



TITLE

RESTRICTED GRANTS

SCOPE

Provincial: Finance

DOCUMENT #

1136

APPROVAL AUTHORITY

Vice President, Corporate Services and Chief Financial Officer

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SPONSOR

Finance

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Not applicable

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NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

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OBJECTIVE

- To set out the requirements for the application and management of **restricted grants** (grants) in accordance with applicable legislation and policy.

PRINCIPLES

Grants are key sources of revenue for Alberta Health Services (AHS). Through these funds, AHS is able to implement various operating and capital initiatives intended to improve the quality of health care in Alberta. These grants are subject to timing and purpose restrictions imposed by the **funding agencies**, and normally require accountability reports to be submitted.

AHS shall effectively manage grants by pursuing each grant funding opportunity with due diligence, ensuring compliance with all grant **stipulations**, and defining expectations from all parties involved.

APPLICABILITY

Compliance with this document is required by all Alberta Health Services employees, members of the medical and midwifery staffs, Students, Volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary).

This policy applies to all funding received by AHS from funding agencies except for:

- **research grants** or **clinical trial funding** from sources other than the **Government of Alberta**;
- **donations** except when such are received by AHS from a foundation based on an approved AHS funding proposal and via an agreement that sets out the specific conditions and accountability process applicable to the donated funds;

- **service agreement** payments;
- **vendor valued added benefits**;
- **lease inducements or tenant improvement allowances**;
- funding received by wholly owned subsidiaries, controlled entities and joint ventures; and
- funding received without specific conditions or restrictions attached and a defined accountability process in place.

AHS people and individuals acting on behalf of AHS who are applying for or receiving grants, or involved in the management or administration of grants shall comply with this policy.

ELEMENTS

1. Grant Funding Proposals

- 1.1 Prior to submission of a grant funding proposal to a funding agency, applicants shall ensure:
- a) grant funding is being requested for a project that is consistent with the strategic objectives of AHS and supports the defined targets and measures for health system performance;
 - b) operating and/or capital budget requirements of the project, as well as ongoing operating impact upon expiry of the grant, have been reviewed by Finance, Business Advisory Services (BAS);
 - c) the grant funding proposal has been endorsed by the appropriate Senior Program Officer or equivalent, or the appropriate Executive Director, if a program area does not have a Senior Program Officer or equivalent; and
 - d) the grant funding proposal has been reviewed and approved by the appropriate delegated authority in accordance with *Appendix A*.
- 1.2 A funding proposal for a new Alberta Health grant shall have a value equal to or greater than \$500,000 or another threshold established by Alberta Health except where:
- a) the proposal pertains to cost-shared activities for which Alberta Health will be fully reimbursed by a third party such as the federal government; or
 - b) the Alberta Health Minister or Deputy Minister authorizes the submission of a proposal valued at less than \$500,000 or another threshold established by Alberta Health.
- 1.3 For Alberta Health grant funding proposals and grant funding proposals in excess of \$100,000 involving other funding agencies:
- a) applicants shall send the proposals to Finance, Revenue (Revenue) for coordination of the review, approval and submission process; and

- b) proposals shall be approved by:
 - (i) the Senior Program Officer, Financial Planning; and
 - (ii) the Senior Program Officer, Planning and Performance, or higher as required.
- 1.4 For non-Alberta Health grant funding proposals not exceeding \$100,000, applicants shall be required to:
 - a) obtain approval directly from the program's Executive Director or higher; and
 - b) send the proposals to Revenue for approval of the Director, Revenue or higher.
- 1.5 All medical services grant proposals, regardless of funding amounts or funding agencies, shall require approval by the Chief Medical Officer.
- 1.6 The Office of the President and Chief Executive Officer, or the Office of the Chief Financial Officer shall submit the approved grant funding proposals to the applicable funding agencies except for those valued at \$100,000 or less which shall be submitted by the applicants directly to the applicable funding agencies.
- 1.7 Alberta Health grant funding proposals shall be submitted in writing to the Alberta Health Assistant Deputy Minister – Financial and Corporate Services, and signed only by the President and Chief Executive Officer or Chief Financial Officer.
- 1.8 If a grant funding proposal previously submitted to a funding agency is amended, the revised proposal shall be reviewed, approved and submitted in accordance with Sections 1.1 to 1.7.

2. Review and Approval of Grant Agreements

- 2.1 Revenue is responsible for coordinating the review and approval of **grant agreements**, renewals, and amendments with applicable accountability area(s) of AHS, including BAS and Legal & Privacy.
- 2.2 Where a standard grant agreement template has been established, and approved by Legal & Privacy, a grant agreement developed using such template does not need to be reviewed and approved further by Legal & Privacy
- 2.3 Contracting, Procurement & Supply Management (CPSM) is responsible for coordinating the review process for grant agreements involving the government of another jurisdiction with Legal & Privacy, and Alberta Health's Legal department. Grant agreements involving the government of another jurisdiction require the approval of the Minister of Health. The process for obtaining Ministerial approval for these grant agreements is facilitated by the Office of the President and Chief Executive Officer.

- 2.4 Revenue and BAS shall review the financial clauses of grant agreements prior to approval and contract signing by the appropriate authority in accordance with *Appendix A*.
- 2.5 Grant agreements shall clearly specify the allocation of total funding between operating and capital projects, as necessary.

3. Restricted Grant Functional Centres

- 3.1 Only one (1) restricted grant functional centre string is set up for each grant agreement unless the grant is intended for multiple restricted operating projects/programs, for provincially-led services in multiple AHS Zones, or for a combination of operating and capital projects.
- 3.2 BAS shall initiate, coordinate, and complete the required internal form to set up a restricted functional centre string for a grant agreement. A request to set up a new restricted functional centre string shall be supported by:
- a) a grant agreement signed by both AHS and the funding agency;
 - b) a signed written confirmation of funding from the funding agency; or
 - c) if the grant agreement is with Alberta Health, a copy of the unexecuted grant agreement and the Alberta Health funding advice.
- 3.3 In extraordinary circumstances, a new restricted functional centre string may be set up even in the absence of required supporting documentation referred to in Section 3.2 if:
- a) sufficient justification is provided by BAS or the program area; and
 - b) such exception is approved by the Senior Director, Financial Reporting & Treasury or designate.
- 3.4 If a restricted functional centre string is set up under Section 3.2 (b), Section 3.2 (c), or Section 3.3, and the related funding commitment is cancelled:
- a) any expenses charged against the restricted functional centre string shall be transferred to an unrestricted functional centre string; and
 - b) the restricted functional centre string shall be disabled subsequently.

4. Grant Funding Receipt

- 4.1 Grant funding is released by funding agencies in accordance with the provisions set out in applicable grant agreements.

- 4.2 Grant funding shall be sent either through Electronic Funds Transfer to an AHS bank account approved by the Senior Director, Financial Reporting & Treasury or by cheque made payable to AHS and sent to the attention of:
- Attn: Finance,
Revenue Alberta
Health Services
10101 Southport Rd.
S.W. Calgary, Alberta
T2W 3N2
- 4.3 Departments other than Finance receiving grant funding shall:
- a) immediately forward the funding to Revenue; and
 - b) inform the funding agency that future grant funding shall be sent directly to Revenue in accordance with this policy.
- 4.4 If the total grant funding or a portion of it is not yet received, a receivable for the outstanding current year funding amount is recognized in AHS' financial system if:
- a) the grant funding amount for the current fiscal year has been authorized by the funding agency and communicated to AHS;
 - b) the **eligibility criteria**, if any, for the grant have been met;
 - c) the stipulations, if any, for the grant, have been met; and
 - d) the ultimate collection of current year grant funding is reasonably assured.
- 4.5 Either Revenue or the **grant recipient** shall follow up with the funding agency to ensure that the receivable portion of the grant funding has been received in accordance with the grant agreement.
- 4.6 Interest shall not be allocated to the grant funding unless stipulated in the grant agreement. When interest allocation is required, Revenue or a designated group in Finance shall allocate interest in accordance with the provisions of the grant agreement.

5. Uses of Grant Funding

- 5.1 Grant funding for all grants shall be used only for the purposes set out in the grant agreement and in accordance with applicable legislation, regulations, and AHS policies.
- 5.2 Grant funding for operating programs or initiatives shall not be used for capital purchases unless the grant agreement or equivalent document specifies the maximum amount of grant funding that is to be used to acquire capital assets, or a written authorization to use a specific portion of the grant funding for capital purchases is obtained from the funding agency.
- 5.3 Use of grant funding for any purpose other than those set out in the grant agreement requires the prior written consent of the funding agency.
- 5.4 The funding agency may reserve the right to disallow and recover from the grant recipient the amount of any expenditure funded by the grant that is used contrary to the terms and conditions of the agreement.

6. Grant Reporting

- 6.1 Either BAS or External Financial Reporting (EFR) prepares the interim and final financial reports for grants. The funding balances per financial reports shall be reconciled in accordance with established processes.
- 6.2 The financial reports shall be reviewed by the grant recipient(s) and EFR, and approved by the Senior Director, Financial Reporting & Treasury or designate.
- 6.3 Distribution of any financial reports to external funding agencies requires the approval of EFR.
- 6.4 Grant recipients shall provide the funding agencies with activity, progress, or status reports, as required in the grant agreement. Distribution of these reports does not require prior approval of EFR.

7. Grant Expiry

- 7.1 Unless otherwise provided in the applicable grant agreement, the grant recipient shall submit a grant funding proposal, or a term extension request to Revenue within six (6) months prior to the expiry of the grant if:
 - a) an Alberta Health grant funded initiative requires additional time;
 - b) an Alberta Health grant funded initiative requires budget adjustments; or
 - c) an initiative funded by an Alberta Health or a non-Alberta Health grant requires additional funding.
- 7.2 A term extension request for an Alberta Health grant not involving budget adjustments or additional funding shall be:

- a) approved by an Executive Director or higher within the grant recipient's program area; and
 - b) submitted by Revenue to the funding agency.
- 7.3 A grant funding proposal, or a term extension request referred to in Section 7.1 (b) or Section 7.1 (c) shall be reviewed, approved, and submitted to the funding agency in accordance with Section 1.
- 7.4 If additional time is required to complete an initiative funded by a non-Alberta Health grant, the grant recipient shall request the funding agency to extend the term of the grant within the timeline specified in the grant agreement, or in accordance with the timeline communicated by the funding agency after the grant agreement is signed.
- 7.5 A term extension request for a non-Alberta Health grant shall be:
- a) approved by an Executive Director or higher (if appropriate) within the grant recipient's program area; and
 - b) submitted by the grant recipient to the funding agency with a copy provided to Revenue.
- 7.6 Where the request for term extension or additional funding is not approved by the funding agency, the grant recipient(s) shall:
- a) conclude the project and send notification to BAS; or
 - b) find alternative sources of funding.
- 7.7 If alternative sources of funding referred to in Section 7.6 (b) are not found, the grant recipient(s) shall conclude the project and send notification to BAS.
- 7.8 The grant recipient, in collaboration with Revenue and BAS, shall identify Alberta Health grants that can be transitioned into AHS' base operating funding, and recommend such funding transition to Alberta Health based on the principles as follows:
- a) the initiative or program funded by the Alberta Health grant is continuing or has an ongoing operating impact; and
 - b) the ongoing operating cost of the grant funded initiative or program can be reasonably estimated, and is not anticipated to vary substantially year over year, or increase at a rate that is significantly higher compared to the annual base operating growth rate.
- 7.9 When surplus funds are available at the conclusion of a project, the grant recipient(s), in coordination with Revenue, shall ensure that:

- a) a request for retention or repurposing of surplus funds is submitted to the funding agency, within the period specified in the grant agreement, if the funding agency requires repayment of surplus funds, and a valid alternative use of grant funds exists within the grant recipient's program area or another program area within AHS;
- b) surplus funds are returned to the funding agency in the absence of a valid alternative use of grant funds within the grant recipient's program area or another program area within AHS provided that the funding agency has accepted in writing the final financial report, and requires repayment of surplus funds; or
- c) surplus funds are transferred from the restricted grant functional centre(s) to unrestricted operating functional centre(s) if the funding agency does not require repayment of surplus funds.

7.10 If Section 7.9 (a) applies:

- a) The grant recipient shall send a copy of the request for retention of surplus funds to Revenue. Requests for retention of surplus funds shall include:
 - (i) the exact amount of surplus funds being retained;
 - (ii) a copy of the final financial report signed by the Senior Director, Financial Reporting & Treasury or designate;
 - (iii) an explanation as to why surplus funds exist;
 - (iv) the proposed use of the surplus funds; and
 - (v) the timeframe in which the surplus funds will be used.
- b) if requested by a funding agency, the grant recipient shall submit a grant funding proposal for the surplus funds requested for retention. This type of proposal shall require approval in accordance with Section 1.

7.11 If Section 7.9 (b) applies:

- a) the amount of surplus funds to be returned to the funding agency shall reconcile with the funding balance per the final financial report signed by the Senior Director, Financial Reporting & Treasury or designate;
- b) the payment requisition for the return of surplus funds is approved by the appropriate delegated authority in accordance with *Appendix A*;
- c) the approved payment requisition is submitted to Revenue together with a copy of the final financial report; and

- d) Revenue shall review the payment requisition for accuracy and completeness and submit the payment requisition to Accounts Payable for processing.

8. Grant Amendments

- 8.1 Any amendments to a grant agreement shall be prepared by the funding agency or by CPSM for review by the applicable accountability area(s) of AHS, Revenue, BAS, and Legal & Privacy.
- 8.2 Amendments to a grant agreement shall adhere to applicable AHS policies, and shall be signed by the appropriate authority in accordance with *Appendix A*.

9. Responsibilities

- 9.1 Grant recipients shall:
 - a) manage the grant funding in accordance with the terms of the grant agreement;
 - b) ensure expenditures are in accordance with the AHS *Delegation of Approval Authority Policy*;
 - c) provide the funding agency with activity, progress, or status reports;
 - d) monitor the progress and evaluate the results of the program or initiative funded by the grant; and
 - e) identify Alberta Health grants that can be transitioned into AHS' base operating funding in collaboration with Revenue and BAS, and recommend such funding transition to Alberta Health.
- 9.2 Finance shall:
 - a) coordinate the review and approval process for grant funding proposals and agreements;
 - b) assist grant recipient(s) to properly account for, record, and report on restricted funding usage in accordance with Canadian Public Sector Accounting Standards and applicable regulations;
 - c) coordinate, where applicable, with grant recipient(s) for budgeting of grant funding;
 - d) prepare, review, and approve any financial reports required for grants; and
 - e) monitor grant funding balances and assist in the resolution of Finance-related issues.

DEFINITIONS

AHS People means Alberta Health Services employees, members of the medical and midwifery staffs, Students, Residents, Volunteers, and other persons acting on behalf of AHS (including contracted service providers as necessary).

Board means the governance body of AHS appointed by the Minister of Health in accordance with the applicable statute(s).

Clinical trial funding means funding awarded to or received by eligible individual(s) to support an investigator-initiated or a sponsored clinical trial project. This includes revenue for research-related travel and other allowable research-related expenses. See the *Research Grants & Clinical Trial Funding Policy*.

Disestablished Authority means Aspen Regional Health Authority, Calgary Health Region, Capital Health, Chinook Regional Health Authority, David Thompson Regional Health Authority, East Central Health, Northern Lights Health Region, Palliser Health Region, Peace Country Health, Alberta Cancer Board, Alberta Mental Health Board, and Alberta Alcohol and Drug Abuse Commission.

Donation(s) means a monetary or non-monetary gift contributed to AHS from a donor for the benefit of AHS and Albertans as a whole.

Eligibility criteria means the terms imposed by a funding agency that specify who qualifies to receive a grant and/or the actions necessary to qualify for a grant. These must be met before a grant is provided or awarded to a grant recipient.

Funding agencies means legal entities providing funding to AHS such as but not limited to government entities, foundations, academic institutions, and for-profit organizations.

Government of Alberta refers only to the ministries of the Government of Alberta and excludes organizations that it controls such as provincial agencies (e.g., Alberta Innovates Health Solutions), non-commercial Crown-controlled corporations, school jurisdictions and charter schools, universities, colleges, technical institutes, and health entities (e.g., Alberta Cancer Foundation, Calgary Health Trust and Health Quality Council of Alberta).

Grant agreements means contracts or letters which confirm the grant funding awarded to AHS by a funding agency, and set out the conditions or accountability requirements applicable to the grant.

Grant funding proposal means an application for new or incremental grant funding and/or retention of surplus funds from an expired grant, which specifies the initiative(s) the funds will be used for, expected outcomes, proposed timeframe for the usage of funds, and allocation of funds amongst initiatives or expense categories. If approved by the external funding agency, a grant funding proposal becomes a new grant agreement or an amending agreement.

Grant recipient means any individual acting on behalf of AHS who applies for a grant and receives grant funding.

Lease inducements or tenant improvement allowances means funds provided by a landlord to a tenant for maintenance or improvements on the leased premises.

Research grant means funding awarded to eligible individual(s) to support a health research project. This includes revenue for research-related travel and other allowable research-related expenses. See the *Research Grants & Clinical Trial Funding Policy*.

Restricted grant means grant funding from an external funding agency that has specific conditions attached and a defined accountability process in place. This is awarded via a formal process through which a potential grant recipient requests funding for a specific purpose, and grant funding is released after the funding request is approved by the funding agency and a grant agreement is signed by both parties. This may become unrestricted upon removal of specific conditions by the funding agency.

Service agreement means an agreement between two or more parties wherein one party (normally referred to in the agreement as a contractor or a service provider) is contracted to provide predefined services to the other party on a fee for service basis over a specific period of time.

Stipulations means terms imposed by a funding agency regarding the use of grant funding or the actions a grant recipient must perform in order to keep a grant. Stipulations must be met by grant recipients who have already qualified to receive, or have received a transfer.

Vendor value add benefits means vendor supplied funds, goods or services, including education support, fellowship grants, and no-charge products and/or services.

REFERENCES

- Appendix A: Approval and Contract Signing Limits for Restricted Grants
- AHS Policies and Procedures:
 - *Cash Handling Standard* (TREAS-003)
 - *Corporate Contracting Policy* (#1152)
 - *Delegation of Approval Authority Policy* (#1168)
 - *Delegation of Authority and Establishment of Controls for Commitments Policy* (#1100)
 - *Monetary Charitable Contributions Policy* (#1175)
 - *Research Grants & Clinical Trial Funding Policy* (#1150)
- Non-Alberta Health Services Documents:
 - *Regional Health Authorities Act (Alberta)*
 - *Financial Administration Act (Alberta)*
 - *Alberta Cancer Prevention Legacy Act (Alberta)*
 - *Health Grants Regulation (Alberta) (A.R. 146/2002)*

VERSION HISTORY

Date	Action Taken
July 7, 2013	Revised
October 1, 2018	Revised (Posted October 16, 2018)

APPENDIX A

Approval and Contract Signing Limits for Restricted Grants

1. Grant Agreements, Amendments and Surplus Returns

- 1.1 Notwithstanding the requirement under *AHS Corporate Contracting Policy* that all corporate contracts shall be signed by two AHS representatives, only one (1) AHS authority is required to sign grant agreements and amendments.
- 1.2 The approval and/or contract signing limits for grant agreements, amendments, and surplus returns are as follows:

Authority ^{2,3}	AH - New or Amending Agreement (Contract Value)	Others – New Agreement (Contract Value)	Others – Amending Agreement (Contract Value)	All Surplus Returns
President and Chief Executive Officer ¹	\$90,000,000	\$90,000,000	\$90,000,000	\$90,000,000
Vice President or equivalent	\$60,000,000	\$60,000,000	\$60,000,000	\$1,800,000
Chief Operating Officer or equivalent	N/A	\$22,500,000	\$22,500,000	\$675,000
Senior Operating Officer or equivalent	N/A	\$15,000,000	\$15,000,000	\$450,000
Executive Director	N/A	\$3,000,000	\$3,000,000	\$90,000

Note 1: In addition to the above, the President and Chief Executive Officer shall sign all grant agreements that involve a government of another jurisdiction.

Note 2: Approver shall be an AHS employee.

Note 3: Authority equivalencies and delegation of authority for financial commitments for AHS Medical Leaders are defined in the Delegation of Authority for Financial Commitments “Financial Authorization” Matrix.

2. Amendments Requiring Approval of the President and Chief Executive Officer or the Governing Body

- 2.1 Notwithstanding the approval limits as set out in Section 2 of this appendix, amendments, renewals and extensions (changes) to an existing grant agreement shall be approved as follows. For this purpose, the term “combined contract value” means (a) the value of the underlying original grant agreement, plus (b) the value of any prior approved changes, and (c) the value of the

proposed change. Note that the value of a change represents the total value of such change, irrespective of whether it applies to a single year grant agreement or a multi-year grant agreement.

2.2 For any change to an existing grant agreement that was originally approved by the President and Chief Executive Officer (CEO), or executed by a **Disestablished Authority**, the CEO shall be entitled to approve any change that will not result in the combined contract value exceeding the CEO's approved limits as set out in the table above. Where the change will result in the combined contract value exceeding the CEO's approved limits as set out in the table above, the change shall be approved by the **Board**.

2.3 For any change to an existing grant agreement that either:

- a) was originally approved by the current, or a previous Board, or executed by a Disestablished Authority; or
- b) underwent a change that was previously approved by the current or a previous Board, or executed by a Disestablished Authority as per Section 3.2 above,

the CEO shall be entitled to approve any changes to a cumulative value of \$30 million. Where the cumulative value of these changes exceeds \$30 million, the change to such grant agreement shall be approved by the Board.