

Grants Committee – December 5, 2011
Audit & Finance Standing Committee - December 14, 2011

TO: Chair and Members of Grants Committee
Chair and Members of Audit & Finance Standing Committee



SUBMITTED BY: _____
Brad Anguish, Director, Community & Recreation Services

DATE: November 18, 2011

SUBJECT: Work Plan - Corporate Grants, Donations and Contributions Audit

INFORMATION REPORT

ORIGIN

- The Auditor General's Report: "Corporate Grants, Donations and Contributions" – January, 2011 was referred to the CAO for implementation. The report was also referred to the HRM Grants Committee in relation to programs delivered under their auspices as a standing committee of Regional Council.
- October 3, 2011 meeting, staff committed to return to the December meeting with a work plan for the implementation of the Auditor General's Report.

BACKGROUND/DISCUSSION

The Auditor General's report Corporate Grants, Donations and Contributions (2011) identified twenty-nine recommendations, some of which are generic and applicable to all forms of municipal financial assistance to the non-profit sector while others are program specific. Two of those recommendations are fundamental to an enhanced framework for financial assistance programs. Completion of work on those recommendations will assist with many of the remaining recommendations. Therefore, at this time, staff are primarily focused on the following two recommendations:

Efficiency and Effectiveness:

“HRM Administration should consider centralizing the delivery of grants, donations and contributions of all kinds into one division, with primary responsibility for developing policy, business practises and reporting” (p.51).

A decision regarding centralization or de-centralization of administration and reporting is fundamental to ensure appropriate and effective funding to the non-profit sector. In order to make an informed decision, staff are undertaking work to assess the following options:

- Centralized direct delivery of assistance programs and reporting.
- De-centralized delivery of assistance programs with centralized policy development, program evaluation, and reporting.
- Status quo. Fully de-centralized service delivery and reporting across the organization.

Work has started on the assessment of the advantages and disadvantages of these approaches and the related resource implications and process impacts. Recommendations on the best approach is expected to be submitted to the CAO before the end of the calendar year. If approved, any changes are expected to be able to be implemented in April 2012.

Strategic and Corporate Policy:

“Regional Council should review the various definitions of grants, donations, contributions and sponsorship with a view to whether four separate categories are in fact needed. If four separate categories are in fact needed, HRM Administration should adopt and implement consistent definitions for the terms “grant”, “contribution”, “donation” and “sponsorship” delineated on a number of specific criteria such as whether or not the funding will benefit an HRM asset or support an HRM mandated service” (p.48).

The development of standardized operational definitions will provide consistency when describing municipal financial or in-kind assistance. Embedded in each definition will be key criteria that will provide guidance in program design, program evaluation, and assessment of appropriateness. The definitions will also in effect create a benchmark of ‘minimum standards’

for financial assistance programs. New and existing programs will then be able to be categorized by type and reviewed to ensure their respective policy and procedures conform.

Additional Work on Recommendations

Notwithstanding the overall focus on the two central recommendations above, there have been opportunities through current work to support some of the other recommendations. To date, the work on the other recommendation includes:

1. Business Improvement District (BID) Funding (Recommendations 15 and 26)

- Development and approval of detailed policy regarding HRM's discretionary matching funding to BIDs has been completed.
- Work has been started on process and accountability clarity related to BIDs. Detailed protocols are warranted given the value of the area rate collected annually by HRM on behalf of BIDs.

2. Proposed Disclosure Statement and FOIPOP Compliance (Recommendation 24)

- Draft disclosure statements have been prepared which encourages full disclosure on the part of applicants and cautions that violation could result in punitive sanctions. The statement will be added to all grant/tax application forms, final report form, and program guidelines
- A draft FOIPOP statement has been prepared which alerts applicants to the type and extent of information which can be shared with third parties. If approved, the statement will be added to all grant/tax application forms, final report form, and program guidelines.
- These statements are being presented to the HRM Grants Committee and Special Events Advisory Committee for their approval under separate cover for the December 5th and December 14th meetings respectively.

3. Tax Exemption for Non-Profit Organizations (Recommendations 9, 24 and 25)

- A disclosure statement has been added to the 2012-2013 Tax Exemption for Non-Profit Organizations application form that requires confirmation of owner occupancy. The application form must be signed by two persons, one of which must be an authorized signing officer of the Board of Directors.
- A benchmarking report on comparable municipal tax assistance programs for the non-profit sector has been initiated.
- Review of current practices is underway. This is an extensive exercise in information gathering and analysis that will cover historical precedence, legislation, and policy in

relation to various forms of tax concessions for the non-profit sector. Operational efficiencies will also be a priority consideration relative to growth in program uptake, costs, and risk management.

The overall completion of all work to support the recommendations of the Auditor General's Report on Grants and Donations is expected to take several months and will be dependent on the availability of required resources. Staff will continue to provide quarterly updates to the Audit & Finance Standing Committee until all recommendations are addressed.

BUDGET IMPLICATIONS

There are no budget implications.

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; this is an information report only.

ATTACHMENTS

None

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

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