



Striking the Right Balance Between Management and Service Delivery

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DURING the 05/06 MFSP Funding Application review, the amount of requested funds intended for the 'Management & Administration' of Canadian/Military Family Resource Centres (C/MFRCs) represented a significant amount of the overall budget. In some cases, closer scrutiny revealed expenses devoted to a second level of administration quite outside the norm in the not-for-profit sector. In others, the rationale for what appeared to be an imbalance between the management of the organization and the delivery of services was less clear.

In response, DMFS has continued to investigate industry norms to further inform our work in preparation for the 06/07 MFSP Funding Application review. This research has delved us into examining our own historical funding practice in an effort to rationalize and understand the

impact that this has had on C/MFRCs; and, had us review ceilings, percentages and formulas used by other funders in an effort to establish a reasonable baseline for management expenses.

The research has been enlightening. We reaffirmed that DMFS' previous approach to funding has in some instances created the appearance that organizations are 'top heavy,' and in other instances have actually contributed to them being so. Our emphasis on 'management and coordination,' versus 'service delivery,' has created a language and an approach to organizing personnel that over-emphasized the 'management' and undermined the 'doing.' Some C/MFRCs structured staffing to reflect what they (correctly) perceived to be the officially sanctioned use of resources. In other cases, C/MFRCs labeled staff positions as managers and/or coordinators when in fact the staff were more often than not actually engaged in the

delivery of services.

DMFS also researched the funding practices of foundations as well as federal, provincial, and municipal funders. At first blush, the review seemed to suggest that the industry standard was to cap Management and Administration at 25 percent of overall Program funding. Further investigation, however, revealed that other funders factor in other expenses (for example rent, utilities, maintenance, etc.) that C/MFRCs receive "in-kind." This results in much higher expenses overall, and as a result decreases the value of the percentage of funds dedicated to management and administration in non-C/MFRC organizations. In light of this, for DMFS to align itself with other funding bodies, and for C/MFRCs to be consistent with other well funded organizations in the sector, it has been determined that Management & Administration expenses should not typically exceed 40 percent of the operating budget.

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Celine Thompson,
Director

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DMFS' Approach to the 2006/2007 MFSP Funding Applications

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This emphasis on Management & Administration should in no way suggest that all of our efforts will be devoted to this one funding category. In a well-crafted MFSP Funding Application, the C/MFRC is able to demonstrate a well-rounded approach to management and to service delivery. The C/MFRC reflects alternate sources of funding, clearly links the needs of families to operational expenses, and characterizes resource requirements in a manner that demonstrably meets the aims and objectives of the MFSP.

There are admittedly some concerns with what appears to be overly managed and 'top heavy' C/MFRCs. The Management & Administration expenses, as currently recorded, are often in excess of what is otherwise occurring in the not-for-profit sector, and in particular the family

support industry. It leaves the impression that resources are directed more at the managerial overhead of the Program, rather than providing services to military families. As a result, DMFS is pursuing a number of strategies with the aim of supporting the Program to better reflect industry standards. For example:

- C/MFRCs can now include legitimate expenses related to (activity and personnel) service delivery costs on their 2006/2007 MFSP Funding Application (See DMFS Update/ Special Edition #1, 22 August). These expenses are now formally recognized as a bona fide cost of doing business, and will allow this Program to accurately reflect the cost of the business we are in.
- The concern regarding Management & Administration expenses will also impact DMFS' review of the MFSP Funding Applications. All re-

quested funds identified within submitted MFSP Funding Applications to support the Management and Administration of the C/MFRC will be subject to review; extraordinary personnel costs in particular will be diligently assessed to ensure the costs are reasonable and substantiated.

- In addition, DMFS will use a benchmark of 40 percent to guide our decision-making with respect to funds granted to support Management & Administration costs. C/MFRCs that request more than 40 percent of overall costs for Management & Administration should be prepared to substantiate a requirement that exceeds the prevailing norms in our industry.

For further tips and suggestions regarding how to characterize Management & Administration expenses within the MFSP Funding Application, see article on page 6.

Ineligible Expenses for Fiscal Year 2006-2007

The Director Military Family Services (DMFS) provides funding and expertise to C/MFRCs to enhance Canadian Forces (CF) quality of life by supporting personal, family and community development in accordance with MFSP: Parameters for Practice. As such, DMFS works with C/MFRCs and shares the responsibility for the successful delivery of the Military Family Services Program (MFSP).

During the MFSP Funding Application process, keep in mind that limited resources set a natural parameter about what can be considered as an eligible expense. While the assignment of funds is to ensure that we accomplish the mandated services of the MFSP, there are some expenses that DMFS does not fund. The list below, which does not deviate much from last year's, is intended as a broader clarification of the ineligible expenses for the 2006-07 MFSP Funding Application.

MFSP funds provided by DMFS may not be used for the following expenses:

A. Expenses that are the Responsibility of the Local Base/Wing Commander*

Organizational Infrastructure and Maintenance Items

- All occupancy costs, including rental of off-base facilities for program overflow or outreach programming
- Renovations, including repairs to a facility which expands or upgrades it
- Health and safety equipment, including outdoor lighting, fire protection and security systems, panic buttons, and accessibility requirements, (e.g. equipment

required for wheelchair accessible buildings)

- Capital assets. DMFS defines a capital asset as having the three following characteristics: A useful life of more than one year; an acquisition cost of \$200 or more; and is stand-alone, meaning that it is not incorporated into a building or structure, and is subject to depreciation (e.g. buildings, land, vehicles, swimming pools, and skate boarding parks)

- Vehicles, including the

purchase, maintenance and ongoing regular expenses, (e.g. gas, oil, and car wash costs) related to vehicles

- Vehicle insurance

Potential Exception: additional liability insurance for vehicles not owned by the corporation, but used for official company business. As formally defined, non-owned vehicle liability insurance is "for the protection of the corporation for liability emanating from vehicles owned or leased by employees and volunteers used for official company business."

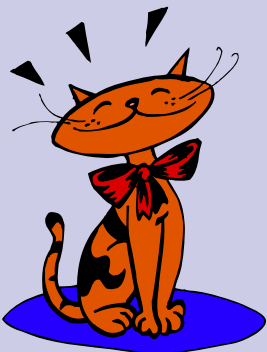
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* Local Base/Wing Commanders are responsible for Category 1 Expenses as per A-PS-110-001/AG-002 "The Policy Governing Operation of Personnel Support Programs in the Canadian Forces" and as reflected in the Memoranda of Understanding, provision 7.2.3.

Extraordinary Funding

The MFSP Funding Application provides opportunity for C/MFRCs to apply for funding to support the mandated objectives of the Military Family Services Program and to finance the day-to-day operations of the organization.

Opportunities to access additional or extraordinary funding (for example, MFSP Professional Development Fund, contingency and/or project funding) have been or will be made available through separate means.



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- Basic Services, such as security, fire prevention, garbage removal, salting and snow removal
- Routine Maintenance, defined as the normal repairs required to heating, electrical and plumbing systems and to windows, doors, floors, walls, ceilings and roofs as a result of normal wear and tear on a building. Routine maintenance also includes painting of the interior and exterior of a building at regular intervals and the upkeep of grounds
- Cleaning Services, including the cleaning of a facility to maintain required standards of cleanliness and sanitation. Functions include sweeping and waxing floors, garbage removal to bins, washing windows,

ceilings and walls and cleaning washrooms

Organizational Supplies, Resources and Furnishings

- Information technology and automatic data processing support on IT assets, maintenance of IT assets or purchase of specialized IT equipment, (e.g. Palm Pilots, Blackberries, etc.)
- Repairs associated with equipment and resources used in Youth Centres or Daycares (e.g. pool tables, TVs and accessories, computer or video games, high-chairs, toys, and cribs)
- Office Furnishings, defined as the items of furniture and equipment, such as desks, chairs, tables and computers, that are required to operate an office

- Standard office equipment, (e.g. telephones, photocopiers, fax machines, etc.)

- Potential Exception: substantiated costs for cell phones and pagers used for Emergency Child Care Services and/or the management of risk in other mandated programs

- Standard Office Supplies, including items such as paper, envelopes, and other supplies, that are required for the functioning of an administrative office
Exception: unique office supplies/letterhead required by the C/MFRC for the provision or management of the mandated services of the MFSP, but not available through Base/Wing standard stationary and supply stock.

- Postage & bulk mail

- Photocopying

B. Elements of Service Delivery Expenses

- Costs for the provision of ongoing, long-term, psychosocial counseling
- Fundraising and profit making initiatives, (e.g. salaries of fundraising consultants or professional fundraisers, thrift shops, catering services, restaurants, snack bars, and stores)
- Any service or activity that cannot be directly linked to an MFSP man-

dated service objective

- Food and beverage
- Site-specific services (e.g. medical clinics, daycare centres, family home daycares)
- Cost of transportation for C/MFRC program participants
Potential Exception: emergencies or extreme situations where transport of C/MFRC partici-

pants is deemed critical by the C/MFRC.

- Cost for the actual provision of Casual Child Care
Exception: costs for the actual provision of Casual Child Care to support participation in classed Second Language Training (refer to MFSP: Parameters for Practice, DMFS Second Language Training Policy, Annex E).

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C. Other Expenses

- Profit accumulation for the purposes of establishing contingency funds
- Gifts, Fines & Penalties
- Any other costs that have been identified by the C/MFRC and deemed by its DMFS Field Operations Manager to be ineligible based on the Memorandum of Understanding (MOU), Service Level Agreement (SLA) and MFSP: Parameters for Practice

Tips for Management and Administration (MFSP Funding Application Step 6)

The MFSP Funding Users' Guide refers to Management and Administration as "the operations within a centre that are not directly attributed to specific Service Categories." Volunteer support and development also falls into this section of the MFSP Funding Application, not because it cannot be directly attributed to specific Service Categories, but because it should apply to all Service Categories. To ensure that your MFSP Funding Application portrays the costs for Management and Administration accurately, you may wish to consider these suggestions.

In almost every instance, the majority of costs for Management and Administration are for personnel. Use the Personnel Cost Worksheet in the MFSP Funding Application to look at staff FTEs allocated to Management and Administration. Ask your-

self the following questions:

1. Is the staffing allocation an accurate reflection of actual management and/or administrative duties, or are these staff really delivering services to military families? Examples of positions to consider include administrative assistants and receptionists, who often spend a portion of their time providing welcome and community orientation and information and referral for community members.

2. Is the staff member actually coordinating mandated services, rather than management activities that fit the definition of Management and Administration? If so, perhaps a portion of that staffing cost needs to be reflected in the relevant Service Category as a coordination function. An example of this might include organizing special

events that are intended to meet the needs of military families.

3. Is the person responsible for volunteer management also engaging in service delivery activities or coordination of mandated services? If so, consider allocating a portion of that position to the appropriate service category.

Finally, consider the reasonableness of all costs included in the Management and Administration category, and whether they are appropriate for the size of the C/MFRC and the number of families you serve.



Child Care for Volunteers

This announcement does *not* imply that every C/MFRC is mandated to offset the child care costs of its volunteers; rather, this funding consideration makes it possible for them to consider doing so. It remains at the discretion of each C/MFRC to determine if this strategy is an appropriate and feasible means to further support volunteer contributions to their organization.

In order to support and facilitate the contribution of volunteers to C/MFRCs, DMFS will consider providing reasonable funds for C/MFRCs to reimburse or offset child care costs incurred by volunteers actively engaged in supporting the mandated services of the MFSP. We are pleased to announce that this sanctioned use of DMFS funding will be effective starting 1 April 2006.

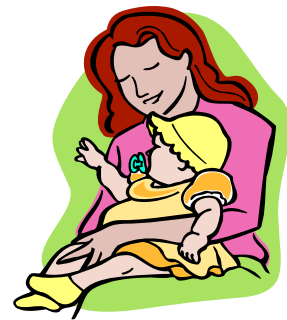
The reconsideration of this expense should facilitate both the recruitment and retention of volunteers, as well as serve to support C/MFRC efforts to adhere to the values, guiding principles and organizational standards of the Canadian Code for Volunteer Involvement.

In addition to members of Boards of Directors or Advisory Committees, eligibility extends to volunteers

working to support C/MFRC mandated services including management, coordination, administration or delivery of these services. DMFS funding for volunteer child care can only be used during the time that the volunteer is actively engaged in providing his/her services.

Costs associated with the provision of child care for volunteers are considered program expenses related to Volunteer Support and Development. Projected funding requirements for Child Care for volunteers are to be submitted annually to DMFS using the MFSP Funding Application, commencing with the 2006/2007 version. Funding requests should be listed as “Volunteer Child Care” under Management and Administration/ Volunteer Support and Development. As with all funding provided by DMFS, funds allocated

for this service are subject to verification; invoices and receipts should clearly indicate the details of the expenditure and be retained on file with the C/MFRC for five years.



Please note that funding consideration for volunteer child care expenses should not be confused with the provision of casual child care that facilitates participation in C/MFRC activities (MFSP: Parameters for Practice, Program Model, p.39). As you are aware, costs for the *provision* of casual child care to meet the mandated objectives of this service component remain ineligible and will not be funded by DMFS.



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Who Ya Gonna Call?

DMFS Field Operations Managers and the MFSP Funding Application

As you prepare for the MFSP Funding Application process for fiscal year 2006/2007 give consideration to what support your DMFS Field Operations Manager can provide. The MFSP Funding Application is now web based, which will save a considerable amount of time on data entry. It will still, however, require each C/MFRC to characterize and rationalize its business, and substantiate the requested resources. In addition, there are some changes to the MFSP Funding Application Users' Guide and the format of the Personnel Cost Work Sheet.

If you find yourself having difficulty with *any* part of the process, call or email your DMFS Field Operations Manager. (If you are experiencing technical difficulty with the MFSP Funding Application itself, contact CFPSA IT Support Services at MFSPFunding@cfpsa.com).



Here is what your DMFS Field Operations Manager can do to assist:

- Clarify or remind you of the feedback provided last year regarding your C/MFRC's 05/06 MFSP Funding Application;
- Interpret observations/recommendations made in your Annual Formal Site Visit report regarding last year's application;
- Provide clarification or interpretation of the Funding Application Users' Guide;
- Provide guidance on DMFS' expectations for any section of the MFSP Funding Application;
- Provide interpretation of the Ineligible Expenses policy; and,
- Provide interpretation of DMFS' expectations regarding MFSP: Parameters for Practice, particularly as it relates to the MFSP Funding Application.

Please note that DMFS Field Operations Managers will not review MFSP Funding Applications (or portions of MFSP Funding Applications) prior to the November 1st submission deadline. They will, however, be contacting each C/MFRC to see how the development of the MFSP Funding Application is progressing and to offer their support.

If you have received this email in error or do not wish to receive future editions of the DMFS Update, please advise us by return email.