Ministry of Tourism, Culture and Sport

Regional Tourism Organizations Guide

This document is for Regional Tourism Organizations, which are funded by the Ministry of Tourism, Culture and Sport.

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Section 1: Overview

Program

Tourism is an important part of Ontario's economy and contributes to the quality of life for Ontario residents. Enhancing tourism directly supports key government priorities, including a thriving business climate in Ontario.

A regional tourism approach supports ministry priorities by helping the tourism industry to retain traditional markets and capitalize on long-term opportunities. Strengthening how government and industry work together as well as fostering a coordinated approach to achieve ministry priorities will reinforce the viability of tourism as a key driver of provincial and regional economic development.

Guide

The purpose of this guide is to provide information to board members and RTO staff. The guide outlines the parameters that will assist RTOs in developing effective business plans and to better understand government requirements to ensure the effective and appropriate use of public funds for projects that meet program objectives.

These guidelines are not exhaustive and have been developed to provide an overview of the Regional Tourism Program and program administration. Should you have any enquiries, please direct them to ministry staff.

Strategic Objective

Through a robust governance and operations framework, RTOs are expected to develop and deliver strategies to meet the following destination management priorities (pillars) in their region:

- Product Development
- Investment Attraction / Investor Relations
- Workforce Development and Training
- Marketing
- Partnerships

The ministry strongly encourages RTOs to work with all tourism partners including Destination Ontario, other regions, local and regional economic development agencies, sector-based organizations, First Nation governments and Indigenous tourism organizations, municipalities, and other organizations on matters of mutual interest. Strong partnerships and a coordinated approach are vital to the future sustainability of tourism across the province.

Destination Development Approach

Destination Development is the strategic planning and implementation of activities to support the evolution of destinations to maximize overall attraction for visitors. Destination Development encourages regions and individual destinations to examine their current assets, strengths, needs and aids. This approach puts a larger focus on the product and experience development side of tourism by ensuring that there are memorable experiences, a quality workforce, world-class infrastructure and engaged businesses and residents to build reputation and compel repeat visitation.

Focusing on Destination Development as the strategic approach to increase visitor spending, enable further investment attraction and create jobs, coupled with greater inter-ministerial and sector collaboration, will help us in working together to create a more sustainable tourism industry.

A Strategic Approach for RTOs

Under a Destination Development framework, RTOs are viewed as a network that supports the economic growth and resilience of the tourism industry. The role of RTOs is to provide regional leadership and support to operators so that all regions have products and services that address regional gaps and meet the evolving needs and experience of tourists.

RTOs play an important leadership role in Destination Development through their technical expertise, programs and services, and by acting as a conduit between industry, government, and communities.

Under this strategic approach, RTOs will develop effective business plans as part of an overarching Destination Development mandate, with a primary goal to increase spending, attract investment and create jobs in their respective regions.

This is an important part of developing strategies for long-term community development that matches tourist demand to long-term increases in visitor spend and job creation.

Section 2: Roles, Responsibilities

Ministry of Tourism, Culture and Sport

The ministry works to improve quality of life and promotes economic growth by supporting and delivering tourism and culture experiences and championing participation in sport and recreation activities across Ontario.

The ministry is responsible for the delivery of the RTO program, including management and oversight of the transfer payment agreements (TPA) between the ministry and the RTOs. The ministry supports the RTOs to enable Ontario to stand out as a premier tourism destination.

Board

The ministry requires that RTOs maintain a board of directors as set out by the *Ontario Not-for-Profit Act, 2010* and have an appropriate governance structure in place as a condition of funding. The board should be made up of private sector and industry stakeholders who collectively have the necessary business skills to guide the development and implementation of strategies that will grow tourism in a region. Directors are elected or appointed to the board and oversee the management of the corporation (e.g., through governance training, board meetings, annual general meetings, selection/retention/succession planning, reviewing and updating by-laws). Directors must have the required skills, knowledge, experience, capabilities, and behavioural competencies to enable the RTOs to meet their objectives.

Directors are required to:

- Act honestly and in good faith to serve the best interest of the corporation
- Reflect all tourism interests in the region and serve the tourism region and province as a whole
- Exercise the care, diligence, and skills that a reasonably careful person would exercise in similar circumstances
- Ensure that the duties of the board are carried out effectively. These include but are not limited to:
    - Having a clear governance structure in place to ensure that the organization has the full powers, mandate, decision making mechanism, by-laws policies and organizational structure

- Define expectations, roles, responsibilities, and decision-making authorities within the RTOs and for the board of directors
- Develop a regional strategy, including the vision, mission and values, and structure to support achievement of the RTO's purpose
- Staff the RTO with the complement of employees required to meet the organization's objectives
- Create controls over revenues and expenditures, ensure funds are appropriately used and prepare regular reports that compare actual financial results to budget (e.g., clean audit)
- Review and approval of the business plan, transfer payment agreement (TPA) and financial reports
- Monitor the performance of the RTO against longer-term objectives

Regional Tourism Organizations

RTOs lead tourism growth through Destination Development by working collaboratively with a broad spectrum of stakeholders to grow tourism's economic impact at the regional level through improved coordination, investment, and planning across Ontario's tourism regions.

Destination Development approach activities include strategic planning, research and the five pillars of product development, workforce development, investment attraction, marketing, and partnerships which are important to the sustainability of tourism across the province.

RTOs provide a leadership and coordination role, supporting competitive and sustainable tourism regions by equipping regions to attract more visitors, generate more economic activity and create more jobs across the province. RTOs focus on reducing duplication where possible through strategic coordination, to respond to industry challenges and bring sector concerns and ideas to the ministry / other ministries and/or appropriate tourism associations for input and feedback.

RTOs are required to:

- Identify and focus on the aspect of Destination Development needed in their region to increase revenue and employment in the industry, using an evidence-based approach supported by supplemental research and key performance indicators (KPIs)

- Outline Destination Development goals and milestones in their business plans which are tied to their Transfer Payment Agreements and are aligned with the ministry’s tourism sector goals and priorities
- Ensure financial responsibility and accountability for appropriate spending of funds, as well as financial sustainability by identifying additional revenue streams
- Develop and maintain an asset and product inventory and identify asset and product development strategies
- Develop a regional marketing strategy that is in alignment with the provincial brand architecture, led by Destination Ontario
- Inform the region on RTO strategic planning and decision-making
- Ensure accountability and appropriate reporting and performance measurement requirements are met
- Carry out activities and use funds without actual, potential, or perceived conflicts of interest
- Become a catalyst in building strategic alignment and promoting collaboration within the industry
- Develop an engagement strategy that includes meaningful community outreach, stakeholder engagement, supports collaboration and development of partnerships
- Build stakeholder confidence in the organization and communicate activities and results
- Help to tell the RTO story and promote successes
- Ensure an effective Board of Directors (e.g., governance training, board meetings, annual general meetings, election/retention/succession planning, review and updating of by-laws)
- Staff the RTO with qualified leadership and employees
- Define expectations, roles, responsibilities, and decision-making authorities within the RTO and for the Board of Directors
- Create controls over revenues and expenditures, ensure funds are appropriately used and prepare regular reports that compare actual financial results to budget (e.g. clean audit)
- Monitor the performance of the RTO against longer term objectives to grow visitor spending

Section 3: Business Plan

Overview

RTOs are required to submit business plans that identify strategic areas on which the RTO will focus to continue to build the region's tourism industry and the steps it needs to take with its partners to achieve the desired results. The business plan must address the five key pillars for which funding is being provided. The plan is for the period of April 1, year one to March 31, year two - one ministry fiscal year. RTOs are encouraged to only submit projects within the fiscal year that will be realistically completed by year end.

Once submitted, the Business Plan is subject to the *Freedom of Information and Protection of Privacy Act*. In developing and implementing the business plan, the RTO must comply with all federal, provincial, and municipal laws and regulations, and any orders, rules or by-laws related to any aspect of the initiative, including but not limited to the *Ontario Human Rights Code*, the *Accessibility for Ontarians with Disabilities Act, 2005* and the ministry's service standards for funding programs.

RTOs are encouraged to produce their ministry-approved business plans for public release to their members and stakeholders.

Business Plan Requirements

Executive Summary

- Top 3-5 major successes in the past year(s)
- What the RTO will focus on in the coming year(s)
- Shifts in focus from the past to the future? and why?
- Mission and vision statement which outline goals and demonstrate the link to the strategic objective

It is important that RTOs show how they are helping to support destination development and build tourism capacity in their regions – including how their activities complement those of other key industries, economic development, and community stakeholders.

Organizational Structure

Provide an organizational chart to illustrate the governance and management structure of the RTO, including the structure of the board. Provide biographies of board chair and senior management. Outline the full- and part-time equivalent staffing complement, including position description, that will be hired in the fiscal year to complete the activities outlined in the business plan.

Business and Operational Overview

Describe how the business operations of the RTO support the implementation of the business plan. Ensure that there are clear and accountable monitoring of activities and reporting mechanisms within the organization and to government.

Regional Overview and Assessment

Include relevant tourism research, market analysis, trends and competitive analysis.

Example sources to reference:

- Ministry's Research Unit: Regional Profiles, Tourism Regional Economic Impact Model (TREIM), etc.
- Statistics Canada
- Destination Ontario Research and Data
- RTO internal research

Pillars

The Regional Tourism Program is divided into five pillars: Product Development, Investment Attractions/Investor Relations, Workforce Development and Training; Marketing; and Partnerships.

Include in the business plan: pillar objectives, activities, goals or targets, timing (per quarter) and performance measures that will be used to report against each pillar objectives. It is not expected that every step be included; however, the level of detail needs to clearly describe the work and activities assigned to each pillar. RTOs should also identify the quarter(s) in which the key activities will take place.

For each pillar, RTOs are required to provide context and rationale for activities outlining how they will support the achievement of the objective.

Objectives

The ministry, in conjunction with RTO feedback, developed a single universal objective for each pillar. These objectives provide clear direction for the development of activities but are broad enough in range to allow flexibility between regions.

Pillar	Objective
Product Development	To enhance visitor experience through well-designed tourism products that meet current and future visitor demand
Investment Attraction/Investor Relations	To increase investment in the tourism industry to enhance visitor experience
Workforce Development and Training	Facilitate and support the attraction, development, and retention of a tourism workforce to enhance the visitor experience
Marketing	To increase awareness of Ontario as a travel destination and increase conversion in target markets
Partnerships	To become a catalyst in building strategic alignment and promoting collaboration within the industry

Pillar Activities

1. Product Development

- Work with tourism and economic development partners to undertake research, surveys, and data analysis
- Collaborate with tourism and economic development partners to undertake product or asset inventories; develop itineraries; improve the market-readiness of existing tourism experiences; undertake market-match studies; showcase local distinctiveness; create/develop new niche tourism products to entice and target new visitors (e.g., gardens, culinary, golf, biking, etc.); create tour routes; implement signage; and/or enhance programming and interpretation of experiences
- Adapt programs into other languages or accessible formats

- Establish annual targets for each product development strategy, so that the results can be compared to the desired or expected return

2. Investment Attraction / Investor Relations

- Work with public and/or private sector partners (e.g., municipalities, economic development organizations, First Nations governments and Indigenous tourism organizations, tourism operators and investors) within the region to identify opportunities for new or existing tourism infrastructure investments
- Reach out to existing or new tourism businesses/investors (both domestic and foreign) to help support tourism industry investments
- Collaborate to identify tourism businesses/investor opportunities and encourage business expansion or new business development
- Help the Province facilitate awareness of existing programs that can assist tourism businesses
- Support the Province with investment attraction including exploring opportunities through Invest Ontario

3. Workforce Development and Training

- Work in collaboration with regional partners and other RTOs to develop tourism sector-based strategies that help address the needs of tourism employers and workers and provide visitors with enhanced experiences
- Identify and participate in projects to address short- and long-term sector skill needs and other workforce development issues
- Develop linkages with local and regional employment and training community partners and government programs to advance workforce development within the tourism sector
- Establish annual targets for workforce/training strategies, so that the results can be compared to the desired or expected return

4. Marketing

- Work with tourism partners, such as local Destination Marketing Organizations (DMOs), businesses, sector associations and the Destination Ontario to create a marketing plan that wisely invests resources to maximum effect
- Identify target markets (geographic and demographic) and determine marketing strategies and best tactics to implement (e.g., media relations,

web presence, social media, tourism operation relations, advertising, collateral, consumer shows, direct marketing, etc.)

- Determine what will be advertised, who will produce it and what will be the estimated production time
- Determine placement dates to ensure that the selected target markets can be successfully reached
- Establish annual targets for each market/tactic, so that results can be compared to the desired or expected return
- Marketing activities in the business plan are to include the following outline:

  Target Market(s)

  List the geographic markets (ON, Canada, US, International). If more than one geographic market is identified estimate the percentage of budget allocated to each.

  Consumer Profile(s)

  Describe the demographic or consumer segment (TNS Research, Destination Canada's Explorer Quotient or other research) that will be targeted.

  Featured product(s) and experience(s)

  Provide an overview of the products or experiences that will be promoted in the marketing initiatives.

  Marketing Activities and Tactics

  For each activity or campaign that will be undertaken, provide a brief description, goals and targets, and timing (per quarter). If more than one initiative or tactic is identified, estimate the percentage of budget allocated to each. Sample initiatives and tactics include:

  Brochure distribution
  Tradeshows/consumer shows
  Media and public relations activities (including familiarization tours)
  Meetings, incentives, conventions, and events
  Online/digital/social media
  Outdoor advertising/billboards

Print advertising and content
Radio and television
Travel trade
Website content and design
Photography and video

Provincial Brand Alignment

Identify how your marketing strategy aligns with the provincial brand architecture and provincial marketing efforts led by Destination Ontario; and with any other key partners such as Destination Marketing/Management Organizations (DMOs) and sector associations.

5. Partnerships

RTOs are eligible to receive a partnership allocation from the ministry based on their ability to leverage funding from regional members and stakeholders for joint projects that fall into the pillars described above. The intent of the partnership allocation is to encourage collaboration between the RTO and a variety of partners to leverage regional resources and to support new or incremental tourism activities that support the implementation of the RTO's business plan. This pillar is for projects that the RTO will be undertaking with third parties (any partner other than MTCS) to access its Partnership Allocation.

Working with partners to develop activities following the pillars of product development, workforce development, investment attraction, and marketing.

1. Product development:
    - Experience development workshops
2. Workforce development
    - Digital competency
    - Educational institute collaborations
    - Job fairs
3. Investment attraction
    - Strategy development
    - Research
4. Marketing
    - Branding
    - Social media buys

For more information, please see the Partnership Section below.

Risk Identification, Assessment and Mitigation Strategies

Identify any barriers or possible risks to successfully delivering on the plan and include which steps are being undertaken to address these risks. Addressing risks is an important step in ensuring that the stated objectives are met.

Resources

Describe how your current employee resources provide the capacity to achieve the goals outlined in the business plan. If applicable, outline any short- or long-term plans for employee recruitment, training, and retention risks and mitigation strategies.

Budget

The budget should be laid out to reflect spending net of any HST rebates itemized by the five pillars and broken down quarterly. Budget expenses should directly align with activities and timelines outlined in the business plan.

Submission

The RTO submits its board-approved business plan to the ministry contact as listed in Appendix “A”.

In Q3, the ministry will advise the RTOs on:

- Appropriate timelines for the submission of the business plan
- Any changes to program policies and procedures which may have an impact on the business planning of the RTO as outlined in the RTO Guide

If required, ministry staff will work with RTOs to obtain further information or clarification related to the business plan. Upon completion of the review, the ministry may request an updated board-approved business plan to draft the TPA.

Section 4: Partnership Allocation

Overview

RTOs are eligible to receive additional funding from the ministry based on their ability to leverage funding from regional members and stakeholders. The intent of the partnership allocation, described in this section, is to encourage collaboration between the RTO and a variety of partners to leverage regional resources and to support new or incremental tourism activities that support the implementation of the RTO's business plan.

The value of partnerships among the industry cannot be overstated. Regardless of the partnership allocation, RTOs can maximize support for tourism in their regions by expanding the breadth and diversity of their partners. Strong partnerships and a coordinated approach to product development, workforce development, investor relations, regional planning and marketing are essential to the future sustainability and increased competitiveness of tourism across Ontario.

The ministry strongly encourages RTOs to work with all tourism and economic development partners in their region to grow tourism. RTOs may also work collaboratively across regions and with sector-based organizations.

RTOs are encouraged to consider a broad range of partners reflecting their local area and business plan objectives. These might include destination marketing organizations, other levels of government, First Nations governments and Indigenous tourism organizations, and the private sector.

Funding Process

The ministry provides the RTOs with their overall partnership allocation as part of the funding amount. RTOs may also choose to allocate an additional amount of their RTO base funding and proportional allocation to partnership projects; however, the ministry will only match contributions up to the RTO's total partnership allocation. An RTO will only receive its total partnership allocation if stakeholders/partners contribute at least the same or a greater amount than the ministry.

Partner contributions are applied to the fiscal year in which they will be used to access the ministry's funds. Partner funds can be split between two fiscal years if this will support the RTO in completing an activity that spans two fiscal years. As with all initiatives outlined in the TPA, ministry funding allocated for a partnership initiative in one year cannot be carried over into the next fiscal year. Based on the year-end reconciliation, any unused ministry funding must be recovered.

Through partnerships, RTOs can work collaboratively with sector associations and destination marketing organizations to broaden their financial base and to extend their reach and grow tourism throughout Ontario.

Funding Arrangement

Partnership allocations **<u>must not</u>** flow through a partner organization. The ministry recognizes that there may be some limited exceptions where a partner organization is not able to flow their contribution to the RTO due to restrictive financial policies or due to partnerships between RTOs. In these exceptional cases, the RTO may enter into an alternate funding arrangement such as each party paying their share of eligible invoices on a regular basis.

The RTO must seek the advice of the ministry to discuss the exception process. Before entering into alternative funding arrangements with potential partners, RTOs must receive written approval from the ministry.

Should the RTO be approved to enter an alternate funding arrangement, the following requirements must be met:

- Fully, and in a timely way, account for project spending and partner(s) contributions in accordance with generally accepted accounting principles and clerical practices
- Obtain copies of all eligible project invoices and proof of payment for its records
- Attest to the partner organization(s) contribution amount
- Prepare year-end audited financial statements that include all financial details related to partnership projects

Cost Sharing

While the ministry does not prescribe cost-sharing ratios between the RTOs and the partner organization(s) (i.e., 50/50, 60/40, etc.), it is important to note that it releases the partnership allocation based on total earned income from eligible partners. For example, if the total project cost is $10,000 and the cost-sharing ratio is 40/60, a $4,000 RTO contribution and $6,000 partner contribution, the RTO is eligible to receive up to $6,000, based on spending during the fiscal year. RTOs are encouraged to leverage more funding than they contribute to a project to support the objective of broadening their financial base. The partner organization contribution must be financial and not in-kind.

In addition, RTOs may find it beneficial to utilize cost-sharing ratios to encourage a variety of projects. Currently, a larger per cent of partnership projects are marketing projects. While marketing is integral to attracting visitors to the regions, it is also important to ensure future growth by placing additional emphasis on developing products and experiences, attracting new investment, and ensuring a trained workforce.

RTOs are able to encourage partnerships in these areas by setting ratios to enable innovation from partners. For example, an RTO may find that setting product development partnerships at a 1:2 ratio (for every $0.50 a partner gives, an RTO would provide $1) would encourage further development of projects.

RTOs are able to set these ratios as needed to create key partnerships within their region.

Ineligible Contributions, Partners and Conflict of Interest

RTOs are not able to leverage funds obtained from other Ontario government ministries, workforce boards or ministry agencies and attractions (a full list is available on the ministry public website under Agencies and Attractions).

RTOs partnering on projects with organizations receiving funding from Ontario government programs must attest that the partner funds being contributed to the RTO are not part of the funding received from the Province of Ontario.

RTOs are required to ensure that business partners do not present an increase in risk to the RTO or Province.

Partnership Submissions

The ministry requires all RTOs to integrate partnership initiatives into the business plan wherever possible to reduce administrative burden. This will also allow the RTOs to ensure that projects are aligned with the activities in their business plan.

Reporting on Partnership Projects

The RTO report includes a partnership attestation form that confirms partner(s) contributions by the RTOs where the funding will be used to access the ministry partnership allocation.

The receipt of partner(s) contributions is defined as funding committed through a formal agreement. RTOs are required to report on any variances or modifications to partnership allocation submissions identified in the business plan or in the RTO progress and final report.

The final report, financial audit and schedule of revenues and expenses as per the TPA should include funds provided by the ministry as well as any partnership income received by the RTO. RTOs are expected to fully, and in a timely way, account for partnership project spending and partner(s) income in accordance with generally accepted accounting principles and clerical practices. Appropriate financial policies and practices will need to be in place for partnership revenues that span over two years to ensure accountability and reconciliation of public funds.

The ministry relies on the expenses and revenues included in the RTOs' financial audit and schedule of revenues and expenses, as per the TPA, to conduct year-end reconciliation, recovery, and funding adjustments. Therefore, activities and transactions not reflected in the partnership attestation form will not be considered for accessing ministry funding for partnership allocation.

Section 5: Performance Indicators/Measures

Key Performance Indicators

Key performance indicators are quantitative and qualitative measures used to gauge organizational performance over the long-term. The two key performance indictors used by the ministry are:

Tourism employment:

- Employment in tourism-related industries as reported in Statistics Canada’s Labour Force Survey. This indicator includes Accommodations, Food and Beverages, Recreation and Entertainment, Transportation, and Travel Services jobs consistent with Statistics Canada’s Provincial and Territorial Tourism Satellite Account. This represents total employment in tourism-related industries, not all of which is attributable to tourists' spending.

Tourism receipts:

- Overall impact of tourism spending, calculated from several Statistics Canada surveys, on Ontario’s GDP, jobs, and taxes. They include spending from:
  - Visitors coming to Ontario as a destination
  - Travellers passing through or leaving the province on their way to other destinations
  - Ontarians’ payments to Canadian air fares for trips outside Ontario
  - Profits of Travel Arrangement firms located in Ontario

Program Performance Measures

Performance measures are intended to clarify goals, document the contribution toward achieving those goals and document the benefits of the program and services. Performance and/or outcome measurement is not simply a count of activity or units but rather a process of determining what needs to be measured, then gathering information/data to measure progress towards the achievement of desired outcomes.

Key Pillar Performance Measures

Ministry key performance measures are set for each of the program pillars.

Pillar	Performance Measure
Product Development	Change in the # of new products and experiences and/or the number of existing products and experiences enhanced, in market
Investment Attraction/Investor Relations	# of programs / projects created or initiated from investment activities
Workforce Development and Training	Employment numbers for tourism
Marketing	Website analytics Social Media Analytics
Partnerships	% and % change of Industry Stakeholders that are partnering / collaborated in RTO activities % and % change of stakeholders satisfied with RTO activities

Additional Performance Measures

Additional performance pillars may also be included, either set by the ministry or by the RTOs. RTOs are encouraged to provide additional performance measures that quantify output, changes in output, and outcomes (or a lack of) over time. They should be related to the "pillar objectives" rather than associated activities. The intent is to measure progress toward meeting the pillar objectives

Developing performance measures should be part of the planning process to assess the impact that activities, programs and products have on tourism in the region and drive performance improvement.

They should be:

- Valid – a true measure of what they are intended to measure
- Reliable – results do not vary with different users of sources of the same measure

- Sensitive – capable of measuring differences and change over time

Regular review of progress against performance measures is recommended. The information collected will help in identifying adjustments required and inform future planning and decisions as part of continuous improvement.

Good objectives and performances measures should be SMART:

Letter	Term	Description
S	Strategic/Specific	Target a specific area for improvement
M	Measurable	Quantify/show progress in some way
A	Attainable	Within reach or achievable
R	Relevant	Appropriate and related to the program
T	Time-frame specific	Specify when the results(s) can be achieved

Section 6: Allocations

RTO Funding

RTO funding approach consists of two components, a base and partnership allocation.

Base Funding

Base funding is the allocation amount the RTO receives to complete the activities as listed under the TPA and in accordance with the guide.

Partnership Allocation

- RTOs are eligible to receive additional funds from the ministry where the RTO can demonstrate it has secured funds from eligible partners in support of regional activities.

RTO funding is intended to build on (not replace or compete with) municipal and other existing supports for tourism.

Terms and Conditions of Funding

All RTOs are required to submit reports as outlined in the TPA on the date specified. Failure to submit satisfactory reporting will result in non-payment until the overdue reports have been received and approved.

Acknowledgements

In accepting public funding from the Government of Ontario, all recipients are required to acknowledge the financial assistance they receive with the use of appropriate logos (see Appendix B: Acknowledgments for details).

RTOs are also encouraged to include reciprocal links to partner websites.

Transfer Payment Agreement (TPA)

<u>Overview</u>

In the broadest sense, a transfer payment (TP) is a non-exchange transaction where funding from the government is provided recipients for a purpose that supports public policy. RTO funding is annualized funding and as such, it is dependent on the ministry receiving the necessary appropriation from the Ontario Legislature. If the Legislature does not approve the allocation, the ministry has the right to reduce any funding agreed to in a TPA.

The TPA is a negotiated agreement based on the business plan. While the TPA extends over set number of years it is outlined in each fiscal year.

The TPA comes into effect once the RTO board chair and executive director/CEO and the ministry have signed (executed) the agreement. RTOs need to be familiar with the clauses and schedules in this legal document and comply with the requirements.

Preparation

The ministry will use the approved business plan to draft the TPA and e-mail a draft to the RTO. The RTO is expected to review and provide feedback on the final draft.

It is important to note that TPA must be in place between the ministry and the recipient before the funding is flowed.

Execution

- Ministry staff finalize the TPA
- Ministry e-mails final version to the RTO
- RTO reviews the final version, coordinates necessary signatures (board chair and executive director) and returns to ministry
- Upon receipt of the RTO signed electronic copy, ministry staff coordinates necessary ministry signatures
- An electronic copy of the TPA signed by both parties is returned to the RTO.

Initial payment:

Upon execution of the TPA, ministry staff will request payment and notify the RTO by e-mail when the payment request has been submitted. RTOs should expect payment to be deposited in their accounts within 10 business days following notification of when the payment request was submitted.

It should be noted that all Ontario government payments are processed centrally and not by the ministry.

Any unused funding allocated for an initiative in one year cannot be carried over into the next fiscal year. Based on the year-end reconciliation, any unused funding or any funding used for ineligible expenses may be recovered by the ministry. Amounts payable to the ministry are to be listed in the audited financial statements, cheques are to be made payable to: 'Ontario Minister of Finance'.

<u>Amendments</u>

RTOs must seek written approval prior to making any changes to the project, timelines or performance metrics This includes undertaking new or cancelling activities that would alter those outlined in the TPA.

RTOs may make budgetary changes to the project as long as those changes are no greater than the equivalent of 10% of the overall allocation. Any budgetary changes to the project greater than 10% must receive written pre-approval from the ministry.

<u>Authorized Signing Officer</u>

The ministry's accountability relationship is with the RTO governing body – the board of directors. As such, the ministry requires that all reports and TPAs be signed by an authorized signing officer. The ministry deems the authorized signing officer as the Chair on behalf of the RTO board of directors. The executive director may also sign the reports and TPAs in addition to the chair.

Section 7: Reporting

Reporting

The ministry provides the report templates that are to be submitted by the RTOs. Failure to submit satisfactory reports (as per the TPA) will result in non-payment until reports have been received and approved by the ministry.

The reports must clearly:

- Describe activities and the outcome and/or output of those activities;
- Identify any activities that weren't completed and explain why and how this impacts the implementation of the business plan;
- Identify any issues or challenges that were encountered;
- Provide details on whether the project met the objective(s) outlined in your plan and if not, why; and
- Describe how the RTO worked with other tourism businesses, associations, ministries, and governments to coordinate activities and ensure the careful use of resources.

RTOs are required to retain electronic copies of any reports and/or documents produced as part of the agreement including:

i. Strategies, plans developed
ii. Research materials
iii. Brochures, programs, handouts, newsletters, etc.
iv. Marketing materials

<u>Report: Progress</u>

RTOs are required to submit progress on their report each year, outlining the achievements made on implementing requirements under the TPA. The report also includes a budget and partnership attestation templates.

<u>Partnership Attestations</u>

See "Reporting on Partnership Projects" under Section 4: Partnerships Allocation

<u>Report: Final</u>

RTOs are required to submit a report each year outlining the achievements made on implementing requirements under the TPA. The report also includes a budget and partnership attestation templates.

Financial Statements

See "Financial Statements" under Section 8 Finance and Administration

Section 8: Finance and Administration

Budget

The budget should be laid out to reflect spending, net of any HST rebates, and itemized by the five pillars. Budget expenses should directly align with activities and timelines outlined in the business plan.

Administrative Costs

All program staff costs are to be reported in the budget under the appropriate pillar except for the executive director's salary and benefits, which should remain under Governance and Operations. Where staff costs bridge more than one pillar, the alignment should be measured in terms of quarter percent.

Example 1: Product development consultant who spends part of their time on investment attraction:

Budget:

Product Development - Salaries and benefits – 75% salaries and benefits

Investment Attraction - Salaries and benefits – 25% salaries and benefits

Eligible Costs

Eligible costs are those deemed reasonable and necessary by the ministry for the successful implementation of RTO deliverables and the work of the RTO.

Staffing expenses

1. Technology, equipment, and office supplies
2. Professional development
3. Travel and communications
4. Marketing
5. Workforce development and training
6. Product development
7. Investment attraction/ investment relations

Ineligible Costs

1. Grants and flow-through to other organizations
2. Charitable fundraising

3. Advocacy
4. Donations to political parties or lobby groups
5. Capital costs related to permanent structures or acquisitions (e.g., materials, labour, motorized vehicles, land acquisition, purchase of equipment for project construction, etc.)
6. Competition prizes, prize money and monies paid to competition participants
7. Previously incurred expenses
8. Refundable portion of the Harmonized Sales Tax (HST) or other refundable expenses (e.g., security deposits, etc.)
9. Expenses that do not relate directly to the delivery of the TPA.

This is not an exhaustive list. Should you have any questions please consult the ministry.

Harmonized Sales Tax (HST)

The funding provided by the ministry is intended to cover all eligible purchases and expenses for the specific fiscal year less any costs for which the RTO has received, will receive or is eligible to receive a rebate.

Eligible RTOs are required to claim HST and other types of rebates on eligible purchases and expenses.

However, as the RTO only reports expenditures net of any rebate, it is not necessary for any rebate received to be returned to the ministry.

Variances

A variance occurs when there is a change (+/-) between the original budget and actual spending for a particular line item. Variance explanations are required for all budget/financial reporting.

RTOs need to identify all variances where the percentage is 10 per cent or greater and/or where the variance dollar value is $10,000 or greater. The explanation should include the causes of the variance, any action plan to address it and the strategy to minimize the likelihood of occurrence in the future.

Financial Statements

RTOs provide the ministry with audited financial statements prepared in accordance with accepted Canadian accounting principles for each fiscal year in which the RTO has received funding.

The ministry receives and reviews financial information in conjunction with non-financial information and undertakes compliance activities to determine whether funds have been expended for the purposes intended. This ensures that terms and conditions of funding agreements have been met and that the recipient's financial situation is sufficiently stable to assure continued delivery of funded services.

Essential requirements for annual financial reporting:

- Capture the specified fiscal year (April 1 – March 31)
- Use an independent and qualified third-party for the audit
- Carry out the audit when activities, as described in the TPA, are completed
- Report expenses net of rebates, credit and refunds
- Properly allocate shared costs to the program

The RTO is required to submit **audited financial statements** for the organization and a **schedule of revenues and expenses** in accordance with the TPA. These may be done as two separate documents, or the RTO may decide to include a schedule of revenues and expenses within its statement of operations.

Audited financial statements
• **Include an opinion, balance sheet, statement of operations/income statement, cash flow statements, notes and other standard elements** • **Include a funding reconciliation table to outline amounts due to/from the ministry, explain discrepancies between the amounts stated in the agreement and the amounts in the financial statements, reference the corresponding page/notes in the financial statements and other adjustments, as applicable**

Schedule of revenues and expenses in accordance with the TPA
• **Include only RTO funding from the ministry and matched partner funding received through partnership projects** • **Identify interest earned on RTO funding from the ministry as a separate line under revenue** • **List expense line items consistently with the line items in the TPA budget** • **Include an opinion, notes and other standard elements as applicable** • **In the opinion, include an assessment of the RTO's compliance with all of the schedules of the TPA**

It is the expectation that each RTO will spend the entirety of their allocation. If there is underspending reported at year-end, then the RTO will be required to issue a refund cheque to the Ontario Minister of Finance.

Interest

In accordance with section 4.4 of the TPA, the RTO is required to place any funds received from the ministry into an interest-bearing account.

Further to this, the TPA notes that any interest earned on the funds will be returned to the ministry in accordance with section 4.5.

The ministry has established a threshold for the returning of interest earned. The RTO may retain any interest earned as long as it is less than or equal to 5% of their overall allocation. Any interest earned above this threshold must be returned to the ministry.

Retained interest earned must be used within the parameters of the program and recorded as income in financial statements.

Insurance

All RTOs are required to carry at least $2 million commercial general liability insurance coverage from an insurance provider with an A.M. Best rating of B+ or greater.

A certificate of insurance must:

1. State that the insured party is the RTO with whom the ministry has contracted. This is important since a policy will only respond to cover the named insured on the policy.

2. Identify the date of coverage. Insurance should be maintained for the term of the TPA.

3. Identify the Ministry of Tourism, Culture and Sport as an additional insured, represented in the following language: "His Majesty the King in right of Ontario, his ministers, agents, appointees and employees." This phrase should appear on the certificate face under a memo heading or special note box.

4. Identify the type (a) and amount (b) of coverage (commercial general liability insurance is listed and is on an occurrence basis for $2 million).

5. Include a statement that the certificate holder (the ministry) will be notified of any cancellation or material change within 30 days.

6. Include the signature of an authorized insurance representative.

7. Include the following MTCS address:

    Ministry of Tourism, Culture and Sport
    Regional Tourism and Research Analysis Unit
    400 University Avenue, 5th Floor
    Toronto, Ontario M7A 2R9

Modern Controllership

Procurement

RTOs are expected to meet TPA requirements related to procurement. The TPA Section 5 states:

5.0 RECIPIENT'S ACQUISITION OF GOODS OR SERVICES, AND DISPOSAL OF ASSETS

5. 1 Acquisition. If the Recipient acquires goods, services, or both with the Funds, it will:

a) do so through a process that promotes the best value for money; and

b) comply with the *Broader Public Service Accountability Act*, *2010* (Ontario), including any procurement directive issued thereunder, to the extent applicable.

It is best practice to obtain at least three quotes, formal or informal, regardless of the purchase price.

<u>Guiding Principles Behind Procurement Best Practices:</u>

It is good practice to observe certain procurement best practices or guidelines to ensure the process is open, fair and transparent.

Responsible management - No matter how small the organization or the procurement, there should be an adequate organizational structure, policies and procedures to be able to manage procurement contracts fairly and effectively.

Value for money - Buyers should consider factors such as the requirements of the business, alternatives, timing, supply strategy and total life cycle costs of the good or service when evaluating vendors' submissions.

Vendor access, transparency and fairness - Publicly funded organizations should provide all qualified vendors with fair access to the purchase of goods and services. Buyers should avoid conflict of interest, both real and perceived, and choose the successful vendor in a fair and non-discriminatory process.

Quality service delivery - Procurement activities should result in the delivery of the required product or service at the right time and place to organizations.

Upholding Ontario's trade agreements - Organizations should recognize and respect Ontario's trade agreements with other jurisdictions that open access to publicly funded procurement where they apply.

Supply Chain Code of Ethics - A supply chain code of ethics should govern the conduct of buyers, vendors and all others involved in supply chain activities. It defines acceptable behaviour for ethical, professional, and accountable supply chain activities.

Personal integrity and professionalism - Taxpayers expect that their money will be used with honesty, due diligence, and care. Individuals involved with supply chain activities are expected to conduct themselves with integrity and professionalism, show respect for each other and the environment, and safeguard confidential information. Organizations should not engage in any activity that creates, or appears to create, a conflict of interest.

Accountability and transparency - All activities involved in the purchase of goods and services using public funds should be fair and transparent, and for the purpose of acquiring the best value for money.

Compliance and continuous improvement - Organizations should establish and regularly review their own policies and procedures around supply chain management. They should make improvements as necessary, acquire additional supply chain knowledge and skills, and share best practices.

Non-Competitive Procurement - It is recognized there may be circumstances where a competitive procurement process is not possible. In those rare circumstances where a non-competitive procurement is deemed necessary, it is expected that an RTO will:

- Have a written business case (and documentation of the due diligence taken) to support or defend the decision;
- Have appropriate RTO approval recorded; and
- Be prepared to provide the rationale if challenged by suppliers/vendors, stakeholders or others.

The ministry does not require an RTO to seek or obtain ministry approval in deciding to pursue a non-competitive procurement process. However, it expects the RTO to respect and apply the procurement provision in the TPA along with the best practices identified in the Procurement Guideline for Publicly Funded Organizations in Ontario. An RTO may be required to provide the rationale/support for non-competitive procurement decisions either as part of normal TPA requirements or in response to a complaint or inquiry received.

Vendor of Record

The Ministry of Public and Business Service Delivery (MPBSD) centrally manages Ontario's Vendor of Record (VOR) program, including, but not limited to: I&IT Solutions Consulting Services, Learning and Training Services and General Office Products. There are currently more than 50 different VOR arrangements that are available for use by Provincially Funded Organizations (PFOs).

A VOR arrangement is a list of vendors resulting from a procurement process that meets the requirements of the government procurement directive that allows one or more vendors to offer specific goods or services to buyers. These arrangements are for a defined time period, with defined terms and conditions and pricing.

By accessing VOR arrangements to purchase a wide variety of goods/services, you may be able to take advantage of:

- Advantageous pricing enabling potential savings;
- Streamlined administrative efforts required to procure goods/services independently; and
- Access to a pre-qualified list of vendors.

For interested organizations:

RTOs can register online on the Supply Chain Ontario section of the Ministry of Public and Business Service Delivery website.

Transfer Payment Ontario (TPON)

Transfer Payment Ontario (TPON) is an enterprise-wide, web-based case management system for all of Ontario's transfer payment programs. The consistent use of TPON ensures a common, unified approach for all transfer payment recipients, while also reducing the administrative burden faced by both government and transfer payment recipients.

The TPON platform comprises two components:

- A public-facing site to get information about transfer payment programs, submit for funding, and track the progress of submissions
- An internal system for ministry staff to manage all aspects of transfer payments, from submission, contracting, payments, and reporting.

TPON data is the authoritative source for recipient organizational information, registration and validation of organisational information is mandatory.

To use TPON follow the link here for instructions on access and registration and support.

Record Maintenance

RTOs are to ensure that all financial and non-financial records relating to the agreement are maintained in a manner that is consistent with generally accepted accounting principles and clerical practices. The records must be available for seven years from the date the agreement ends and be stored in a manner that is consistent with all applicable laws.

Section 9: Acts and Directives

RTOs are governed under the following Acts and Directives.

Acts:

Ontario's Not-For Profit Corporations Act

The *Ontario Not-for-Profit Corporation Act, 2010* (ONCA) provides Ontario not-for-profit corporations, including charitable corporations, with a modern legal framework to meet the needs of today's not-for-profit sector. It sets out how not-for-profit corporations are created, governed, and dissolved.

Broader Public Sector Accountability Act

The Ontario *Broader Public Sector Accountability Act, 2010* (BPSAA) contains rules and accountability standards for designated broader public sector organizations on expenses, perquisites, and the procurement of goods and services. Designated public sector organizations include publicly funded organizations receiving funds of $10 million or more during the previous fiscal year of the government of Ontario. Additional information about the BPSAA can be found at http://www.mgs.gov.on.ca/en/Spotlight2/STDPROD_098054.html

The Public Sector Salary Disclosure Act, 1996

The Ontario *Public Sector Salary Disclosure Act, 1996* (PSSD) requires organizations that receive public funding from the Province of Ontario to make public, by March 31 each year, the names, positions, salaries and total taxable benefits of employees paid $100,000 or more in the previous calendar year. Additional information about the PSSD can be found at https://www.ontario.ca/page/public-sector-salary-disclosure

Directives:

Transfer Payment Accountability Directive

All RTOs sign a Transfer Payment Agreement (TPA) with the ministry that holds them accountable for how funding is to be used within the region. The TPA is based on principles set out in the Ontario government Transfer Payment Accountability Directive (TPAD). https://www.ontario.ca/page/transfer-payment-accountability-directive

The TPAD includes key mandatory requirements for ministries to take a risk-based approach to the administration of transfer payments. The TPAD refers to those who receive transfer payments as "transfer payment recipients", whether they are different levels of government, not-for-profit organizations, First Nations, for-profit operators, or individuals.

The principles in the TPAD are:

- Accountability: Ministries are accountable for protecting the public interest. Ministries hold recipients responsible for delivering the activities for which the funds were received.
- Value for money: Ministries are efficient and effective in using public resources for transfer payment recipients
- Risk-based approach: Transfer payment oversight is in proportion to any risk associated with the activity and recipient
- Fairness, integrity, and transparency: The decision to provide transfer payments and the oversight of the transfer payment activities is fair, impartial, and transparent and conforms to applicable legislation and corporate policy direction
- Focus on outcomes: Transfer payment activities are clearly defined and contribute to the achievement of public policy objectives
- Common processes: Ministries use common processes, tools, and templates as appropriate to create administrative efficiencies and support consistency in the oversight of transfer payments.
- Information sharing: relevant and appropriate information and data are collected, managed, and shared across the Ontario government
- Communication: There is respectful, open, and ongoing communication between ministries and transfer payment recipients.

Transfer Payment Roles and Responsibilities

TP Cycle	Ministry Roles and Responsibilities	Transfer Payment Recipient Roles and Responsibilities
Defining Expectations	• Be accountable to the elected Ontario Legislature for public funds. • Determine priorities for tourism funding, based on overall strategic priorities set by the Ontario government.	• Be accountable to the ministry for public funds received, including any funds paid to third parties in order to meet objectives (e.g., Outside Paid Resources) • Understand Ontario government and the ministry priorities and know how

	• Ensure that funding partners are aware of government statutes, regulations, and policies and guidelines for funding transfer payment programs. • Set out expectations and requirements for good governance and accountability practices that will support effective use of public funds.	the funding received relates to those priorities. • Comply with statutes, regulations policies and guidelines related to the public funds. • Comply with governance and accountability expectations and requirements to support effective use of public funds.
Agreements	• Set program targets to be achieved by ministry funds. • Allocate ministry resources and negotiate TPAs to support achievement of desired outcomes.	• Use public funds effectively and efficiently according to targets set out in the TPA, other agreements or directions from the ministry. • Design supports and services to achieve the ministry priorities and objectives for public funds.
Monitoring and Reporting	• Monitor transfer payment recipient achievements against agreed upon deliverables. • Assess and manage risk as an integral part of the administration of transfer payment funding.	• Assess and manage risks and implement action plans to reduce risk. • Prepare action plans in response to identified risks. • Report on deliverables as required in the TPA.
Corrective Action	• Take corrective action in proportion to identified risks, when deliverables are not met or reports are not submitted on time. • Monitor action plans to mitigate identified risks.	• Explain factors contributing to non-compliance as requested by the ministry. • Undertake corrective action as requested by the ministry. • Monitor progress on action plans to mitigate identified risks.

Travel, Meals and Hospitality Directives

The Broader Public Sector (BPS) Expenses Directive for travel, meals and hospitality establishes mandatory expense rules for designated BPS organizations and serves as a guideline to all other publicly funded organizations. This directive is in alignment with the Travel, Meal and Hospitality Expenses Directive which sets out the rules for travel, meal, and hospitality expenses for the Ontario government, including its classified agencies and other entities identified by legislation.

As a best practice, RTOs are encouraged to review the Broader Public Sector Expenses Directive and OPS Travel, Meal and Hospitality Expenses directive when developing internal processes and policies for comparison purposes.

Both directives are based on four key principles.

A. **Accountability** - Organizations are accountable for public funds used to reimburse travel, meal, and hospitality expenses. All expenses support business objectives.

B. **Transparency** - Organizations are transparent to all stakeholders. The rules for incurring and reimbursing travel, meal and hospitality expenses are clear, easily understood, and available to the public.

C. **Value for Money** - Taxpayer dollars are used prudently and responsibly. Plans for travel, meals, accommodation, and hospitality are necessary and economical with due regard for health and safety.

D. **Fairness** - Legitimate authorized expenses incurred during the course of the business of an organization are reimbursed.

Appendices

Appendix A: Ministry Contacts

Appendix B: Acknowledgements (Ontario logo style guide)

Appendix C: Agencies and Attractions

Appendix D: Definitions/ Glossary

Appendix E: RTO TPA Timeline

Appendix F: Reporting Template Example

Appendix G: Transfer Payment Agreement Template Example