

HALIFAX

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Item No. 15.1.1
Halifax Regional Council
March 10 , 2020

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: November 5, 2019

SUBJECT: **Administrative Order 2017-009-ADM District Discretionary Funds**

ORIGIN

October 22, 2019 – Motion that Regional Council direct staff to provide a staff report to consider eliminating Clause 19 – the maximum amount that may be given to a non-profit organization that is not registered is five hundred dollars (\$500) in Part II – District Fund from Administrative Order 2017-009-ADM Respecting District Funds.

LEGISLATIVE AUTHORITY

- *HRM Charter, S.N.S. 2008, c.39*

79C (1) The Council shall adopt a policy that requires the municipality to disclose to the public a list of the recipients of grants made by the municipality and the amounts of those grants.

79A ...The Municipality may only spend money for municipal purposes if

- (a) The expenditure is included in the Municipality's operating or capital budget or is otherwise authorized by the Municipality.

- *Administrative Order 2017-009-ADM District Discretionary Funds*

- *Administrative Order 54 Procedures for the Development of Administrative Orders*

5. All Administrative Orders, amendments to Administrative Orders, and repeals of Administrative Orders require at least seven (7) days notice to all the Council Members in accordance with subsection 59(1) of the Halifax Regional Municipality Charter.

RECOMMENDATION

It is recommended that Halifax Regional Council adopt the amendments to Administrative Order 2017-009-ADM as set out in Attachment 1 to increase the maximum amount of money that may be given to a non-registered non-profit organization as a grant from the District Capital Fund from \$500 to \$5,000.

BACKGROUND

The purpose of discretionary district funds is to provide a mechanism for local small-scale municipal capital projects and small grants to non-profit organizations and charities. The latter tend to be either ineligible for consideration under an established municipal grant program or time-sensitive. Some projects undertaken by non-profits are modest in scale and cost; consequently, the evaluation of such requests under an established grant program can prove administratively inefficient for both the applicant and HRM. Unlike most municipal grant programs there is no stated application deadline and as such district discretionary funds have greater flexibility in the timing of awards and the capacity to respond to unanticipated circumstances.

In 2019, the combined allocated value of available district discretionary funds was \$1,576,000:

- District Activity Fund \$72,000 \$4,500 per district
- District Capital Fund \$1,504,000 \$94,000 per district

Administrative Order 2017-009-ADM governs the disbursement of discretionary district funds. Under the Administrative Order, both allocations permit applications from unregistered non-profit organizations but with a funding threshold of five hundred dollars (\$500)¹. Registered non-profit organizations and charities may receive a grant in a higher amount subject to the program's annual budget capacity. Funds may be used for an operating or capital expense. The District Capital Fund permits the carry forward of unexpended funds and therefore it is possible to issue grants in significant dollar amounts. Further, there is no restriction on successive awards to the same organization or project. Unlike other municipal grant programs recipients are not required to submit an annual report to demonstrate that funds were expended in accordance with the stated purpose.

In accordance with Administrative Order 54 amendments to an Administrative Order require a minimum of seven days' notice to Regional Council.

DISCUSSION

It is established practice among funding agencies to require recipients to be registered non-profit or charitable entities. The rationale supporting this practice is financial responsibility and accountability. In the case of corporate, family or institutional charitable foundations, access to funding may be restricted to only "qualified donees" as defined by Revenue Canada² and reporting may be required of grant recipients to ensure that the grant was used for the purpose intended (ie. the use of funds is restricted).

Likewise, registration as a non-profit organization (society, cooperative or not-for-profit corporation) creates an accountability framework; a Board of Directors is accountable to the membership for its financial management and, as applicable, contract compliance. Registration provides public access to the information filed by the organization online and copies of documents can be obtained for a modest service fee. Examples of the latter include the filing of an annual financial statement, Articles of Incorporation, or a list of the Board of Directors. The Nova Scotia Registry of Joint Stocks³, Industry Canada⁴, and the Charities Directorate of Revenue Canada⁵ provide simple step-by-step guidance online and publicize a schedule of

¹ Part I. District Activity Fund Sections 10 and 11. Part II. District Capital Fund Sections 18 and 19.

² Organizations who can issue donation receipts for gifts they receive from individuals or corporations.

³ Incorporation of non-profit societies and non-profit cooperatives: <https://rjsc.gov.ns.ca/rjsc>.

⁴ Incorporation of a not-for-profit corporation: https://www.ic.gc.ca/eic/cd-dgc.nsf/eng/h_03925.html.

⁵ Incorporation of a charity; <https://www.cra.gc.ca/charities>.

fees, as applicable. These controls might not be in place when money is given to an individual or an unregistered group.

District Discretionary Funds differ from other municipal grant programs insofar as the evaluation of a request and award approval is at the discretion of an individual councillor. With respect to risk, removing a maximum threshold for unregistered groups would, in theory, enable a councillor to issue \$94,000 to a non-registered organization in the name of an individual or “care of” an individual. However, a maximum threshold of \$500 towards a capital project may be insufficient to realize a tangible impact . Most non-profits that engage in larger capital projects are registered as societies. In some situations, unregistered non-profits may make requests that, while still relatively modest, are above \$500. Hence a higher limit of \$5,000 will enable those particular projects while still requiring registration for very large projects.

It is also important to note that funds raised by School Advisory Councils, Home and School Funds and other such school organizations belong to the Halifax Regional Centre for Education (HRCE), which is a registered charitable organization. As HRCE is a registered charity, the \$500 limit (or amended \$5,000 limit) would not apply to District Capital contributions to such organizations.

As proposed, Section 19 would be amended by increasing the maximum grant threshold to unregistered groups for the District Capital Program from \$500 to \$5,000. If approved, the amendment would come into effect as of the date of Council’s approval (not retroactively). Other options are included in the Alternatives section of this report.

FINANCIAL IMPLICATIONS

None. This report addresses funding eligibility policy.

RISK CONSIDERATION

Low. Section 79C of the *HRM Charter* requires municipalities adopt a policy to make available to the public a list of grant recipients and the amounts of awards.

COMMUNITY ENGAGEMENT

The number of unregistered non-profit organizations within the Halifax Regional Municipality is unknown.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

1. Regional Council could decline to adopt the amendment to section 19 of the District Discretionary Funds Administrative Order.
 2. Regional Council could adopt an amendment to repeal section 19 of the District Discretionary Funds Administrative Order to eliminate the maximum amount that may be provided to an unregistered non-profit organization.
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ATTACHMENTS

Attachment 1 - Amending Administrative Order.

Attachment 2 - Draft Administrative Order 2017-009-ADM showing proposed amendment.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance, Asset Management & ICT 902.490.5469

Amending Administrative Order

**ADMINISTRATIVE ORDER 2017-009-ADM, RESPECTING
DISTRICT FUNDS ADMINISTRATIVE ORDER**

BE IT RESOLVED by the Council of the Halifax Regional Municipality that Administrative Order 2017-009-ADM District Discretionary Funds Administrative Order, is amended as follows:

1. Part II – District Capital Fund, Section 19 is amended to strike out the words “five hundred dollars (\$500.00)” and add the words “five thousand dollars (\$5,000.00)” before the period at the end of the sentence.

Done and passed in Council this day of 2020

Mayor

Municipal Clerk

**ADMINISTRATIVE ORDER NUMBER 2017-009-ADM
RESPECTING DISTRICT FUNDS**

WHEREAS the Council of the Halifax Regional Municipality wishes to provide a simple and responsive method of providing financial support to non-profit organizations in the community through discretionary grants provided by district councillors, and to supplement funds that are provided for in the Halifax Regional Municipality Operating and Capital Budgets;

BE IT RESOLVED AS AN ADMINISTRATIVE ORDER of the Council of the Halifax Regional Municipality under the authority of the *Halifax Regional Municipality Charter*, S.N.S. 2008, c. 29, as amended, as follows:

Short Title

1. This Administrative Order may be known as the *District Funds Administrative Order*.

Interpretation

2. In this Administrative Order,
 - (a) “Council” means the Regional Council of the Halifax Regional Municipality;
 - (b) “Municipality” means the Halifax Regional Municipality;
 - (c) “non-profit organization” means:
 - (i) a nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within Nova Scotia; or
 - (ii) a body corporate with the purpose of promoting or beautifying a business district.
 - (d) “registered charity” means a charitable organization registered pursuant to the Income Tax Act (Canada) and the regulations made pursuant to that Act.
 - (e) “registered non-profit organization” includes a non-profit organization that is:
 - (i) a society incorporated pursuant to the *Societies Act*, R.S.N.S. 1989, c. 435;
 - (ii) a non-profit co-operative incorporated pursuant to the *Co-operative Associations Act*, R.S.N.S. 1989, c. 98;
 - (iii) a non-profit corporation incorporated pursuant to the *Canada Not-for-Profit Corporations Act*, S.C. 2009, c. 23; or
 - (iv) a non-profit organization otherwise incorporated under an Act of the Nova Scotia Legislature or Parliament of Canada;

Purpose

3. The purpose of this Administrative Order is to enable members of Council to better support the community through:

(a) the provision of grants to any non-profit organizations and registered charities; and

(b) the allocation of funds to HRM capital projects, or to goods or services provided by the Municipality.

Part I – District Activity Fund

Establishment of District Activity Fund

4. There is hereby established a District Activity Fund.

5. The District Activity Fund budget shall be established annually as part of the municipal budget process.

6. The total budget allocation for the District Activity Fund budget shall be distributed equally among the districts of Council annually.

7. Funds must be spent within the fiscal year in which they are allocated and may not be carried forward.

8. Individual councillors may authorize expenditures from the funds allocated to them, subject to the requirements established by this Administrative Order.

9. The purpose of the District Activity Fund is to provide small grants to any non-profit organizations and registered charities for local initiatives, including by way of advertising with such entities.

Grants

10. A request for a grant under this Part may be from:

(a) a registered non-profit organization;

(b) a non-profit organization; or

(c) a registered charity.

11. The maximum amount that may be given to a non-profit organization that is not registered is five hundred dollars (\$500.00).

Part II – District Capital Fund

Establishment of District Capital Fund

12. There is hereby established a District Capital Fund, the purpose of which is to provide for a grant to any non-profit organization or charity, or to provide funding for HRM projects that are in the HRM departmental operating or capital budget or proposed by the councillor.

13. The District Capital Fund budget shall be established by Council annually as part of the municipal budget process.
14. The total budget allocation for the District Capital Fund budget shall be distributed equally among the 16 districts of Council annually.
15. Funds in the District Capital Fund may be used as follows:
 - (a) for the provision of grants to any non-profit organizations and registered charities; or
 - (b) for allocation toward HRM capital projects, or to the provision of goods or services by the Municipality.
16. Funds shall remain within the fund until spent or rescinded by Council and may be carried forward to the following fiscal year.
17. Individual councillors may authorize expenditures from the funds allocated to them, subject to the requirements established by this Administrative Order.

Grants

18. A request for a grant under this Part may be from:
 - (a) a registered non-profit organization;
 - (b) a non-profit organization; or
 - (c) a registered charity.
19. The maximum amount that may be given to a non-profit organization that is not registered is five thousand dollars (\$5,000.00).
20. A grant may be given for either capital or operating purposes.
21. A grant for capital purposes may be used by the recipient on land or buildings that are owned by:
 - (a) the registered non-profit organization or registered charity;
 - (b) the Municipality; or
 - (c) the Crown, where the land or buildings are generally accessible to the public with demonstrated community use.
 - (d) Subject to budget, a grant may be given in any amount

HRM Capital Projects

22. (1) Subject to subsection (2), councillors may allocate funds from the District Capital Fund to a municipal asset that is part of a project in the HRM Capital Budget or is proposed to be added to the HRM Capital Budget.

(2) District Capital Funds may not be used for the acquisition of land by the municipality.

Municipal Goods or Services

23. The allocation of funds to the municipality for the provision of goods or services the municipality may provide shall be done in consultation with the Director of the department of the municipality that will be using the goods or providing the service.

Part III - General

Elections

24. (1) Subject to subsection (2) the authorization of expenditures from the District Funds shall be suspended for councillors offering as a candidate in a municipal, provincial, or federal election as follows:

(a) for an ordinary or special municipal election, from the date the councillor files his or her nomination papers to the date the councillor is sworn into office;

(b) for a provincial by-election or general election, from the date the writ is issued until the return on the writ is completed; and

(c) for a federal by-election or general election, from the date the writ is issued until the return on the writ is completed.

(2) Where an incumbent councillor is acclaimed in an ordinary municipal election, the councillor may resume making expenditures from the District Funds as of the date of his or her acclamation.

25. Nothing in section 25 shall be taken to limit the ability to carry out expenditures already authorized prior to that date.

Administration

26. The District Activity and Capital Funds shall be managed by the Finance Department and administered jointly with the Councillors' Support Office.

27. The Chief Financial Officer, or designate, shall develop procedures to support the timely and transparent administration of this Administrative Order, which shall include:

(a) accounting and authorization procedures and requirements;

(b) reporting procedures that ensure all commitments and expenditures are fully

transparent and publicly available;

(c) deadlines for the inclusion of proposed items in the HRM Capital Budget; and

(d) all forms and application requirements, both for Councillors and non-profit organizations.

28. This Administrative Order does not authorize a councillor to:

(a) negotiate the terms of a contract;

(b) enter into an employment contract on behalf of the municipality;

(c) commit the municipality to fund the future operating costs of new assets; or

(d) undertake any administrative function that would otherwise be the responsibility of the Chief Administrative Officer.

Transition and Repeal

29. This Administrative Order shall come into force upon adoption by Council.

30. All expenditures authorized in accordance with the District Capital Fund Policy and District Activity Fund Policy and Procedures, but not paid prior to the coming into force of this Administrative Order, shall continue to be processed and paid in accordance with the District Capital Fund Policy or District Activity Fund Policy, pursuant to whichever they were authorized in accordance with.

31. The District Capital Fund Policy adopted by Council on July 31, 2007, and the District Activity Fund Policy and Procedures adopted by Council on December 12, 2002, and all amendments thereto are repealed.

Done and passed by Council this 8th day of October, 2019.

Mayor

Municipal Clerk

I, Kevin Arjoon, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed at a meeting of Halifax Regional Council held on October 8, 2019.

Kevin Arjoon, Municipal Clerk

Notice of Motion:
Approval:

September 24, 2019
October 8, 2019