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Item No. 1
Halifax Regional Council
March 6, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed by Director

SUBMITTED BY: _____
Greg Keefe, Acting Director of Finance and Information Technology

DATE: February 9, 2012

SUBJECT: Guidelines-HRM Spending During Municipal, Provincial or Federal Elections

INFORMATION REPORT

ORIGIN

Originates with staff.

BACKGROUND

The HRM Charter provides the broad framework within which policies authorizing the expenditure of public monies are developed, administered, and revised. Further, the various election acts provide guidance specific to election campaign spending and the conduct of incumbents and candidates including; for Municipal Elections, the Municipal Elections Act (1989 as amended), for Provincial Elections, the Provincial Elections Act (SNS 2011, c5), and Federal Elections, the Canada Elections Act (2000). In addition to legislation, the Halifax Regional Municipality monitors spending of public monies in accordance with the approved budget; both Capital and Operating. Specific policies and procedures are also in effect for specific types of reserve accounts, area rates accounts, and other spending accounts.

The attached guidelines are meant to provide additional clarity for members of Halifax Regional Council taking part in a Federal, Provincial or Municipal election. It is not meant to restrict members of Halifax Regional Council in the performance of their ongoing duties on behalf of their constituents.

DISCUSSION

The “HRM Spending Guidelines during Municipal, Provincial and Federal Elections” (attached) is intended to guide expenditures where individual Councillors direct the specific allocation of funds to one degree or another. As always those expenditures must be in accordance with applicable legislation, HRM’s goals and priorities. The aim is to ensure that during a period of increased public scrutiny, either preceding or during an election for public office, clear guidelines are established to guide individual discretionary spending decisions as they relate to public funds to provide transparency in the event of allegations of conflict of interest. Further, the guidelines provide direction to senior staff regarding the identification and reporting of any proven spending irregularities.

Often an election occurs in the middle of a fiscal year, raising additional need for clarification. The nature of some of these funds is such that expenditures and commitments may cover multiple years and the timing of the expenditures may be concentrated during the construction season.

These guidelines have been updated and amended to provide greater clarity on the official nomination day per the Municipal Elections Act and to provide more specifics on the relevant sections of the District Activity and District Capital Funds policies.

The Guidelines are attached.

BUDGET IMPLICATIONS

There are no budget implications associated with these guidelines, as these are spending guidelines on current approved budgets.

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

None

ATTACHMENTS

Attachment - HRM Spending Guidelines during Municipal, Provincial or Federal Elections

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.

Report Prepared by: Louis de Montbrun, Manager Financial Reporting, 490-7222

HRM Spending Guidelines During Municipal, Provincial or Federal Elections

Revised February 9, 2012

1. Context

The HRM Charter provides the broad framework within which policies authorizing the expenditure of public monies are developed, administered, and revised. Further, the various election acts provide guidance specific to election campaign spending and the conduct of incumbents and candidates including; for Municipal Elections, the Municipal Elections Act (1989 as amended), for Provincial Elections the Provincial Elections Act (SNS 2011, c 5), and Federally the Canada Elections Act (2000). In addition to legislation, the Halifax Regional Municipality monitors spending of public monies in accordance with the approved budget; both Capital and Operating. Specific policies and procedures are also in effect for specific types of reserve accounts, area rates accounts, and other spending accounts.

These guidelines are meant to provide additional clarity for members of Halifax Regional Council taking part in a Federal, Provincial or Municipal election. It is not meant to restrict members of Halifax Regional Council in the performance of their ongoing duties on behalf of their constituents.

2. Statement of Intent

The “HRM Spending Guidelines During Municipal, Provincial and Federal Elections” is intended to guide expenditures where individual Councillors direct the specific allocation of funds to one degree or another. As always those expenditures must be in accordance with applicable legislation, HRM’s goals and priorities. The aim is to ensure that during a period of increased public scrutiny, either preceding or during an election for public office, clear guidelines are established to guide individual discretionary spending decisions as they relate to public funds to provide transparency in the event of allegations of conflict of interest. Further, the guidelines provide direction to senior staff regarding the identification and reporting of any proven spending irregularities.

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3. Types of Spending Restricted During an Election

3.1 These guidelines apply to all Members of Council who are “officially nominated” in a Provincial, Federal or Municipal election. A candidate has been officially nominated when the receipt on the nomination paper has been signed by the Returning Officer.

3.2 The guidelines cover the following accounts:

- (i) District Activity Funds;
- (ii) District Capital Funds; and,
- (iii) Councillors Support Office and Mayor's Office expenditures in promotional advertising, newsletters, direct mail flyers or surveys, signage, or discretionary donations.

3.3 The following restrictions shall apply to the accounts listed in 3.2:

- (i) once an election proclamation has been issued pursuant to a Federal or Provincial election or by-election, no additional commitments or expenditures may be made by those Members of Council who have been officially nominated. Commitments or expenditures may resume once election returns have been filed and either:
 - (a) the candidate is defeated and commences the remainder of their term on Regional Council; or,
 - (b) a municipal election or by-election has been concluded and a new candidate is sworn in to municipal office.
- (ii) once a candidate is successful in a Provincial or Federal election, commitments or expenditures may not be made by the Member of Council during the time frame between their election victory and the swearing in date for their new area of representation be that a Provincial or Federal office. All remaining funds will be held for decision by the next councillor that will represent that district.
- (iii) following the official nomination for an HRM Municipal election or by-election, no additional commitments or budget changes may be made. Commitments or expenditures may resume once election returns have been filed and a candidate is either acclaimed or sworn into municipal office. For further clarity, the official nomination day under the Municipal Elections Act is the second Tuesday of September of election year or any such day five days prior that the Returning Officer signs a candidate's official nominations papers.
- (iv) if a candidate is acclaimed in a new or substantially altered district, then no expenditures or commitments can be made until the candidate has been sworn into municipal office. In 2012, as a result of the District Boundary Review, all districts will be considered as substantially altered.

For greater clarity, the District Activity Fund Policy states:

Section 5. Restrictions on Expenditures During a Municipal Election Campaign.

5.1 Councillors' District Activity Fund expenditures shall be suspended during a municipal campaign; the date of cessation of spending shall be set as the

official date for closure of candidacy as per the HRM Discretionary Spending During Municipal, Provincial or Federal Elections; Policy and Procedures (2003). This date is in accordance with Provincial and Federal Election regulations).

Rationale: The intent of this restriction on spending during an election campaign is to avoid allegations of irregular election spending among candidates.

5.2 No monies from the Councillors' District Activity Fund may be spent on an incumbent's election related costs.

Such expenditures are not deemed to qualify as a municipal purpose.

5.3 In the event of an incumbent's acclamation to Regional Council access to their District Activity Fund account shall not be suspended.

For greater clarity, the District Capital Fund Policy contains the following section related to spending during A Municipal Election.

Section 8, Restrictions during a Municipal Election

8.1 Expenditures from all categories of funding under the HRM District Capital Fund shall be suspended during a municipal election campaign and for Councillors who have been officially nominated in a provincial or federal election; or a by-election.

Rationale: The intent of this restriction on spending during an election campaign is to avoid allegations of irregular election spending among candidates or conflict of interest.

Interpretation: If a project is in progress, the work shall proceed and committed funds may be spent.

8.2 No monies from the HRM District Capital Fund may be spent on an election related cost, including those of the incumbent.

8.3 The date of suspension of the HRM District Capital Fund shall be set as the official date for the closure of candidacy.

Rationale: This date is in accordance with provincial election regulations.

Interpretation: Once an incumbent has officially declared their candidacy in a government election, use of their district allocation from the Fund shall cease.

8.4 Expenditures from the HRM District Capital Fund may resume upon the day a candidate is officially sworn into office as an elected representative of Regional Council.

8.5 In the event of an incumbent's or candidate's acclamation to Regional Council access to the district allocation of the HRM District Capital Fund shall resume.

3.4 A candidate shall not expend or direct the expenditure of any municipal funds in the production or distribution of promotional materials such as, but not limited to, a district newsletter, advertisement, signage, direct mail campaign, etc. during a Municipal, Provincial or Federal election. The time frame for this shall be the same as that referenced in 3.3.

3.5 Nothing in the guidelines shall prevent HRM from paying for a commitment, or legal obligation that existed on record prior to the circumstances listed in 3.3.

3.6 Nothing in the guidelines shall prevent HRM Regional Council from voting on a tender or RFP that was issued prior to the circumstances listed in 3.3.

3.7 Nothing in the guidelines shall prevent HRM from proceeding with debate or voting on its overall budget for the upcoming fiscal year even where items that are or could be listed in 3.2 are part of that overall budget.

3.8 In the guidelines, "commitment" shall mean a commitment normally defined by generally accepted accounting rules and HRM's internal policies and must be provided in writing to Finance staff.

4. Emergency Spending

The nature of the funds listed in 3.2 precludes any requirement for emergency spending. Emergency issues will be dealt with through the appropriate business unit utilizing HRM policies and procedures.

5. Responsibility for the Guidelines Implementation, Monitoring and Reporting

5.1 The CAO shall be responsible for ensuring staff compliance with the guidelines, assisted by the Deputy CAO.

Actions of HRM staff are expected to reflect awareness of and to comply with the stated intent of the guidelines. Any irregularities or violations of the guidelines on the part of staff shall be reported to the CAO and as appropriate by the CAO to Regional Council.

5.2 HRM Directors shall be responsible for ensuring annual Operating and Capital

expenditures, service standards, and project priorities are in accordance with the annual budget and business plan approved by Regional Council. Spending shall be in accordance with standard decision-making policies and procedures.

5.3 HRM Finance shall be responsible for monitoring expenditures in accordance with the approved budget and procurement policies and procedures.

5.4 Responsibility for review and revision of the guidelines shall rest with HRM Finance.