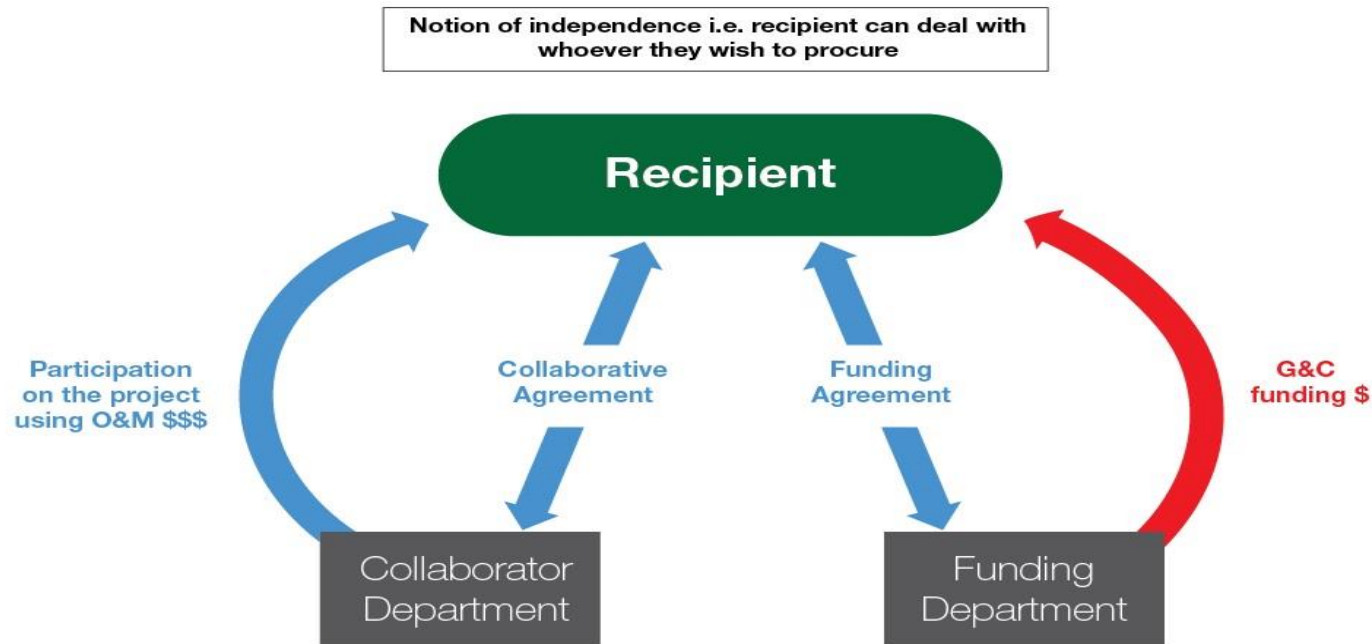
Scenario 2: a non-funding department collaborates on a G&C project using its own resources

In this scenario, a department enters into a collaboration with a G&C recipient using its own O&M funds, appropriated for this purpose. Considering the shared interest in the project, the collaborator department will receive a direct benefit (that is, fulfillment of part of its mandate). In addition, the recipient may receive G&C funding from a funding department. The value of the collaborator department's participation should form part of the stacking calculations for the recipient of the G&C.

- Natural Resources Canada (NRCan) is involved in a collaborative research project with a large forestry company to investigate the effects of various forestry management techniques. Through this collaborative activity:
 - NRCan is fulfilling its mandate of promoting sustainable resource development
 - the forestry company is gaining knowledge that will help it increase efficiency and profitability
- NRCan's participation includes four weeks of a scientist's time and use of laboratory facilities. NRCan funds its participation through its own O&M budget. The forestry company contributes its forestry assets (land) and equipment to the project. In addition, the Atlantic Canada Opportunities Agency (ACOA) provides G&C funding to the forestry company because the project will generate jobs in the Atlantic provinces.
- See Figure next page

Annex A: Scenarios and examples: (Continued)

Scenario 2: a non-funding department collaborates on a G&C project using its own resources



Considerations for Supplier Department (NRCAN in this example):

- Collaboration must be in support of the department mandate for which the department is appropriated (O&M)
- Incremental costs are to be calculated
- Revenue re-spending authority is not a factor
- Must determine when the limit of collaboration is crossed to procurement side

Considerations for Funding Department (ACOA in this example):

- G&C authority needed
- No in-kind
- Cannot provide service/good it must be \$,\$\$\$ dollars

Annex A: Scenarios and examples: (Continued)

Scenario 3: a non-funding federal department collaborates on a G&C project, and incremental costs are supported by the funding department via transfer of funds from Vote 10 to Vote 1:

In certain circumstances, a collaborator department may participate in a project that is receiving G&C funding to share and leverage expertise at the request of either a G&C recipient or a federal department. In this scenario, the funds to support the incremental collaboration cost are provided by the funding department through a G&C budget transfer (Vote 10) to the collaborator department's O&M budget (Vote 1).

This scenario that may be used primarily where the collaborator department does not have sufficient resources to undertake the collaboration. The funding department can decide to transfer funds to the other department to offset the collaboration cost if the participation is deemed necessary for the project's success.

The value of the collaborator department's participation is included in calculating the stacking limit under the funding agreement. In addition, the transfer of funds is:

- discussed with the Treasury Board of Canada Secretariat during the initial planning stage
- decided upon by Parliament

The National Sciences and Engineering Council of Canada (NSERC) funds a university researcher who is developing a new technology that requires expertise from National Research Council Canada (NRC).

NSERC provides contribution funding to the university researcher under a funding agreement. Under a separate agreement between the university researcher and NRC, a scientist at the NRC participates in the project for two weeks, using the NRC's laboratory facilities.

The university researcher does not pay the NRC directly for its services, and neither are the services considered an eligible expense under the contribution agreement. The value of the services (\$10,000) is considered to be part of the overall cost of the project and is therefore included in the calculation of stacking limits.

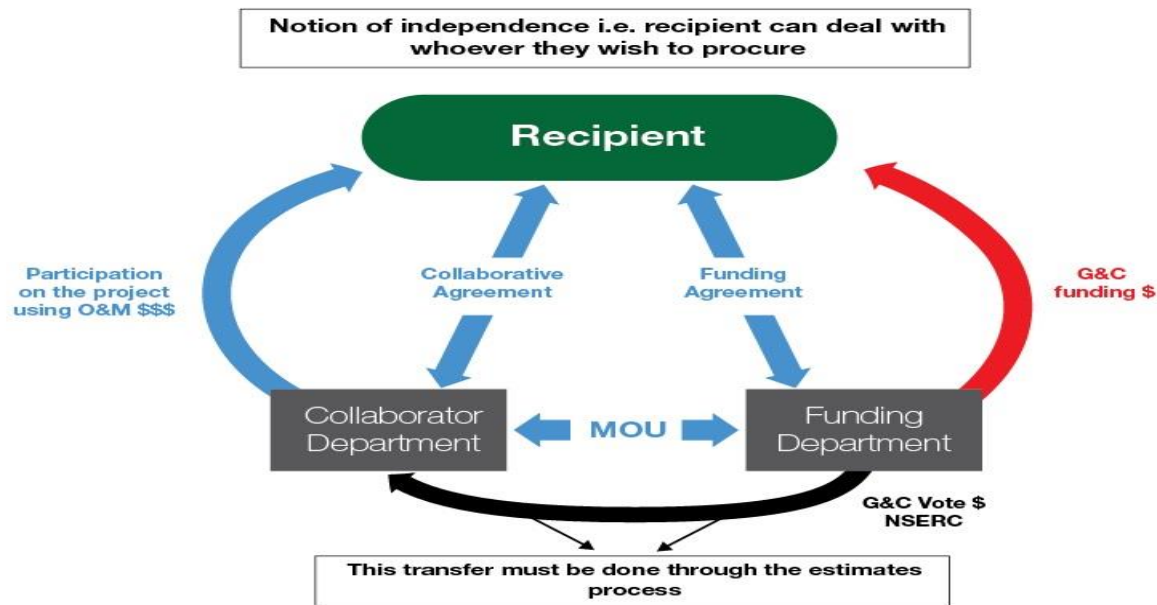
Through the estimates process of the parliamentary financial cycle, NSERC transfers \$10,000 from its Vote 10 (Grants and Contributions budget) to NRC's Vote 1 (Operating budget). Note that Vote transfers are not done using an interdepartmental settlement. Such settlements should be used only when purchasing goods and services from another department.

- See Figure next page

Annex A: Scenarios and examples: (Continued)

Scenario 3: a non-funding federal department collaborates on a G&C project, and incremental costs are supported by the funding department via transfer of funds from Vote 10 to Vote 1:

Difference from scenario 2: Collaborator department does not have \$ to cover all collaboration cost. Funding department may only cover incremental cost related to the collaboration



Considerations for Collaborator Department (O&M Vote \$, NRC in this example):

- Collaboration must be in support of the department mandate for which the department is appropriated (O&M)
- Incremental costs are to be calculated
- Revenue re-spending authority is not a factor
- Must determine when the limit of collaboration is crossed to procurement side

Considerations for Funding Department (G&C Vote \$ and NSERC in this example):

- G&C authority needed
- No in-kind
- Cannot provide service/good it must be \$, \$\$\$ dollars

TBS team: contact info



Alain Brisebois

- Manager, operations, Transfer Payment Policy
- Tel: 343-549-5405
- Alain.Brisebois@tbs-sct.gc.ca



Michelle Kealey

- Director, Transfer Payment Policy
- Tel: 613-716-3287
- Michelle.Kealey@tbs-sct.gc.ca



Judy Cosby

- A / Executive Director, Transfer Payment Policy
- Tel: 613-369-3118
- Judy.Cosby@tbs-sct.gc.ca

General enquiries can also be sent to ZZOCGTP@tbs-sct.gc.ca