


**Item No.**  
**HRM Grants Committee**  
**July 3, 2011**

**TO:** Chair and Members HRM Grants Committee

**SUBMITTED BY:**

  
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Greg Keefe, A/Director of Finance & Information Technology

**DATE:** June 21, 2011

**SUBJECT:** Community Grants Program Delinquent Reporting: Current Practice

### **INFORMATION REPORT**

#### **ORIGIN**

March 5, 2011 – HRM Grants Committee approved the acceptance of a payment plan to refund a grant for which reporting was not received. The committee requested further information on the program's current process for delinquent reporting or reimbursement and how returned funds are used.

#### **BACKGROUND**

The majority of awards granted under the *HRM Community Grants Program* are issued in full. In some cases payment is not issued (called a "holdback") pending confirmation of a specific condition of funding or a grant may be issued in instalments. All grant recipients are required to complete a final report on or before March 31<sup>st</sup> of the following year.

## **DISCUSSION**

### **1. Grant Reporting Requirements**

Presently, if a grant recipient fails to report on the expenditure of a grant, or uses the grant for ineligible expenses, their eligibility for further funding may be suspended (Community Grants Program Guidebook, p.34).

- a. *Intake Eligibility Screening:* All applicants are screened for program eligibility in terms of registered non-profit status, debt/receivables to HRM, type of project, property ownership, eligible expenses, and overdue reporting.
- b. *Grants Reporting:* All grant recipients must submit a final report with proof of expenditures in accordance with the terms and conditions of funding. Any ineligible expenses are to be reimbursed to HRM. The current program guidelines state “In rare circumstances, an applicant’s eligibility may be suspended for a specified time period for misappropriation of funds, failure to report, or misrepresentation” (Guidebook, p. 3). To date, suspensions have been applied for failure to submit a final report, repay an ineligible expense, or return any balance remaining.
- c. *Default Monitoring:* Efforts to secure overdue reports or reimbursement include reminder letters and telephone calls. The Nova Scotia Registry of Joint Stocks and Canada Revenue Agency databases are also searched to verify if the organization is operational. Reminder notices are issued following the March 31<sup>st</sup> reporting deadline. Non-compliance with reporting or requests for reimbursement is tracked by staff. These files are not archived pending resolution. To enhance program and recipient accountability, reporting on the status of delinquent files to the Grants Committee was initiated in 2011. HRM archives files for 7 years.

### **2. Project Extension**

If a project is delayed or cannot be completed by the March 31<sup>st</sup> reporting deadline, the grant may be carried forward to the following fiscal year. Requests are to be made in writing. In most cases HRM staff provide approval and the reporting deadline is amended accordingly. In complex or contentious cases, the Grants Committee may be asked to adjudicate. When a grant is carried forward to the following fiscal year the recipient organization is ineligible to apply for further funding pending completion of the initial grant. The Grants Committee have suggested that a restriction be placed on the duration of any carry-forward so as to reduce the risk of default. A separate report on proposed amendments to program policy will be submitted to the committee.

### **3. External Recovery Account**

Funds returned to HRM for a project unable to proceed, any balance remaining after eligible expenses, or the refund of an ineligible expense are deposited into a designated account (M311-

5508). Since this is an operating account, funds cannot be used in future years. Given the account's unpredictable timing and value, a reserve is not recommended. Due to the timing of awards issued under the *Community Grants Program* any funds withheld by HRM, or returned due to a recipient's inability to proceed, or any balance remaining, can only be applied to appeals.

### **BUDGET IMPLICATIONS**

None. This is an Information Report only.

### **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

### **COMMUNITY ENGAGEMENT**

Not applicable.

### **ATTACHMENTS**

None.

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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