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## APPENDIX II: REPORT OF EXTERNAL REVIEWER

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Date: October 28, 2007

To: Lynell Anderson, CGA  
Project Director  
Child Care Advocacy Association of Canada (CCAAC)

From: Gordon Gray, CGA

Re: Review of MTC Project

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As requested, I have reviewed the draft report (and support documentation) of the MTC project. In doing so, I used the following methodology:

1. Reviewed in detail all introductory documents, beginning with the First Ministers' Meeting Communiqué on Early Childhood Development (September 11, 2000);
2. Reviewed in detail the most recent annual report from each of the reporting regions (provincial, territorial and federal);
3. Reviewed in detail all financial information and non-financial indicators provided within the annual reports for each of the reporting regions in order to confirm accuracy of information extracted from those reports for inclusion in CCAAC's final report;
4. Reviewed in detail the draft of the final report to compare its conclusions with my own.

My comments should be prefaced by the fact that I am not in any way a childcare professional, and therefore might have been unable to make assumptions or connections that would be obvious to someone in the field.

Briefly, my understanding of the MTC project is as follows:

Beginning with the First Ministers' Meeting in September 2000, there was agreement to a major enhancement of funding for child development in each territory and province. This funding was essentially in three stages:

- a. the Early Childhood Development Agreement (ECD) to commence in fiscal 2001/02;
- b. additional funding for Early Learning and Child Care (ELCC), to commence in fiscal 2003/04;
- c. additional funding to support the Early Learning and Child Care Initiative (ELCCI), to commence in fiscal 2004/05.

The federal funding plan under the ELCCI was cancelled due to a change of government. However, funding for the first three years of the ELCCI took place before this change.

The focus of the entire funding program is aimed at children under the age of 6. Provinces and territories were free to apply the funds as they felt best met the needs of children within that target age group. Underlying the entire funding program was the commitment by the First Ministers that annual public reports were to be issued on a timely basis allowing any interested Canadian to learn how the funds were being spent, and to what effect. This included commitments to include year-to-year comparative reporting figures, and to develop common reporting tools and formats.

The purpose of the CCAAC report is to assess the effectiveness of the regional and federal reporting to date to see if it meets the commitments to timeliness and usefulness agreed to by the First Ministers.

From my review of the various annual reports, and tracking the financial data CCAAC extracted from the reports, I draw the following conclusions:

1. There is a wide range of reporting formats. While an overview of all the reports suggests an increase in programs aimed at the target preschool child since the baseline year of 2000/2001, a number of the regional reports are structured in a manner that makes year-to-year comparison, or analysis, of those expenditures difficult;
2. The timeliness of the reports also varies widely, with a few regions being current to the 2005/06 year, and others 2-3 years or more behind;
3. The financial figures CCAAC extracted from the various reports are, in my opinion, very accurate. Any differences were minimal, appearing only to be rounding errors. I note also that CCAAC's review of the financial data identified, and adjusted for, a number of computational errors found in the regional reports;
4. I noted several instances where financial figures existed in reports, but were not extracted by CCAAC due to concerns with the clarity, comparability and/or application of those figures;
5. CCAAC appears therefore to consistently have applied a conservative accounting approach in choosing financial data for analysis. By this I mean the analysis focuses on financial data that is free of ambiguity, that is summarized on a consistent basis, and that is comparable from one reporting year to the next. As is stated in the CCAAC report, *"We did not have the mandate, the authority or the resources to confirm the accuracy of the information provided by governments in their public reports, the reasonableness of the estimates used or the appropriateness of the methodology employed."* Therefore, I consider their cautious approach to extracting analytical data to be both prudent and appropriate.

In essence, I believe that the CCAAC report fairly represents the current state of financial reporting of the various funding received under the ECD, ELCC and ELCCI. Further, I believe that CCAAC's report recommendations are reasonable and appropriate.

**Other:**

While the actual mechanics of reporting, or rather the changes to same, are not the focus of CCAAC's report, the following came to mind during my review:

- a. While this may be understood to those within the childcare community, I found myself confused over the age range of children to whom these programs were to apply. To me, "0 – 6" includes children who are 6 years of age. I suggest a standard wording be recommended, such as "children who are younger than 6 years".

- b. In dealing with non-financial measures, I suggest additional wording be provided to explain these measures to the layperson. For example, on page 12 of the 03/04 report from Yukon, it notes that there were 2,426 children in Yukon between the ages of 0 and 6, that there were 1310 regulated childcare spaces, and that these spaces had an 83% occupancy rate. However, the last sentence on the page states: "Approximately 34% of Yukon children between the ages of 0 to 5 years are in regulated child care." If one takes 83% of 1310 spaces, the result is 1087. If one takes 34% of 2,426 children, the result is 825. I could not reconcile these statements.
- c. I suggest that regions be required to identify funding being carried forward to the following year. At least one region identified funding carried forward from the *previous* year, but made no mention of carry-forwards from the *current* year. In my opinion, funds carried forward, even if already allocated, should be identified.
- d. I suggest that all regions adopt a standard phrasing for the expenditure of funding. A number of regions use the term "allocation", such as "\$2,000,000 was allocated to this program." To me, "allocation" is the same as "budget"; namely, it means a *planned* expenditure rather than an actual one. It suggests the possibility that some of the funds remain unspent.
- e. I suggest that a standard be adopted for the reporting on funds in trust from ELCCI (2005). While the timing of delivery of the 2004/05 portions of these funds was such that regions did not, in essence, receive them until fiscal 2005/2006, the funds were delivered for those two years. However, I found that more than one region did not report ELCCI funds at all. The amounts allocated to the regions under ELCCI appear to be substantial and are identified as funds in trust. In my view, these funds should be clearly identified and reported, even if the funding has been reallocated.
- f. I suggest that the receipt of funds be clearly stated in full and that, in cases where the full amount of funding was not received, the reasons be stated. For example, in the 2004/2005 report for Nova Scotia, the Background (p.6) identifies that the province received "approximately" \$14.0 million from ECD, and "approximately" \$2.7 million from ELCC. According to the federal government document "Federal Support for Early Childhood Development and Early Learning and Child Care", Nova Scotia's shares were \$14.7 and \$4.4 million, respectively, a difference of approximately \$2.4 million. I was unable to reconcile this difference.
- g. The current state of regional reporting notwithstanding, I found the analysis of financial and non-financial information difficult. In my view, even the best of the regional reports is essentially useful only to a financial and/or childcare professional. The CCAAC draft report identifies the need to have public stakeholders involved in developing reports (or summaries thereof) that are meaningful to the layperson. I fully concur.

I am pleased to have been of service to CCAAC, and am open to any questions or requests for further information or clarification.

Regards,



Gordon Gray, CGA