

HRM District Capital Fund: Draft Policy and Procedures

The *HRM District Capital Fund* is a centralized program that provides partial or full funding to HRM capital projects or community non-profit groups at the discretion of the district Councillor. All expenditures from the *HRM District Capital Fund* are identified by individual members of Regional Council who assess the respective merit of projects, priority relative to council's objectives, and the amount or type of expenditure (ie. an internal transfer, or a donation or grant). The program is jointly administered by HRM Finance and the Councillors' Support Office.

The *HRM District Capital Fund* has two primary goals:

- To complete small-scale HRM projects not included in the annual HRM departmental operating and capital budget process.
- To provide a simple and responsive method of providing modest donations and grants in support of local neighbourhood volunteer initiatives.

Annually, the total budget allocation for the program is distributed evenly among the 23 electoral districts.

The following policy and procedures outline how expenditures from the *HRM District Capital Fund* may be used, record-keeping and reporting requirements. The policy also contains guidance on the roles and responsibilities of applicants, HRM staff, and elected officials.

A. POLICY

1. Context

The purpose of HRM District Capital Fund Policy is to guide expenditures and reporting in accordance with the Municipal Government Act (1998), Public Sector Accounting Board Standards, HRM Financial Policy, HRM Ethical Code of Conduct and Conflict of Interest Guidelines, and applicable legislation and by-laws.

2. Statement of Intent

- Contributions made under the auspices of the *HRM District Capital Fund* are for the benefit of residents and are not intended to benefit an individual, private interest, private property, business, professional or occupational association, or activities outside the mandate of the municipality.
- Contributions are not intended to subsidize the operations of an HRM Standing Committee of Council, an HRM advisory committee, or an ad hoc committee.

- Contributions made under the auspices of the *HRM District Capital Fund* are intended for projects that fall within the municipality's mandate in program and service delivery. Funds are not intended to replace, supplement, or compensate the loss of federal or provincial funding or to assume responsibilities in areas such as but not limited to health care, social services, justice, employment, the armed forces, or international aid.

Rationale: *The HRM District Capital Fund is financed from the general tax rate; the payment of property taxes, fees and fines is not a discretionary expenditure on the part of the public and as such, revenues levied are for the provision of municipal services. In principal, therefore, donations and grants to non-profit groups funded through municipal revenues are intended to be located within the geographic boundary of HRM and for purposes aligned with the municipality's mandate.*

Interpretation: *A donation or grant may be made to an organization such as but not limited to an educational institution, service club, sports club, daycare, church, or social service agency in circumstances where the benefit of public funding is not restricted to a specific membership or affiliation. The aim of the Fund is to realize a benefit to the general public; it is therefore expected that the public have reasonable access to the facility, service, or program at no cost or for a nominal fee. Further, it is expected that recipients of grants or donations paid from the general tax rate shall originate and be located within the geographic boundary of HRM.*

- Contributions shall not be made to a political party or affiliate thereof.

3. Allocation of Funds

- 3.1 Funds may be spent on either HRM-owned or community-owned assets. The term assets includes infrastructure, land, buildings, equipment, signage and fixtures. For the purpose of this Fund the project does not have to meet the HRM definition of capital in terms of value.**

Interpretation: *The inclusion of community-owned assets recognizes that in some electoral districts the local population is too small to sustain a government owned and operated facility (eg. sports field, playground, park, community hall, wharf etc) and the needs of residents are served by the non-profit sector.*

- 3.2 As part of the regular annual budget process Members of Regional Council are asked to develop a list of projects they wish to see undertaken in their district. Staff are to provide timely notice of any projects not recommended for inclusion so that they may be identified and, at the discretion of the Councillor, be scheduled under the *HRM District Capital Fund*.**
- 3.3 Members of Regional Council shall identify any HRM projects funded through or with the assistance of the *HRM District Capital Fund* as early in the fiscal year as possible in order for the operational business units to plan and schedule work.**

4. Approved Purposes

- 4.1 Non-Profit Organizations:** The Fund may be used for a donation or project-specific grant to a duly registered non-profit society or federally registered Canadian charity in accordance with clause 4 of the HRM District Capital Fund Policy and Part IV Finance, Section 65, Item (au) of the Municipal Government Act (1998).

***Interpretation:** Donations and grants cannot be awarded to for-profit or private enterprise, individual persons or families.*

It is recommended that non-profit groups in receipt of a donation or grant be registered societies under the Nova Scotia Societies Act or a registered charity under the federal Income Tax Act. However, at the discretion of the councillor, a volunteer group that is not registered as a society with the Nova Scotia Registry of Joint Stocks may receive a donation or grant if the organization is long-standing, has a formal constitution and by-laws, convenes regular meetings of the membership, and keeps appropriate financial records. In effect, the group operates in a manner consistent with that of a society or charity.

- 4.2** If a grant to a non-profit organization is to be used for real property (land or building) the recipient organization must be the owner or joint owner of the property as registered with the Nova Scotia Registry of Deeds, or, the recipient organization is the operator of HRM-owned real property under contract through an authorized facility management agreement, lease agreement, or license currently in effect for a minimum term of 5-years.

***Rationale:** HRM has a vested interest in realizing a cost-effective return on the investment of public funds. Such grants are not intended solely to enhance the value of the property for the purpose of sale or disposal.*

***Interpretation:** A 'standard' lease agreement is for a term of 5 years. The value of any grant should be commensurate with the term of tenancy (ie. excludes month-to-month leases or a lease of less than 5 years) so as to achieve a reasonable return on public funding.*

- 4.3 Property that is leased from a party other than HRM is not eligible for funding of construction, repairs or improvements to the leased property.**

***Rationale:** Public money shall not be invested in a private asset.*

***Interpretation:** Donations and grants cannot be awarded to property owned by commercial, business, industrial or institutional interests, private property, or property acquired through adverse possession. Incremental or "top-up" funding is available through District Capital. Donations or grants shall not normally be awarded to property owned by the federal or provincial government, however support of regional trails on provincial or federal lands is allowable provided there is not duplication of funding from the Trails Capital Grants.*

- 4.4 A non-profit organization can only apply to one HRM grants program in any one fiscal year for the same budgetary item; for example, to the HRM District Capital Fund, or Community Grants Program, or Festivals & Events Grants, or Trails**

Capital Grants etc.

Interpretation: Presently, an HRM property tax subsidy or rent subsidy are not considered a project-specific grant and are therefore not included in Item 4.4.

4.5 Municipal Capital Projects: Funds may be used for an HRM departmental project for the purchase, construction, expansion or repair of an HRM-owned asset.

Note: Excludes preventive maintenance and recurring operating costs that should be included in a departmental annual operating budget. The term asset includes infrastructure, land, buildings, equipment, signage and fixtures.

4.6 HRM Community Councils: The Fund may be expended in support of initiatives put forward by a duly convened HRM Community Council. Such funds may be combined with other HRM electoral districts for collaborative use by two or more Community Councils for municipal purposes in accordance with the roles and responsibilities of the Community Council.

Rationale: By cost-sharing Community Councils could undertake a project on a scale to serve residents of several communities.

Interpretation: The type of Community Council cost-shared initiative that could be funded under the HRM District Capital Fund includes but is not limited to:

a park or trail that encompasses several communities within different electoral districts or a facility capital upgrade in one district to host a tournament or event that will draw participants or spectators from across districts or the region.

public surveys, asset mapping, strategic planning, feasibility studies, design fees or technical plans, program evaluation, a non-recurring workshop, a conference, public meeting, or public consultation regarding a municipal government service or a community event.

5. Carry Forward of Funds

5.1 Funds may be carried forward to the next fiscal year provided they have been committed to specific projects, either internal or external (community group).

5.2 If a commitment or contribution made to a project that relies on third party funding such as volunteer fundraising or a government grant proves not to be feasible (e.g., do not raise the necessary funding) the commitment may be released and the funds committed to another project.

6. Restrictions on Type of Expenditure (Use of Funds Not Permitted)

6.1 Assistance to an individual, family or private interest is not permitted.

Interpretation: Individual beneficiaries are not recognized under the Municipal Government Act (1998), Section 65, such as requests for personal assistance in the payment of bills or fines, the purchase of goods and services, or sponsorship of individuals in fundraising events¹. The purchase of goods for an equipment loan program is permitted provided that, notwithstanding reasonable restrictions with respect to personal safety and care of assets, such resources are made available to the general public for free or at nominal cost.

A donation or grant may be made to a non-profit organization formed for the purpose of emergency assistance or to a non-profit organization with a formal, designated fund used exclusively for the purpose of assisting disadvantaged persons. For example, HRM Kids, a trust fund etc. Academic scholarships are not eligible for funding.

6.2 No HRM department, program, facility, committee, or representative shall solicit a member of Regional Council for a donation, grant or in-kind contribution to an HRM program, project, or service².

Interpretation: Staff are expected to refer information to members of Regional Council regarding community issues or requests in an appropriate manner (ie. a written memorandum or an email) but not to participate in soliciting applications. No member of staff shall provide a prospective applicant preferential consideration.

Staff are expected to cost projects in accordance with established budget guidelines.

6.3 No member of HRM staff shall solicit a member of Regional Council for personal sponsorship³.

Interpretation: Staff have privileged access to information and may exert influence in municipal decision-making that could be perceived as an unfair advantage or a conflict of interest.

6.4 Following completion of a project, the applicable HRM department(s) shall submit a report of costs incurred for materials, equipment rentals, overtime etc to HRM Finance who will allocate the *District Capital Fund* to the project up to the amount committed and authorized by the Councillor. Charge-backs for regular HRM staff time (ie. salaries or wages) is not eligible for funding. Such expenses are part of the regular departmental operating budget.

¹ Examples include payment of taxes, fees or fines, purchase of food or clothing (including team or individual uniforms), payment of utility bills, sponsorship of individuals participating in a recurring fundraising event for an international, national, or provincial program or service, home repairs, equipment purchase for an individual (eg. sports equipment) or equipment repairs (including private vehicles).

² Examples include calendar production or sales, publications, staff competitions, cadet corps, benefit events, conferences, social events, awards, or sports competition.

³ Examples include participation in a fundraising event that requires individual sponsorship, the purchase of goods and services on behalf of an individual, educational or professional development, scholarship or bursary, or support to a society or enterprise of which that staff member is a participant or affiliate.

Rationale: *The intent is to prevent "double dipping" or cost-overruns.*

7. Restrictions on Expenditure Authorization

- 7.1 No request for funding or cheque requisition shall be processed or issued without the authorization of the Councillor(s) indicated by their signature upon the payment requisition.**

Rationale: *Individual members of Regional Council are responsible for the expenditure of funds allocated to their electoral district and must be aware of the value, purpose, and timing of each expenditure.*

- 7.2 In the event that a member of Regional Council is unable to provide their personal signature they may designate in writing an alternate from among their peers to serve in this capacity for the period of time specified by the Councillor.**

Rationale: *A member of council might be absent for an extended period of time due to illness, short-term disability, compassionate leave, a leave of absence etc and their constituents should not be disadvantaged. A member of staff is not authorized to serve as a designate in this capacity.*

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.

9. Appeals

- 9.1 Members of Regional Council and staff are responsible to make a clear determination of eligibility and shall issue funds in accordance with the appropriate HRM financial policies. Assistance in the interpretation of policy is available from HRM Finance.
- 9.2 Appeals shall be considered on the basis of (a) new information unavailable at the time of application, (b) an error in the application of policy and procedures, or (c) a request to amend policy.
- 9.3 Any dispute regarding the eligibility of a recipient or project eligibility shall be mediated by a Deputy Chief Administrative Officer or the Chief Administrative Officer.
- 9.4 Additional guidelines on what constitutes eligible versus ineligible expenditures are provided in Appendix 3.

10. Financial Record-Keeping Requirements

- 10.1 The fiscal year starts April 1st and ends March 31st. No expenses incurred after March 31st shall be reimbursed after the fiscal year end.

Rationale: There is no over-expenditure of the Fund. Funds committed to a project may be carried forward, however any un-expended and/or un-committed balance remaining at year end shall be included in the general operating surplus/deficit.

- 10.2 Donations or grants require a receipt issued by the recipient organization in the name of Halifax Regional Municipality. Registered charities are required to provide an official tax receipt in the name of Halifax Regional Municipality.
- 10.3 An audit of accounts may be made at the discretion of the HRM Audit Committee or Business Systems & Control Group.

11. Reporting Requirements

- 11.1 An itemized annual report of expenditures by electoral district shall be the responsibility of HRM Finance.
- 11.2 An annual list of expenditures shall be made available to elected officials, HRM staff, and members of the general public.

Interpretation: In addition to individual formal reports to Regional Council full disclosure of expenditures shall be posted publicly on the HRM web site.

11.3 In accordance with section 65 (au) of the **Municipal Government Act (1998)** a list of all donations and grants to community non-profit organizations shall be sent to a newspaper that circulates throughout the region within 30 days of the fiscal year end.

11.4 Staff shall notify a Councillor of any request for information.

Rationale: In part this policy is a simple courtesy; because awards under the HRM District Capital Fund are at the discretion of the district councillor they are best positioned to explain the details of the project and the value of any publicly funded assistance.

11.5 The provisions of the **Municipal Government Act (1998)** shall be followed with respect to freedom of information and the right to privacy (FOIPOP). The standard protocol directs the initial inquiry to departmental staff. If the request is not met to the satisfaction of the applicant, or not routinely available, the request shall be forwarded to the Director of Finance. Any grievance should be directed to the FOIPOP Coordinator of HRM who shall be responsible for the review and resolution of requests.

11.5 The *HRM District Capital Fund* shall be included in the annual audit and requests for a more detailed review will be evaluated by the Business Systems & Control Group. Any such 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.

B. PROCEDURES

1.Roles and Responsibilities

The *HRM District Capital Fund* is managed by HRM Finance and administered jointly with the Councillors' Support Office.

Applicant: Non-Profit Organization:

All requests shall be made in writing and include the name of the registered non-profit society or charity, the purpose of the donation or grant, the amount requested, and contact information to include civic mailing address, telephone number (email or fax if applicable), and relation to the group (ie. a member of the Board of staff member authorized to act on behalf of the group).

Any request for funding from a non-profit organization received by a member of HRM shall be referred to the applicable Councillor or Community Council members in writing including contact information. In such circumstances, staff shall not provide any indication of the Fund's status (ie. balance or accrual), eligibility, or probability of funding and amount. Such information is to be provided solely by the district Councillor or Community Council.

HRM Business Unit: Project Confirmation:

All funds committed towards a capital project from the Fund shall be approved by departmental staff (ie. costed and scheduled) and confirmed in writing to the Councillor(s). Unscheduled work may be included as low priority or deferred to a subsequent fiscal year subject to the availability of internal resources or external sub-contractors.

HRM Finance:

Staff of HRM Finance manage the program and administration in collaboration with the Councillors' Support Office. All requests for project support or for a commitment of funds toward capital projects managed and funded under an HRM department, grants, and donations are processed and payments issued in accordance with established financial policies. The maintenance of financial records, including all original receipts, invoices, cheque requisitions, and application forms are filed in the central records system. This department also compiles an annual list of awards to external agencies for publication in a regional newspaper and prepares a statement of accounts in the form of quarterly/annual reports to Council.

HRM Finance shall monitor compliance with the policy.

HRM Finance shall oversee any internal or external audit of accounts as required.

Councillors' Support Office:

Staff of the Councillors' Support Office are responsible for the orientation of new members of Regional Council and HRM staff to the program. This office shall provide direct assistance to the public (applicants) and members of Regional Council in completing the program application form and any applicable documentation. Cheque requisitions are sent to HRM Finance for transfer or payment by cheque with the applicable support material attached.

The Councillors' Support office shall maintain duplicate records.

Note: *The original request, invoices, and receipts are sent to HRM Finance. The financial records maintained by the Councillors' Support Office are copies and retained only for convenient access to information.*

2. Application Procedures

- 2.1 All requests from external parties shall provide the registered name of the organization, mailing address, contact information (name, telephone, fax or email), brief description of project, and value of request.**

Interpretation: *The information listed above is the minimum requirement for processing a request.*

- 2.2 All requests shall be recorded on a standard application form and original documentation attached, including a copy of the written request from the intended recipient and a cheque request or internal transfer form. The applicable form (Appendix 1) must be authorized (signed) by the Councillor and the Manager of the Councillors' Support Office.**

Interpretation: Failure to complete the form will result in its return to the Councillors' Support Office and delays the processing of an award. Incomplete or unsigned forms shall not be retained by HRM Finance and are to be returned to the Councillors' Support Office with directions.

3. Reporting Procedures

- 3.1 Quarterly and at the end of the fiscal year HRM Finance will prepare a statement of all accounts, itemized by electoral district, and a copy is sent to the Councillors' Support Office for distribution to members of Regional Council. These reports shall also be provided to Council as part of the Quarterly Finance report.**
- 3.2 Staff of HRM Finance are responsible for making the year- end statement available to the general public. A sample report is shown in Appendix 2.**

4. Continuous Renewal Clause

- 4.1 This policy shall be evaluated 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 or municipal policy.**
- 4.2 Responsibility for the review of policy shall be that of HRM Finance.**
- 4.3 Recommended changes to policy or procedures shall be made by HRM Finance for the approval of Regional Council.**

Appendix 3

Guidelines

Priorities

- ✓ Local Residents
- ✓ Volunteer groups (self-generated revenues, no paid staff)
- ✓ Non-recurring initiatives
- ✓ Neighbourhood volunteer capacity building
- ✓ Neighbourhood events that provide opportunities for social gathering, unstructured interaction and relationship building among residents

Eligible

- ✓ Land owned by HRM and operated by HRM staff - includes, for example, sports fields and sports courts, trail on public land, park, playground, outdoor events plaza, picnic or rest area, cemetery or graveyard, parking lot.
- ✓ A public amenity owned and operated by HRM staff - includes, for example, public washroom, wharf, canteen, gazebo, etc.
- ✓ Publicly owned streets and roads, including sidewalk, pathway, stairway, bridge, curb, gutter, road surface, drainage, trees and landscaping, traffic calming interventions, permanent fixed signage, street lighting, street markings, directional signage, etc.
- ✓ Fixtures located within an HRM-owned building or site. Includes, for example, playground equipment, seating/bleachers, waste receptacles, fixed ornamental lighting monuments, statuary, permanent public art (e.g., mural, sculpture), permanent fixed signage, fencing and gates, public address system.
- ✓ Major equipment permanently located on property owned by HRM and operated by HRM staff. Includes, for example, scoreboard, bleachers, floodlights, public announcement system.
- ✓ A building owned and operated by a registered non-profit community group, including one-time assistance with the retirement of debt on the asset.
- ✓ Land owned and operated by a non-profit group. Includes, for example, sports field and sports court, trail on land owned by the community group, playground, park, cemetery, graveyard or burial ground.
- ✓ An amenity owned and/or operated by a non-profit group and available to the general public. Includes picnic area, washroom, wharf, fixed permanent signage, etc.
- ✓ The applicant shall be in good standing with HRM and shall not have debt or legal claim outstanding.

- ✓ The applicant demonstrates the ability to maintain the equipment and associated operating costs.

Ineligible

- ◆ Generic national, provincial, or international organizations or recurring fundraising campaigns (e.g., medical research, international aid)
Examples not eligible: Red Cross, Dalhousie University, Canadian Cancer Society
- ◆ Donations to individuals
Examples not eligible: includes payment of taxes, fees or fines, purchase of food or clothing (including team or individual uniforms), payment of utility bills, sponsorship of individuals participating in a recurring fundraising event for an international, national, or provincial program or service, home repairs, equipment purchase for an individual (e.g., sports equipment) or equipment repairs (including private vehicles).
- ◆ Donation to business, commerce, or industry
Examples not eligible: All commercial enterprises and activities
- ◆ Private property
Examples not eligible: NSPI light pole installed on private property, either the cost of installation or monthly charges
- ◆ Investment in shares
Examples not eligible: All
- ◆ Wages, honoraria, stipends, or personal financial incentive
Examples not eligible: stipend paid to volunteer firefighters to paint the community hall; labour cost of HRM staff to complete a playground project where the staff resources are available in-house (i.e., business unit is already funded for the staff positions)
Examples of eligible: labour costs inherent in a contract for work (e.g., landscaping company hired to maintain flower beds at the local community centre)
- ◆ Professional development, conferences, trade shows
Examples not eligible: volunteer firefighter competitions, to pay transportation/tuition/expenses for a university student to attend a summer seminar
- ◆ Congregational activities
Examples not eligible: fundraising to replace choir gowns, church steps or support for a mission
Examples of eligible: Church Hall serves as the local Community Centre and fundraising is undertaken to replace/repair the roof