

Part: **Public Money and Property**
 Section: **General Revenue Fund and Revolving Funds**
 Subsection: **Control of the GRF**
 Policy: **Shared Services**

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Shared Services

Objective

The objective is to specify the approval and control requirements for shared services within the General Revenue Fund.

Authority

The Financial Administration Act, 1993, sections 10 and 33.1

Pursuant to *The Financial Administration Act, 1993* (FAA), subject to any Treasury Board orders or directives, a ministry may provide to another ministry, services required by the ministry to perform its functions or carry out its objects and purposes. The providing ministry may initially charge the part of the shared services that is to be paid by another ministry to a suitable appropriation available to the providing ministry. The receiving ministry reimburses the providing ministry for the costs of those services for the same fiscal year for which the costs were incurred by the providing ministry.

Pursuant to the FAA, subject to the approval of Treasury Board and any limitations and restrictions that Treasury Board may impose, ministries may exceed their appropriation on a temporary basis.

Definitions

Providing ministry means a ministry that provides a service to a receiving ministry.

Receiving ministry means a ministry that receives a service from a providing ministry.

Shared services refer to situations where one ministry provides services to another ministry, and the ministry receiving the services reimburses the providing ministry for those services. Shared services cover such activities as the provision of administrative or information technology services and the provision of accommodation and facilities. They do not cover secondments or other arrangements that do not involve the direct provision of services. Shared services applies to Legislative Assembly Service, the Office of the Law Clerk and Parliamentary Counsel, the Legislative Library and the office of any officer of the Legislature.

Shared services do not include commercial-type cost recovery activities from the use of property or the sale of goods or services between a ministry and third parties outside of ministries. Refer to [Section 3001 Net Budgeting in the GRF](#) for more information with respect to net budgeting.

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Background

Each ministry has an appropriation for its costs. Payments from appropriation require legal, budgetary and spending authority. The FAA provides the legal authority for one ministry to provide shared services to other ministries.

The FAA also provides, subject to any Treasury Board orders, the authority for the providing ministry to charge its appropriation with the other ministry's share of the costs, until the other ministry's share is recovered. The FAA **does not** provide the authority to directly charge costs to another ministry's appropriation.

Treasury Board Policy

- .01 Treasury Board approval is required for shared services arrangements.
- .02 No profit component can be built into shared services arrangements. Only direct costs may be reimbursed.

Provincial Comptroller Directives

- .03 Where shared services arrangements are contemplated, ministries are to consult with the Budget Analysis Division, Ministry of Finance and the Provincial Comptroller's Office, Ministry of Finance.

Ministries should provide information to support the request, including the following:

- costs that are to be shared, (specific approval to allocate amortization is required);
 - basis for allocation (% , actual, usage);
 - description of the benefits of the arrangement; and
 - ministries involved in the arrangement.
- .04 The providing ministry is to charge shared services expenses to a suitable appropriation in the year they are incurred and reimbursements are to be credited to the balance of the appropriation to which they were initially charged. The end result is that each ministry reflects its share of the costs. Shared services transactions between ministries must be processed as outlined in the [Accounting Manual, Appendix H Central System Processing](#).
- .05 It is expected that for most arrangements for shared services, ministries will be able to manage within their appropriations. If there is a time lag until the ministry is reimbursed, it may be

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necessary for the ministry to seek Treasury Board's approval, pursuant to the FAA, to exceed its appropriation on a temporary basis. An analysis of the operations is required to determine an appropriate amount for each shared services arrangement.

- .06 Upon Treasury Board approval, a temporary amount is provided for in the appropriation control on the Government's central financial system at the start of a fiscal year. As this amount is to be used on a temporary basis, ministries must monitor expenses and reimbursements in the subvote, throughout the year, to ensure that at year end, the subvote will not be overspent.
- .07 As with other subvotes, overexpenditures are not permitted. In accordance with subsection 37(3) of the FAA, overexpenditures, if not provided for through virement or special warrant in the current fiscal year, would be charged to the next year's appropriation. That means that the subvote for shared services will be charged in the next fiscal year for the overexpenditure. The ministry may require an appropriation in the next fiscal year to cover the overexpenditure.
- .08 Shared services arrangements between ministries should be supported by a memorandum of understanding to avoid misunderstanding.
- .09 Reimbursements for services are to be limited to direct costs of the services (i.e., costs for the shared service that are paid for through the subvote). Reimbursements are not to exceed the amount of the original expenses. The providing ministry is to return any excess to the receiving ministry in order to adhere to the gross budgeting principle.
- .10 The providing ministry must recover costs billed to the receiving ministry/ministries prior to year-end cut-off; otherwise, the providing ministry is charged with the costs. Refer to the [Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules](#). The receiving ministry is responsible for the timely review and settlement of invoices from the providing ministry prior to the year-end cut-off. There is no provision for unrecovered costs to be recovered in the next fiscal year.

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References

[3000 Control of the GRF](#)
[3001 Net Budgeting in the GRF](#)
[3005 Refunds to Vote](#)
[3008 Shared Grants and Programs](#)
[3101 GRF Payment Responsibilities](#)

[Accounting Manual, Appendix A General Revenue Fund Year-end Procedures and Schedules](#)

[Accounting Manual, Appendix H Central System Processing](#)