



## Fact sheet:

# Alberta Interchange Directive

### How does an individual become aware of or initiate interchange opportunities?

Most interchanges have been initiated by interested individuals who through their own contacts, become aware of opportunities. Individuals interested in pursuing an interchange opportunity should advise their supervisor and human resources business partner.

Initial discussions between all interested parties should take place to explore the possibility of an interchange. If all parties agree to pursue an interchange arrangement, details such as term, duties, etc. would be negotiated by the parties. The conditions in each interchange are tailored to fit the particular circumstances of the interchange. An Interchange Agreement would then be prepared and signed by all parties. Copies of Interchange Agreements are available from Executive Search, Public Service Commission (PSC).

### Do the secondments have to be full-time in nature?

No. Alberta Interchange can also be used to facilitate part-time secondments (e.g., 50% split or 80% / 20% splits).

### Are all the clauses in the standard agreement required?

Some of the clauses are not mandatory and may not be applicable in certain cases (e.g., the clause on relocation is not relevant if the secondment opportunity is in the same location as the secondee currently resides). Other clauses that are required but have some flexibility around them are:

- term of the secondment;
- notification of termination requirements.

### Who must sign the agreements?

For those agreements involving employees or positions at the Executive Manager level, the Deputy Minister of the Government of Alberta (GoA) department, an authorized signatory for the external organization, the secondee, and the Public Service Commissioner must sign the agreement.

For those agreements involving employees classified at a level below the Executive Manager level, the Public Service Commissioner is not required to sign the agreements. However, all other parties identified above must sign. In the interest of executive development, departments are encouraged to forward copies of agreements involving employees at the Senior Manager level to Executive Search, PSC.

### When do I have to formally amend the agreement and when can I just use a letter to indicate a change to the terms of the secondment?

Whenever there is a change to the terms and conditions of the work, an amendment should be prepared and all parties to the agreement should sign the amendment. If the change reflects a salary adjustment and the original agreement contains the statement, "and is eligible for any salary adjustments", then a letter outlining the new salary would be sufficient as long as all parties to the agreement receive a copy of the letter.

## **What do I have to do if the parties wish to extend the secondment?**

If the agreement does not clearly specify the procedures to be taken, then a letter of amendment extending the termination date should be prepared. All parties who signed the original Interchange Agreement should sign the amendment making it a valid legal document.

## **What do I have to do if the parties wish to terminate the secondment prior to the termination date stated in the agreement?**

Most of the Interchange Agreements contain a provision for terminating the term of the agreement as long as all parties agree to the termination. Therefore, formal correspondence to this effect should be prepared and signed by all parties signing the original agreement.

## **What do I have to do if the parties wish to implement any salary or benefits adjustments?**

Most of the Interchange Agreements contain a provision for implementing salary or benefit adjustments that are a result of the normal course of employment. Consequently, all that is normally required is for the Host Organization to forward correspondence to all parties to the agreement which clearly outlines the changes.

If there is no provision in the agreement for these changes, a letter of amendment outlining the changes should be prepared and signed by all parties to the original agreement.

## **What financial process is used to recover salary?**

On a quarterly basis, the Home Organization forwards an invoice to the Host Organization. The amount invoiced is calculated in accordance with the terms outlined in the Interchange Agreement. The finance area of the Home Organization is responsible for this function.

If the Home Organization is a Department of the GoA, when the Host Organization remits payment, the Home Organization will use the Current Expenditure Refund (CER) process to deposit these funds back into the General Revenue Fund. The net result will be that the Home Organization shows a zero charge for the payroll costs associated with the Seconded Employee (i.e., there will be a zero draw on the budgeted funds allocated for the operations of the Home Organization).

## **Who is involved in the salary recovery process?**

Departments are responsible for invoicing and liaising with Host Organizations directly in the administration of the Salary Recovery Process for any interchanges where it is required. Executive Search, PSC staff will act in an advisory capacity only.

## How do you calculate the benefit amount? What benefits are included?

For Alberta government employees seconded to another organization or department, all direct salary costs paid to, or on behalf of, the employee should be included in the calculation utilized to determine the amount that should be invoiced.

In negotiating the terms of the Interchange Agreement, it is important that the methodology for completing these calculations be clearly documented. This will facilitate the calculation process in the future when one or more of the components in the calculation (e.g., salary level, benefit rate) changes.

## What percentage do you use to calculate benefits?

The percentage used to calculate benefits may vary between departments. Therefore, actual costs incurred should be used by the Home Organization when invoicing the Host Organization.

## Why are the amounts on the billings for the various quarters different?

The amounts on the billings may vary between quarters as a result of changes in salary rates, increases or decreases in benefit rates, or other adjustments such as an unpaid leave of absence. Depending on salary level, Canada Pension Plan and/or Employment Insurance premiums may be paid in full early in the year thereby reducing costs for the later part of the calendar year.

## What happens at year-end?

At fiscal year-end, outstanding receivables and liabilities must be accrued in keeping with standard year-end procedures. Therefore, invoices for the final quarter must be prepared prior to the end of the quarter using estimates. All parties must accrue the transactions accordingly to appropriately account for the actual financial position at fiscal year-end (e.g., the Home Organization would accrue a receivable for monies owing as a result of providing services and the Host Organization would accrue a liability of the same amount).

## What are the responsibilities of the parties involved?

### The department

- Provide consultation to employees interested in the Alberta Interchange.
- Prepare agreement.
- Continue to pay a GoA employee's salary and benefits while on assignment.
- Invoice host organization for salary, benefits and GST (where applicable) of employee on assignment.

### Public Service Commission

- Provides consultation to departments on the Interchange process, provides the agreement template, and facilitates review of draft agreements.
- Signs Interchange agreements at the Executive Manager level.

## Who do I contact with questions?

If you have any questions regarding the Alberta Interchange or its procedures, contact:

Executive Search  
Alberta Public Service Commission  
5th Floor, Peace Hills Trust Tower  
10011 109 Street  
Edmonton, Alberta T5J 3S8

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