

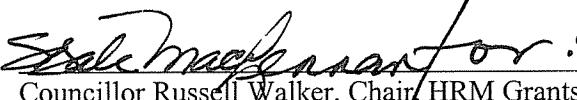
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Halifax Regional Council
October 7th, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Councillor Russell Walker, Chair, HRM Grants Committee

DATE: November 18, 2002

SUBJECT: **Councillors' District Activity Fund: Policy and Procedures - Revisions**

ORIGIN

At the Regional Council meeting of December 12, 2002, policy and procedures were approved to guide expenditures issued under the Councillors' District Activity Fund. In accordance with Section 8, Continuous Renewal Clause, the policy and procedures were to be reviewed after one year to assess scope, relevance, and effectiveness. The policy and procedures require amendments to reflect the transfer of the Grants Program portfolio from the Office of the Deputy Chief Administrative Officer to HRM Financial Services, which took effect August 2002.

RECOMMENDATION

It is recommended that Regional Council:

1. Approve the revised Councillors' District Activity Fund: Policy and Procedures as detailed in **Attachment 1** of this report;
2. Approve implementation of the revised Policy and Procedures effective April 1st, 2003.

BACKGROUND

The Councillors' District Activity Fund is managed under the HRM Grants Program portfolio, Financial Services, and administered by staff of the Councillors' Support Office, Administrative Services. The Fund provides modest cash grants to community groups, most of which would either be ineligible for the HRM *Community Grants Program* or too small to be well-served by the program's decision-making process and time-frame.

The Policy and Procedures for this program are intended to guide Regional Council and staff on types of eligible expense, record-keeping, and reporting. In accordance with the Municipal Government Act (1998) these policies and procedures should be reviewed every three (3) years. See: **Attachment 1**.

DISCUSSION

1. Scope, relevance, and effectiveness of current Policy and Procedures.

Since their inception, the Policy and Procedures improved understanding of the purpose of such grants and have eliminated the issue of payment to individuals (Item 3.2). In the past, such payments were occasionally issued on compassionate grounds to assist persons in crisis: these funds are now issued through recognized charitable organizations who can also provide appropriate referrals to social service agencies or local support services.

In general, record-keeping has improved but Grants Program staff have recommended a modification to the regular cheque requisition form to identify the purpose of the donation, not simply the recipient organization. This information is used for reporting in the *HRM Grants Program Annual Report*. A schedule of codes has been circulated to staff of Financial Services, the Councillors' Support Office, and Grants Program to provide consistency and clarity. The listing of codes is included in **Attachment 2** of this report.

Overall, the Policy and Procedures have resulted in improved and timely reporting to the Grants Program and are deemed sufficient and effective. The only exception to this finding is the solicitation of funds by HRM departmental staff or contractual parties. A copy of this report has been circulated to Directors of HRM departments and the applicable contractual parties for information.

2. Housekeeping Revisions.

The following changes are recommended:

1. Policy, Item 6.9.

"Authority for the inter-departmental transfer of funds from the Grants Program to the Councillors' Support Office is that of the [Office of the Deputy CAO] or his/her delegate".

Replace "Office of the Deputy CAO" with Director, HRM Financial Services..

2. Policy, Item 8.1.

"This policy shall be assessed after one (1) year of implementation to evaluate its scope, relevance, and effectiveness. Thereafter, the policy shall be reviewed every [two (2) years] or upon request to reflect substantive changes in legislation or municipal policy and priorities".

Replace "...every two(2) years" with every three (3) years.

3. Procedures, add the following two clauses:

Item 2.7 Requests concerning expenditures from the Fund should be fulfilled within five (5) working days. Staff shall inform the party requesting information regarding the Fund, or a specific district, that the applicable Councillor(s) shall be notified of the request.

Item 2.8. Staff are required to inform a Councillor, or Councillors, of requests for information in a timely manner and to supply a copy of the information to be released prior to public disclosure.

The addition of these two clauses is intended to make clear to staff and the general public that information is available and accessible but that the respective Councillor is advised as a matter of courtesy.

4. Section 5. Restrictions on Expenditures During a Municipal Election Campaign, add reference to the "HRM Discretionary Spending During Municipal, Provincial or Federal Elections: Policy and Procedures" (2003).

The new guidelines provide comprehensive assistance to candidates, incumbents, and staff with respect to discretionary spending during an election or by-election and supercede the "Councillors District Activity Fund: Policy and Procedures" (2000).

BUDGET IMPLICATIONS

None. The Councillors' District Activity Fund budget allocation remains un-changed for 2003-04.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

The applicable legislation is the Municipal Government Act (1998), and the Councillors' District Activity Fund: Policy and Procedures (2000).

ALTERNATIVES

None recommended. The proposed amendments reflect only a change in the departmental location of the Grants Program portfolio and to incorporate the MGA requirements.


ATTACHMENTS

1. Councillors' District Activity Fund: Policy and Procedures. (Revisions shown in bold type).
2. List of Codes for Donation by Type of Activity, October, 2002. (Revisions shown in bold type).

Additional Copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208

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Approved By:


Bruce Fisher, Manager, Financial Planning 490-4493

Councillor's District Activity Fund: Policy and Procedures

Origin

The Councillors' District Activity Fund provides financial resources to the Councillor of each electoral district in Halifax Regional Municipality. The aim of this fund is to provide a simple, effective method of providing small grants to community groups and special events. Typically, such requests are received directly by Councillors for modest amounts in support of local fund-raising campaigns, charitable and non-profit initiatives, a special event, or an amateur sports team or competition.

Background

Councillors often receive requests for help from local community groups that are either ineligible, too small or time sensitive to be handled in an effective manner by the larger *Community Grants Program* administered under the *HRM Grants Program*. Flexibility is required to address such local requests. Therefore, an amount is allocated in each year's budget for the *Councillors District Activity Fund*: a specified amount is allocated to each Councillor for use *in their district*.

Members of Council are assisted in the record-keeping of fund expenditures by staff of the Councillors' Support Office. At the end of each fiscal year financial records for the disbursement of funds are forwarded to staff of the *HRM Grants Program* for accounting, budgeting, and public reporting.

The following guidelines are intended to assist members of Regional Council and staff in the appropriate expenditure, record-keeping and reporting of expenses. This information may also be of help in the orientation of new Council members or staff, or in response to residents who have specific questions regarding municipal government expenditures.

Discussion

The following policy and procedures outline how discretionary expenditures from the Councillors' District Activity Fund may be used, record keeping and reporting requirements. The policy also contains guidance on the roles and responsibilities of HRM staff in the Councillors' Support Office, Financial Services and the HRM Grants Program.

HRM Councillors District Activity Fund: Policy and Procedures

A. POLICY

1. Context

The Municipal Government Act (1998) provides the broad framework within which policies authorizing the expenditure of public monies are developed. According to the Act, the Municipality may award a grant or make a contribution to a duly registered non-profit organization, charity, society, club, association, or exhibition.

In general, contributions made under the Councillors' District Activity Fund focus on local activities related to recreation, social welfare, culture, charitable fund-raising by a recognized institution or duly registered community group, community and civic events, an amateur sports club or sports event, environmental protection or a community beautification project, and community-based educational initiatives.

- 1.1 Contributions made under the Councillors' District Activity Fund are not intended to supplement HRM departmental budgets in program and service delivery.
- 1.2 Contributions made under the Councillors' District Activity Fund are not intended to subsidize the operations of an HRM Standing Committee or a Committee of Council.
- 1.3 Contributions made under the Councillors' District Activity Fund are not intended to compensate or supplement federal or provincial responsibilities in health care, social services, justice or employment.

2. Statement of Intent

The Councillors' District Activity Fund Policy, is intended to guide expenditures in accordance with the Terms of Reference for the Grants Program, HRM Finance Policy, and legislation regarding spending during government elections.

3. Approved Purposes

- 3.1 The Municipal Government Act (1998), Part IV Finance, Section 65, Item (au) states that the Municipality may make a grant or contribution to:
 - (i) a society within the meaning of the *Children and Family Services Act*,
 - (ii) a mental health clinic in receipt of financial assistance from the Province,
 - (iii) an exhibition held by an educational institution in the Municipality,
 - (iv) a club, association or exhibition within the meaning of the *Agricultural and Marketing Act*,

(v) any charitable, nursing, medical, athletic, educational, environmental, cultural or social organization within the Province,

(vi) a registered Canadian charitable organization,

but the total of the grants so paid in a fiscal year shall not exceed one per cent of the taxes for general municipal purposes levied by the Municipality for that year;

Interpretation: grants may not be awarded to commercial or private enterprises; grants may not be awarded to individual persons or families; the total value of grants awarded by the Halifax Regional Municipality in any given fiscal year cannot exceed 1% of the property tax assessment¹.

3.2 Funds may be expended in support of a duly convened Community Council. Such funds may be combined with other HRM polling districts for collaborative use by several Community Councils for municipal purposes as outlined in Section 65 of the Municipal Government Act.

Rationale: by sharing the costs and pooling resources Community Councils can organize an event or program on a scale to serve residents of several communities.

Such funds may be used for constituency surveys, needs assessment surveys, asset-mapping exercises, public opinion surveys, strategic planning, feasibility studies, and public consultations regarding a municipal government service.

3.3 Donations may be made to established, registered charities

3.4 A donation to a registered charitable organization or event shall be recognized with a receipt. Individual members of Council shall receive no personal tax benefit. All receipts for such donations are to be submitted to HRM.

3.5 Emergency assistance to an individual constituent or family is not permissible

Rationale: Where possible, assistance for social welfare needs should be handled by an institution. Referring personal requests to an independent agency or group within the local community helps in situations when (a) the demand for help exceeds funds available and a judgement must be made as to who can receive assistance, and (b) there is a risk of alleged undue process or conflict of interest.

Individual beneficiaries are not recognized under the Municipal Government Act, Section 65. Members of Council who wish to assist cases of individual or family need must do so through a recognized third party (a church, registered charity, or local social agency).

¹Includes all forms of grants awarded across all HRM departments, programs and special projects.

3.6 Donations to a local public school Parent-Teacher Association are permissible².

Such donations may include subsidizing school trips or extra-curricular activities for socially disadvantaged students, Safe Grad committees, assistance for school teams (sports, science, drama, music, arts, etc), citizenship or recognition awards, programs which promote social inclusion and personal safety (for example, the League of Peaceful Schools, anti-bullying, anti-violence, anti-racism), public consultations, and minor equipment purchases (such as enhanced school playground or garden provision, safety etc).

The intent of such donations is to demonstrate support for important educational and social principles, citizenship, and community pride. Assistance to school activities is intended to promote inclusion and to enhance cultural activities for children and youth.

Assistance for the enhancement of school grounds recognizes that in some communities a school property may be the principle facility for community social, athletic or cultural activities. Some schools act as the equivalent of a social centre or recreational facility where no private or municipal facilities exist.

3.7 Donations to a local recreational, athletic, environmental, cultural, arts, or heritage group are permissible³.

3.8 Recipients of public funds administered through Halifax Regional Municipality are expected to uphold the Charter of Human Rights and participation should be open to all citizens without undue discrimination.

4. Restrictions on Type of Expenditure

4.1 No HRM department, program, committee, or representative shall solicit a member of Council for District Activity Funds for any HRM program, project or service.

Examples include the purchase or donation of equipment, supplies, service fees, or honoraria. Any such solicitation should be reported to the Grants Committee.

Staff are expected to relay information to members of Council regarding community issues and requests. Such information should be relayed in the form of a written memorandum.

Staff are not expected to encourage individuals or groups in lobbying members of Council.

4.2 District Activity Funds are not intended for use in fund-raising activities that are of direct or indirect benefit to an HRM department, program, project, service, or individual.

Examples of such exclusions include calendar sales, funds for staff competitions, cadet corps, benefit events, conferences, scholarships, team uniforms, social events, awards, or sports events.

²*Municipal Government Act (1998), Section 65, Item (au), (v).*

³*Municipal Government Act (1998), Section 65, Item (au), (v).*

5. Restrictions on Expenditures During a Municipal Election Campaign

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

6. Record-Keeping Requirements

- 6.1 Receipts shall be required for all expenditures.

- 6.2 If a Councillor uses a personal credit card, cash, or a personal cheque to pre-pay an expense on behalf of a District Fund applicant an invoice and/or receipt and the name of the beneficiary should be submitted for reimbursement.

Approval must be in place to ensure reimbursement.

- 6.3 The fiscal year starts April 1st and ends March 31st of the following year. No expenses shall be claimed or reimbursed after the fiscal year cut off of March 31st.

There shall be no over-expenditures from the Councillors' District Activity Fund.

- 6.4 There is no accrual of funds. Any monies not expended and accounted for in any year (by March 31st) shall not be carried forward to the next fiscal year.

- 6.5 Council members and staff are responsible for making a clear determination if an expenditure is permissible and shall be expected to issue funds in accordance with the appropriate HRM financial policies. Assistance is available from staff of Financial Services and the Grants Program.

- 6.6 The authority and responsibility for the administration of the Councillors' District Activity Fund is that of the Grants Committee.

- 6.7 The authority and responsibility for the determination of a permissible expense is that of HRM Financial Services.

Staff of the Grants Program and the Councillors Support Office are expected to obtain guidance

in decision- making from the HRM Director of Financial Services or his/her designate.

- 6.8 Any dispute regarding the appropriate expenditure of funds shall be mediated by members of the Grants Committee. This committee comprises representation from Regional Council, the public, and HRM staff.

If a dispute regarding the Councillors' District Activity Fund is to be debated by the Grants Committee such proceedings shall be held "In Camera" for the purpose of protecting the privacy of individual recipients.

- 6.9 Authority for the inter-departmental transfer of funds from the Grants Program to the Councillors' Support Office is that of the **Director, HRM Financial Services** or his/her designate.

- 6.10 A review of accounts may be conducted at the discretion of the Grants Committee or as requested by HRM Financial Services and included in the annual HRM audit.

7. Reporting Requirements

- 7.1 An annual reporting of itemized expenditures by electoral district shall be the responsibility of the Grants Program.
- 7.2 The annual list of expenditures shall be made available to elected officials, HRM staff, and members of the general public.
- 7.3 The *Grants Program Annual Report* shall include an itemized list of expenditures for the Councillors' District Activity Fund. Access to this information may also be made available by electronic means such as the HRM Web Site.

8. Continuous Renewal Clause

- 8.1 This policy shall be assessed after one (1) year of implementation to evaluate its scope, relevance, and effectiveness. Thereafter, the policy shall be reviewed every **three (3) years** or upon request to reflect substantive changes in legislation of municipal policy and priorities.
- 8.2 Responsibility for policy review and revision shall be that of the HRM Grants Program.
- 8.3 Recommended changes to policy shall be forwarded to Regional Council by the Grants Committee for approval.

B. Procedures

1. Roles and Responsibilities

Grants Program:

The Grants Program, through a standing Committee of Council (the Grants Committee) shall seek the approval of Council for the Fund's annual budget through the regular HRM business planning and budget process. Staff of the Grants Program are responsible for maintaining policy and procedures for the Fund, shall publish a listing of disbursements from the Fund in the *Grants Program Annual Report*, and shall respond to staff or public inquiries.

Financial Services:

Staff of HRM Financial Services shall be responsible for processing the payment of awards, monitoring appropriate expenses, the maintenance of financial records including all original receipts, invoices, and cheque requisitions, the compilation of a list of annual expenditures by electoral district for inclusion in the *Grants Program Annual Report*, and shall oversee the auditing of accounts as required.

Councillors Support Office:

Staff of the Councillors' Support Office shall be responsible for the orientation of new members of Council and HRM staff, shall provide direct assistance to members of Council in completing payment requisitions, and shall maintain records of expenditures for members of Council.

Note: the original invoices and receipts are sent to Financial Services. The files maintained by the Councillors' Support Office are duplicates and only provide for convenient access to information.

2. Procedures

- 2.1 Cheque requests for payment of an invoice, reimbursement of an out-of-pocket pre-payment by a Councillor, or a grant to a community organization are completed by staff of the Councillors' Support Office and sent to Financial Services

Note: pre-paid expenses which do not conform to the guidelines for eligible expenses may be declined reimbursement.

- 2.2 Cheque requisitions should include the appropriate documentation ie. An invoice, or a receipt for pre-payment (sales slip, credit card slip, letter, invoice). The originals are to be attached to the cheque requisition and are retained in the files held by Financial Services. Photocopies of these forms should be made by staff of the Councillors' Support Office and filed for reference.
- 2.3 Any tax receipt issued by community non-profit groups and charities for donations made using public funds should be submitted to HRM. These receipts are to be forwarded to Financial Services by the Councillors' Support Office.

- 2.4 At the end of each fiscal year as part of the regular reporting process for HRM, Financial Services prepares a list of expenditures by polling district. One copy of this listing is to be sent to the Grants Committee and one copy is to be sent to the Councillors' Support Office.

Staff of the Councillors' Support Office are responsible for circulating this information report to all members of Council. This information will assist individual Councillors' in tracking their discretionary expenditures.

- 2.5 Staff of the Grants Program are responsible for making this information available to the public through the *Grants Program Annual Report*. The information may also be posted on the HRM Web Site.

- 2.6 The Councillors' District Activity Fund will be included in the annual audit and requests for a more detailed review will be evaluated by the HRM Revenue and Process Audit group. Such an audit shall check for complete and appropriate documentation, compliance with policy, the fair and consistent application of policy, accurate reporting, and other issues determined relevant by the audit team.

- 2.7 **Requests concerning expenditures from the Fund should be fulfilled within five (5) working days. Staff shall inform the party requesting information regarding the Fund, or a specific district, that the applicable Councillor(s) shall be notified of the request.**

- 2.8 **Staff are required to inform a Councillor, or Councillor(s), of requests for information in a timely manner and to supply a copy of the information to be released prior to public disclosure.**

Approved: December 2002

Revised: April 2003

Attachment 2

Attachment 2. List of Codes for Councillors' District Activity Fund Donation by Type of Activity		
Code Number	Category	Description (Examples of group or activity)
1	Sport and Recreation	Amateur sports teams, local sports clubs, community-owned recreation facilities, trails, community sport or recreation programs for children and youth.
2	School	Primary, junior high, high school, college or university. Student trips, PTA, band equipment, fairs, special events, fund-raising projects, concerts, graduations, student awards.
3	Social	Emergency assistance through food, clothing or furniture bank, community feeding program, day care, parent resource centre, emergency shelter or hostel, non-profit fund-raising campaign.
4	Youth	Local youth groups such as Boys & Girls Club, 4H, Boy Scouts, Girl Guides, Big Brothers and Big Sisters, local youth centre, youth program, youth conference.
5	Church	The term 'church' includes "place of worship", religious and faith groups, congregational activities, church camp site or facility.
6	Seniors	Seniors social activities, seniors facilities, organizations, events and conference hosting.
7	Heritage	'Heritage' includes historical attractions, interpretation centres, heritage organizations, historical societies, community-owned heritage property, publications, promotional materials, conference hosting, fund-raising campaigns. Excludes privately-owned heritage property.
8	Events	Local community or neighbourhood celebrations or anniversaries, town crier, float, pins and flags, promotional items.
9	Health	A fund-raising campaign or event organized by a recognized non-profit health organization, hospital, clinic, event.
10	Public Safety	Local community or neighbourhood initiatives such as Neighbourhood Watch, volunteer rescue, ski patrol, animal rescue. Excludes HRM Police Services, RCMP, HRM Fire Services, EMO programs and services funded under contract or eligible through a departmental budget.
11	Environment	Community Clean-Up, anti-Litter campaign, tree planting, community garden, streetscape beautification, gardening groups, environmental education, events, land conservation, wildlife protection.
12	Arts	Arts organization, fund-raising campaign, event, community program, exhibition, community-owned arts facility.
13	Other	Local residents' association, tenants group, advocacy organization, homeowners association, service clubs.
14	Misc.	Requires confirmation of eligibility from Grants Program staff.