



Office of the Auditor General / Bureau du vérificateur général

AUDIT OF GRANTS AND CONTRIBUTIONS

2008

VÉRIFICATION DES SUBVENTIONS ET CONTRIBUTIONS

Table of Contents

EXECUTIVE SUMMARY	i
RÉSUMÉ.....	xi
1 INTRODUCTION.....	1
2 BACKGROUND.....	1
3 AUDIT OBJECTIVES AND APPROACH.....	1
4 OBSERVATIONS AND RECOMMENDATIONS.....	2
4.1 Corporate Policy and Management Framework.....	2
4.2 Cultural Services and Community Funding.....	7
4.3 Protective Plumbing Devices	16
5 CONCLUSION.....	18
6 ACKNOWLEDGEMENT.....	18
APPENDIX A - 2003 Proposed Funding Types and Criteria.....	19
APPENDIX B - Protective Plumbing Devices.....	21

EXECUTIVE SUMMARY

Introduction

The Audit of Grants and Contributions was identified in the 2008 Audit Plan of the Office of the Auditor General, which was received by Council in May 2006.

Background

In February 2003, the former Audit and Consulting Services Branch of the City presented a report to Council entitled *Audit of the Corporate Grants and Funding Programs – Corporate Policy and Management Framework*. The 2003 audit did not include a comprehensive review of specific funding programs. Rather, it was focussed on assessing the extent to which harmonization of the funding programs had been achieved and the adequacy of the Corporate-wide framework and approach to the use and management of these programs. Specifically, the objective of the 2003 audit was to assess whether adequate policies and procedures had been established to:

- Effectively manage and control funding programs; and,
- Ensure the appropriate and effective use of City funding.

The single recommendation arising from the 2003 audit was:

That Management establish a clear and comprehensive corporate policy framework governing all mechanisms for funding to external organizations, to ensure:

- *An appropriate control environment exists for funding programs,*
- *Corporate consistency in the use of funding mechanisms;*
- *Clear roles and responsibilities are established across the City administration;*
- *Clear direction and guidance is provided to departments in establishing, managing and monitoring these programs;*
- *The timely, accurate and complete capture of all related information;*
- *The identification and resolution of any systemic problems; and,*
- *That funding allocations accurately reflect Council priorities.*

Scope and Objectives

The first objective of the 2008 audit was to follow up on the 2003 audit described above to determine what action has been taken in response to the recommendation made at that time, and to identify areas which may still require improvement. The

approach to this component of the audit was to identify all corporate funding programs and assess the extent to which a corporate-wide framework has been established to guide the management of these programs in a consistent manner.

An area of particular focus in the audit was the funding programs managed by the Cultural Services and Community Funding Branch of the then Community and Protective Services Department. This Branch manages the largest portfolio of grants and funding programs, totalling approximately \$27 million.

A second area of focus, selected at random from the list of other grant programs, was the Protective Plumbing Devices Program, managed by the Water and Wastewater Division. This program had a 2008 budget of \$1.8 million.

In November 2007, Council approved changes to the mandate of the Auditor General (AG), which included extending the jurisdiction of the AG to all grant recipients. The second main objective of the 2008 audit was therefore to select specific grants made by the City in 2007 and assess:

- The effectiveness of the grant application and evaluation process;
- The effectiveness of management oversight procedures related to grant recipients;
- Whether the programs and/or services intended to be delivered as a result of the grants were undertaken by the recipients; and,
- Whether grant recipient organizations maintain appropriate management practices and controls to ensure provision of expected services/programs required by the grant agreement.

The results of the audits of the two specific recipients selected in 2008 are contained in separate reports titled, *Audit of the Banff Community House* and *Audit of the Southpointe Community Association*. It is the intent of the AG to continue to select specific grants recipients on an annual basis to conduct audits based on the above criteria.

Summary of Key Findings

1. As was the case during the 2003 audit, currently there is no overall policy framework governing the establishment and management of grants and funding programs to external organizations.
2. Accounting for these various funding programs within the Corporate financial system remains inconsistent and the data and reports currently available do not facilitate effective management.
3. On January 24, 2005, Council directed staff to undertake a review of all grants (exempting Community Services Grants) as per the 2003 audit report. To date, this review has not taken place.
4. The impacts of a lack of clear corporate direction on funding programs include:

- A risk of inequitable treatment of applicants for funding;
 - A lack of clear direction and guidance provided to departments in establishing and monitoring these programs;
 - Unclear roles and responsibilities;
 - A lack of clear accounting procedures and a resulting inability to capture timely, accurate and complete information;
 - The risk of ineffective use of limited corporate funds; and,
 - An impeded ability to measure and compare the performance of various funding programs and ensure value for money is received from these programs.
5. No clear definition of “Grants” currently exists and as a result, accounting for these various funding programs within the corporate financial system remains inconsistent, and the data and reports currently available do not facilitate effective management. As such, a full reconciliation of current financial data related to grants and contributions is required.
 6. Cultural Services and Community Funding (CSCF) has made a number of improvements since 2003 to address much of the recommendation made at that time, including clarification of procedures for submitting and evaluating proposals under the various funding programs. Opportunities for further improvement exist in the areas of pre-screening for eligibility, conflict of interest and management oversight and follow-up.
 7. CSCF should re-examine its practice of requesting complimentary tickets to events.
 8. CSCF conflict of interest procedures should be revised to ensure any juror declaring a conflict does not participate in the assessment of other organizations requesting funding from the same envelope.
 9. Within the Protective Plumbing Devices program there is the need to ensure that all required steps are performed and documented.

Recommendations

Corporate Policy and Management Framework

Recommendation 1

As was recommended in 2003, that the City establish a clear and comprehensive corporate policy framework governing all mechanisms for funding to external organizations, to ensure:

- a) An appropriate control environment exists for funding programs;

- b) Corporate consistency in the use of funding mechanisms;
- c) Clear roles and responsibilities are established across the City administration;
- d) Clear direction and guidance is provided to departments in establishing, managing and monitoring these programs;
- e) The timely, accurate and complete capture of all related information;
- f) The identification and resolution of any systemic problems; and,
- g) That funding allocations accurately reflect Council priorities.

Management Response

Management agrees with this recommendation.

A grant is a provision of funding to a third party or organization, not directly receiving goods or services, to further a City service, program or objective.

A review of where and how all funding grants are currently processed throughout the corporation will be initiated once the corporate re-alignment is complete. Following this review, staff will develop the scope, scale and approach for the development of a comprehensive corporate-wide policy framework governing all mechanisms for funding to external organizations for Committee and Council consideration in Q3 2009.

Although a corporate-wide framework has not been developed, the Community Funding division initiated a review of community funding processes following the City Auditor's report to Council in February 2003. This led to the development and Council approval of a Community Funding Process Review in September 2004, followed by approval of the Community Funding Framework Policy on February 8, 2006.

The Community Funding Framework Policy responded to the audit recommendations by establishing a formal, written policy identifying the purpose, goals, eligibility criteria, funding priorities, risk assessment criteria and funding contribution mechanisms of the Community Funding Program.

Recommendation 2

That the City complete a full reconciliation of existing financial data related to Grants and Contributions.

Management Response

Management agrees with this recommendation.

Management will compile annually a full reconciliation of existing financial data related to grants and contributions by Q1 2010.

Cultural Services and Community Funding

Recommendation 3

That the City ensure applicants identify all other sources of City funding as part of their submissions.

Management Response

Management agrees with this recommendation.

All funding application forms currently ask for information on other sources of City funding. A mechanism will be built into the Corporate Framework, which will be brought forward for Committee and Council approval in Q3 2009, to perform a City-wide search to confirm whether organizations are receiving other City funding.

On page 8 of the audit report (section 4.2.1.1), the Auditor General made reference to City staff adding a special condition to one particular funding agreement, which contradicted the requirement for audited financial statements. In addition, the Auditor indicated that CSCF staff provided advice to this recipient regarding accounting principles, which conflicted with generally accepted practices. Management would like to clarify why this occurred. This change was made to address a concern from the signing officer of an organization (food program) who was extremely reluctant to proceed with Generally Accepted Accounting Practices (GAAP) for fear of having to proceed with full inventory, including all items of food, etc . After consultation with Legal, the organization was told that they could follow the Generally Accepted Accounting Principles (GAAP), but did not have to conduct the detailed inventory of food items. The Special Condition and the Agreement, which were reviewed by both Legal and the FSU, provided the organization with that reassurance and resulted in a signed agreement.

Recommendation 4

That the City carryout and retain on file a risk assessment of all proponents.

Management Response

Management agrees with this recommendation.

Both Cultural Services and Community Funding staff conduct a risk assessment on all agencies receiving funding prior to issuing funds. The risk assessment looks at governance, financial stability, level of City funding, years in operation, operational and program capacity and level of collaboration and partnership with other community agencies.

Community Funding staff currently perform a risk assessment for Renewable Community Funding to determine whether the Service Agreement will be a one-

year or a three-year agreement. Effective immediately, staff will also do a risk assessment for Non-Renewable Community Project Funding. These risk assessments are currently retained in the agency's electronic file, but will also now be included in the agency's corporate file.

Cultural and Community Funding staff perform a risk assessment by reviewing all applications and annual reports, using a checklist to ensure that all documents and information are included and the file is complete. General comments are recorded and staff follows up with applicants when information is missing or clarification is required. These checklists will now be filed as part of the applicant's official file.

Recommendation 5

That the City ensure all official files contain complete evidence of checking of documentation including follow-up notes, additional commentary, etc.

Management Response

Management agrees with this recommendation.

The Community Funding Policy and Procedures Manual includes a section on records management, which was developed in collaboration with corporate records management staff. In addition, a checklist is attached to all funding submissions or application forms when received by the Community Funding division. This checklist identifies all requirements and lists mandatory documents. Staff indicate whether those requirements have been met and initial the checklist. Staff note on the checklist any follow-up actions that have been taken. The checklist is included on file with each application/funding submission form.

Recommendation 6

That the City ensure all Board and Annual Meeting minutes are properly signed.

Management Response

Management agrees with this recommendation.

All application forms and funding submissions for 2010 will specify that the Annual Meeting minutes must be properly signed by the signing authority of the organization. Staff will ensure that this is being done on a consistent basis. The Community Funding Policy and Procedures Manual will also be revised to reflect this requirement by Q2 2009.

Recommendation 7

That the City re-assess the practice of requesting complimentary tickets to events.

Management Response

Management agrees with this recommendation and has re-assessed the practice of requesting complimentary tickets to events.

Management believes that requesting a complimentary ticket to attend performances, art shows and other cultural events of organizations that receive cultural funding from the City is an important part of the monitoring process. Management has reviewed the Corporate Gifts, Entertainment and Hospitality Policy and does not believe that this practice is a conflict of interest and will, therefore, continue to ask for one complimentary ticket for monitoring purposes.

Recommendation 8

That the conflict of interest procedures be revised to ensure any juror declaring a conflict does not participate in the assessment of other organizations requesting funding from the same envelope.

Management Response

Management agrees with this recommendation for Community Funding but disagrees for Cultural Services Funding.

The Community Funding Policy and Procedures Manual includes a procedure that requests Allocations Committee members for the Community Project Funding (Non-Renewable) program sign a confidentiality/conflict of interest agreement. The Allocations Committee for the 2008 Community Project Funding program also recommended that any agency applying for Community Project Funding not be included on the Allocations Committee. This revision will be made to the Community Funding Policy and Procedures Manual by Q2 2009.

Cultural Funding staff makes every effort to recruit assessors who are free of conflict of interest with all applicants. However, the purpose of the peer assessment system is to select qualified and knowledgeable assessors from the field and these assessors may have contacts with one or more of the applicants. It would be extremely difficult to recruit and retain jurors if they were completely excluded from a jury because of a declared conflict. The City follows the example of other grants agencies such as the Canada Council and has established strict protocols to address the issue of conflict.

All potential Cultural Funding jurors and independent assessors sign a confidentiality and conflict of interest agreement that requires them to declare any current or former involvements that could influence or appear to influence the objectivity and impartiality of their judgements. Where an actual or potential conflict of interest exists, it must be disclosed and the assessor must abstain from any and all participation related to it, and leave the meeting for the duration of the discussion. The Cultural Funding juror must also refrain from attempting to directly or indirectly influence the decision of the jury with respect to the

application. Cultural Funding jury notes record the juror's disclosure of interest, their withdrawal from the meeting and the fact that they did not take part in the discussion.

Recommendation 9

That all documentation related to allocation determination be retained on file.

Management Response

Management agrees with this recommendation.

The records management section of the Community Funding Policy and Procedures Manual was developed in collaboration with corporate records management staff. Files include the funding applications / submissions as well as the letters to agencies confirming decisions.

For Cultural Services, documentation related to funding determination includes the funding applications/submissions as well as the letters to agencies confirming decisions. In addition, the original copy of the signed jury recommendation sheet from each Cultural Funding program jury is retained in an official file. The Cultural Funding staff records the decisions and grants recommended by the committee, ascertaining with the committee that these records accurately reflect their views and ensures that members attest to their accuracy by signing-off on the records.

Recommendation 10

That the City ensure all legal documentation is completed in a timely manner.

Management Response

Management agrees with this recommendation.

Service Agreements (prepared pursuant to the Community Funding Framework Policy approved by Council on February 8, 2006) for the allocation of funding from the renewable funding envelope are sent to Legal Services for review and approval of content before being sent to agencies and management for signature. Once all signatures have been obtained, the Service Agreements are filed. All attempts are made for Service Agreements to be renewed prior to their date of expiry. If that is not possible, a letter of extension, as approved by Legal Services, is sent to the agency to extend approval for a maximum of three months, until such time as a new Service Agreement can be signed. This process ensures that funding is not allocated to agencies in the absence of a binding Service Agreement.

Recommendation 11

That all files retain narrative summaries of follow-up undertaken including site visits, attendance at meeting, telephone calls and email correspondence.

Management Response

Management agrees with this recommendation.

Narrative summaries for Community Funding agencies are currently stored electronically. Effective immediately, staff will also print and file a copy of the summaries on the agency's official file.

As indicated in recommendation 5, Cultural Funding staff use a checklist to ensure that all requirements have been met and to note any follow-up actions that have been taken. Staff will also ensure that all other supporting correspondence is included on file.

Recommendation 12

That the City ensure oversight and monitoring processes are consistent and equitable for all recipients.

Management Response

Management agrees with this recommendation.

The Community Funding Policy and Procedures Manual ensures that there is appropriate oversight and monitoring and that these processes are consistent with all staff and all agencies (applicants and recipients). The new corporate-wide funding framework will ensure that clauses for insurance, audit and occupational health and safety are consistent in the various agreements across programs and will also establish a standardized monitoring template to be used by staff. The corporate-wide funding framework will be developed for Committee and Council consideration in Q3 2009.

Protective Plumbing Devices**Recommendation 13**

That the City ensure all required actions are performed and that all necessary documentation is collected and retained on file.

Management Response

Management agrees with this recommendation.

Staff will develop a checklist identifying all of the required documentation that will be placed on each file in order to ensure compliance with the program requirements through the application and approval processes. Staff will also add a requirement to its processes that when someone acts on behalf of a property

owner for the grants program, there is authorizing documentation from the property owner in place. These procedural changes will be completed prior to the end of Q1 2009.

Conclusion

Although initiatives have been undertaken in some areas of the City to establish more formal frameworks with respect to specific funding programs, no action has yet been taken to address the 2003 recommendation for a corporate-wide framework for grants and contributions. As a result many of the same issues and risks identified in that audit remain.

In the absence of a corporate framework, the Cultural Services and Community Funding Branch has implemented a number of revised policies and procedures to ensure more consistency and structure to the programs and funding envelopes under its jurisdiction. This audit identifies opportunities for further improvement in the areas of pre-screening for eligibility, conflict of interest, determination of the allocation amount, and management oversight and follow-up.

As part of the annual process to select specific grants and contributions programs for detailed review, the Protective Plumbing Devices program was chosen at random in 2008. Progress has also been made in this area to improve consistency and oversight. Further work is needed in this area to ensure all required steps are performed and documented.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

RÉSUMÉ

Introduction

La vérification des subventions et contributions était indiquée dans le Plan de vérification du Bureau du vérificateur général, reçu par le Conseil en mai 2006.

Contexte

En février 2003, l'ancienne Direction des services de vérification et de consultation de la Ville a présenté au Conseil un rapport intitulé *Vérification des programmes de financement et de subventions de la Ville – Cadre de gestion et politique générale*. La vérification de 2003 ne comprenait pas l'examen exhaustif de programmes de financement précis. Elle se concentrait plutôt sur l'évaluation du degré d'harmonisation des programmes de financement et de l'adéquation du cadre et de l'approche généraux pour l'utilisation et la gestion de ces programmes. En particulier, la vérification de 2003 avait pour objectif d'évaluer si des politiques et procédures adéquates avaient été établies pour :

- Administrer et maîtriser efficacement les programmes de financement; et
- Assurer l'utilisation adéquate et efficace du financement municipal.

La seule recommandation émanant de la vérification de 2003 était la suivante :

Que la direction établisse un cadre de politique général clair et exhaustif régissant tous les mécanismes de financement des organisations externes, afin d'assurer :

- *l'existence d'un contexte adéquat de contrôle des programmes de financement;*
- *la cohérence au sein de l'organisation dans l'utilisation des mécanismes de financement;*
- *l'établissement de rôles et de responsabilités clairs dans l'ensemble de l'administration municipale;*
- *qu'on fournisse aux services une orientation et des conseils clairs pour l'établissement, la gestion et le suivi de ces programmes;*
- *l'entrée rapide, exacte et complète de toutes les données pertinentes;*
- *la reconnaissance et la résolution de tous les problèmes systémiques; et*
- *que le financement attribué reflète fidèlement les priorités du Conseil.*

Portée et objectifs

Le premier objectif de la vérification de 2008 était de faire un suivi de la vérification de 2003 décrite ci-dessus afin de cerner les mesures prises en réponse à la recommandation faite à ce moment-là et de déterminer les points qui restent à améliorer. L'approche utilisée pour ce volet de la vérification consistait à établir la liste de tous les programmes de financement généraux et à évaluer le degré d'établissement d'un cadre général pour orienter la gestion de ces programmes d'une façon cohérente.

La vérification a notamment porté sur les programmes de financement administrés par la Direction des services culturels et du financement communautaire des Services communautaires et de protection de l'époque. Cette Direction administre le plus important portefeuille de subventions et de programmes de financement, pour un total de près de 27 millions de dollars.

Un deuxième point examiné, choisi au hasard dans la liste des autres programmes de subventions, était le Programme de subventions pour l'installation de dispositifs antirefoulement résidentiels, administré avec les Services de gestion de l'eau et des eaux usées. Le budget de ce programme se chiffrait à 1,8 million de dollars en 2008.

En novembre 2007, le Conseil a approuvé des changements au mandat du vérificateur général (VG), dont l'élargissement de la portée du mandat du VG à tous les bénéficiaires de subventions. Le deuxième objectif principal de la vérification de 2008 était donc de choisir des subventions précises accordées par la Ville en 2007 et d'évaluer :

- L'efficacité du processus de demande et d'examen des subventions;
- L'efficacité des procédures de surveillance de la direction en ce qui concerne les bénéficiaires de subventions;
- Si les programmes ou les services destinés à être fournis avec l'aide des subventions ont été entrepris par les bénéficiaires; et
- Si les organisations récipiendaires de subventions maintiennent les pratiques et contrôles de gestion adéquats pour assurer l'offre des services ou programmes prévus exigée par l'accord de subvention.

Les résultats des vérifications concernant deux bénéficiaires précis choisis en 2008 font l'objet de rapports distincts, intitulés *Vérification du Centre d'activités communautaires de Banff* et *Vérification de l'Association communautaire de Southpointe*. Le VG a l'intention de continuer à choisir des bénéficiaires de subventions afin d'effectuer chaque année des vérifications fondées sur les critères ci-dessus.

Sommaire des principales constatations

1. Comme l'a constaté la vérification de 2003, il n'y a actuellement aucun cadre de politique général qui régit l'établissement et la gestion des subventions et programmes de financement des organisations externes.
2. La comptabilité de ces divers programmes de financement à l'intérieur du système financier de la Ville manque toujours d'uniformité et les données et les rapports disponibles actuellement ne facilitent pas une gestion efficace.
3. Le 24 janvier 2005, le Conseil a demandé au personnel d'entreprendre un examen de toutes les subventions (sauf les subventions des Services communautaires) selon le rapport de vérification de 2003. Jusqu'ici, cet examen n'a pas eu lieu.
4. Les répercussions de l'absence d'orientation claire pour les programmes de financement incluent :
 - le risque de traitement inéquitable des demandeurs d'aide financière;
 - une absence d'orientation et de conseils clairs aux services pour l'établissement et le suivi de ces programmes;
 - des rôles et responsabilités mal définis;
 - le manque de procédures comptables claires et l'incapacité qui en découle de saisir des données complètes et exactes en temps opportun;
 - le risque d'une utilisation inefficace des ressources financières restreintes de la municipalité; et
 - une capacité diminuée de mesurer et de comparer le rendement de divers programmes de financement et d'assurer l'optimisation des ressources consacrées à ces programmes.
5. À l'heure actuelle, il n'existe aucune définition précise des « subventions » et, par conséquent, la comptabilité de ces divers programmes de financement dans le système financier de la Ville manque toujours de cohérence et les données et les rapports disponibles ne facilitent pas une gestion efficace. En ce sens, un rapprochement complet des données financières courantes liées aux subventions et contributions s'impose.
6. Depuis 2003, la Direction des services culturels et du financement communautaire (SCFC) a apporté un certain nombre d'améliorations visant à répondre à une bonne part de la recommandation faite à ce moment-là, y compris la clarification des procédures de soumission et d'examen des propositions dans le cadre des divers programmes de financement. Des possibilités d'améliorations supplémentaires existent dans le domaine de la présélection pour l'admissibilité, des conflits d'intérêts et de la surveillance et du suivi de la direction.

7. SCFC devrait examiner de nouveau sa pratique de demander les billets de faveur pour des événements.
8. Les procédures de SCFC sur les conflits d'intérêts devraient être révisées de sorte qu'un juré qui se déclare en conflits d'intérêts ne participe pas à l'évaluation d'autres organismes qui demandent une aide financière de la même enveloppe.
9. Dans le Programme de subventions pour l'installation de dispositifs antirefoulement résidentiels, il faut s'assurer que toutes les étapes exigées sont exécutées et documentées.

Recommandations

Cadre de gestion et politique générale

Recommandation 1

Comme il a été recommandé en 2003, que la Ville établisse un cadre de politique clair et exhaustif régissant tous les mécanismes de financement des organisations externes, afin d'assurer :

- a) l'existence d'un contexte adéquat de contrôle des programmes de financement;
- b) la cohérence au sein de l'organisation dans l'utilisation des mécanismes de financement;
- c) l'établissement de rôles et de responsabilités clairs dans l'ensemble de l'administration municipale;
- d) qu'on fournisse aux services une orientation et des conseils clairs pour l'établissement, la gestion et le suivi de ces programmes;
- e) l'entrée rapide, exacte et complète de toutes les données pertinentes;
- f) la reconnaissance et la résolution de tous les problèmes systémiques; et
- g) que le financement attribué reflète fidèlement les priorités du Conseil.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Une subvention est l'octroi d'un financement à un tiers ou à une organisation qui ne reçoit pas directement de biens ou de services, dans le but de réaliser un objectif, un programme ou un service municipal.

Un examen du mode et du lieu de traitement de toutes les subventions de financement dans l'ensemble de l'administration sera amorcé une fois la réorganisation terminée. Après cet examen, le personnel élaborera la portée, l'envergure et l'approche du développement d'un cadre de politique général qui

régit tous les mécanismes de financement des organisations externes soumis au Comité et au Conseil durant le T3 2009.

Bien qu'un cadre général n'ait pas été élaboré, la Division du financement communautaire a entrepris un examen des processus de financement communautaire après le rapport du vérificateur de la Ville soumis au Conseil en février 2003. Cette initiative a mené à la mise sur pied et à l'approbation par le Conseil d'un examen du processus de financement communautaire en septembre 2004, suivi de l'approbation de la politique du cadre de financement communautaire le 8 février 2006.

La politique du cadre de financement communautaire répondait aux recommandations de la vérification en établissant une politique officielle écrite précisant le but, les objectifs, les critères d'admissibilité, les priorités de financement, les critères d'évaluation du risque et les mécanismes de contribution financière du Programme de financement communautaire.

Recommandation 2

Que la Ville procède à un rapprochement complet des données financières existantes liées aux subventions et aux contributions.

Réponse de la direction

La direction est d'accord avec cette recommandation.

La direction procédera à un rapprochement annuel des données financières existantes liées aux subventions et aux contributions avant le T1 2010.

Services culturels et financement communautaire

Recommandation 3

Que la Ville s'assure que les demandeurs indiquent dans leur demande toute autre source de financement municipal.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Cette information doit être précisée sur tous les formulaires et demandes de financement municipal. Un mécanisme sera intégré au cadre stratégique de la Ville devant être soumis à l'approbation du Comité et du Conseil durant le T3 2009, qui consistera à effectuer une recherche à l'échelle de la Ville afin de vérifier si les organisations reçoivent d'autre financement municipal.

À la page 8 du rapport de vérification (section 4.2.1.1), le vérificateur général a évoqué l'ajout par des employés municipaux d'une condition particulière à un accord de financement précis qui contrevenait à l'exigence de la présentation

d'états financiers vérifiés. De plus, le vérificateur a indiqué que le personnel de SCFC a prodigué des conseils à ce bénéficiaire au sujet des principes comptables, ce qui entre en conflit avec les pratiques généralement admises. La direction souhaitait clarifier pourquoi cela s'est produit. Ce changement a été fait en réponse à la préoccupation d'un signataire d'une organisation (programme alimentaire) qui était très réticent à adopter les principes comptables généralement reconnus (PCGR), de crainte de devoir dresser un inventaire exhaustif, y compris tous les produits alimentaires, etc. Après consultation avec le contentieux, on a dit à l'organisation qu'elle pourrait suivre les principes comptables généralement reconnus (PCGR), mais sans avoir à procéder à un inventaire détaillé des aliments. La condition particulière et l'accord, qui ont été passés en revue par le contentieux et par l'Unité du soutien financier, ont rassuré l'organisation et permis la signature de l'accord.

Recommandation 4

Que la Ville effectue une analyse du risque concernant tous les auteurs de propositions, qu'elle conservera dans ses dossiers.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Le personnel de Services culturels et de Financement communautaire a mené une évaluation conjointe des risques concernant tous les organismes bénéficiaires de financement avant le versement des fonds. L'évaluation du risque comprend la gouvernance, la stabilité financière, le niveau du financement municipal, le nombre d'années d'existence, la capacité opérationnelle et de programmation et le niveau de collaboration et de partenariat avec d'autres organismes communautaires.

Le personnel de Financement communautaire est en train de réaliser une analyse du risque lié au financement communautaire renouvelable afin de déterminer si l'accord de services sera d'une durée d'un an ou de trois ans. Désormais, le personnel fera également une évaluation du risque du financement non renouvelable de projets communautaires. À l'heure actuelle, ces évaluations du risque sont conservées dans le dossier électronique de l'organisme, mais elles seront aussi versées au dossier central de l'organisme.

Le personnel de Services culturels et de Financement communautaire mène une évaluation du risque en passant en revue toutes les demandes et rapports annuels à l'aide d'une liste de contrôle qui lui permet de s'assurer que tous les documents et les informations ont été inclus et que le dossier est complet. Le personnel note les commentaires d'ordre général et fait le suivi auprès des demandeurs s'il manque des renseignements ou si des précisions sont nécessaires. Ces listes de contrôle seront maintenant classées dans le dossier officiel du demandeur.

Recommandation 5

Que la Ville s'assure que tous les dossiers officiels comprennent la preuve complète de la vérification de la documentation, y compris les notes de suivi, les observations supplémentaires, etc.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Le Guide des politiques et procédures de financement communautaire inclut une section sur la gestion des dossiers, qui a été élaborée en collaboration avec le personnel de la gestion des dossiers municipaux. De plus, une liste de contrôle est jointe à toutes les soumissions ou formulaires de demande de financement reçus par la Division du financement communautaire. Cette liste de contrôle énumère toutes les exigences et les documents obligatoires. Le personnel indique si ces exigences ont été satisfaites et paraphé la liste de contrôle. Le personnel note sur la liste de contrôle toutes les mesures de suivi qui ont été prises. La liste de contrôle est classée avec chaque demande ou formulaire de demande de financement.

Recommandation 6

Que la Ville s'assure que tous les procès-verbaux du conseil d'administration et de l'assemblée annuelle portent les signatures requises.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Tous les formulaires de demande et soumissions de financement pour 2010 indiqueront que les procès-verbaux de l'assemblée annuelle doivent être dûment signés par la personne autorisée à le faire pour l'organisation. Le personnel s'assurera que cela est fait de façon uniforme. Le Guide des politiques et procédures du financement communautaire sera aussi passé en revue afin de refléter cette exigence avant le T2 2009.

Recommandation 7

Que la Ville réévalue la pratique de demander des billets de faveur à des événements.

Réponse de la direction

La direction est d'accord avec cette recommandation et a réévalué la pratique de demander les billets de faveur à des événements.

La direction estime que demander aux organisations qui reçoivent un financement culturel de la Ville un billet de faveur pour assister à des spectacles, des expositions d'art et d'autres événements culturels est un élément important du processus de suivi. La direction a passé en revue la Politique générale sur les

cadeaux, le divertissement et les marques d'hospitalité et ne croit pas que cette pratique constitue un conflit d'intérêts. Elle continuera donc à demander un billet de faveur pour des fins de surveillance.

Recommandation 8

Que les procédures relatives aux conflits d'intérêts soient révisées pour assurer que tout juré qui se déclare en conflit d'intérêts ne participe pas à l'évaluation d'autres organisations demandant un financement de la même enveloppe.

Réponse de la direction

La direction est d'accord avec cette recommandation pour le financement communautaire, mais en désaccord pour le financement de services culturels.

Le Guide des politiques et procédures de financement communautaire inclut une procédure qui demande aux membres du Comité d'allocation des fonds destinés à des projets communautaires (non renouvelables) de signer une entente de confidentialité et d'absence de conflit d'intérêts. Le Comité d'allocation des fonds du Programme de financement des projets communautaires 2008 a aussi recommandé que tout organisme qui soumet une demande de financement de projet communautaire ne puisse être membre du Comité d'allocation des fonds. Cette révision sera apportée au Guide des politiques et procédures de financement communautaire avant le T2 2009.

Le personnel de Financement culturel s'efforce de recruter des évaluateurs libres de tout conflit d'intérêts avec l'ensemble des demandeurs. Cependant, le but du système d'évaluation par les pairs est de choisir des évaluateurs qualifiés et versés dans le domaine en question, et ces derniers peuvent avoir des contacts avec un ou plusieurs des demandeurs. Il serait extrêmement difficile de recruter et de conserver des jurés s'ils étaient complètement exclus d'un jury en raison d'un conflit avoué. La Ville suit l'exemple d'autres donneurs de subventions, comme le Conseil des Arts du Canada, et a établi des protocoles stricts en matière de conflits d'intérêts.

Tous les candidats à la fonction de juré ou d'évaluateur indépendant du Financement culturel signent une entente de confidentialité et d'absence de conflit d'intérêts qui exige qu'ils déclarent toute participation courante ou ancienne qui pourrait influencer ou sembler influencer sur l'objectivité et l'impartialité de leur jugement. L'évaluateur doit divulguer tout conflit d'intérêts réel ou potentiel, s'abstenir de toute participation à cet égard et quitter la réunion pour la durée de la discussion. Le juré du Financement culturel doit aussi s'abstenir de tenter d'influencer directement ou indirectement la décision du jury à l'égard d'une demande. Le jury du Financement culturel note la divulgation du conflit d'intérêts par le juré, son départ de la réunion et le fait qu'il n'a pas participé à la discussion.

Recommandation 9

Que toute la documentation liée à la détermination de l'allocation des fonds soit conservée dans le dossier.

Réponse de la direction

La direction est d'accord avec cette recommandation.

La section de la gestion des dossiers du Guide des politiques et procédures de financement communautaire a été mise au point en collaboration avec le personnel de la gestion des dossiers municipaux. Les dossiers incluent les demandes ou soumissions de financement ainsi que les lettres de confirmation des décisions envoyées aux organismes.

Pour les Services culturels, la documentation liée à la décision du financement inclut la demande de financement ou la soumission ainsi que les lettres de confirmation des décisions envoyées aux organismes. De plus, l'original de la fiche de recommandation signée de chaque jury du Programme de financement culturel est conservé dans un dossier officiel. Le personnel de Financement culturel enregistre les décisions et les subventions recommandées par le Comité, vérifie auprès du Comité que ces dossiers reflètent exactement leur opinion et s'assure que les membres attestent leur exactitude en apposant leur signature sur les dossiers.

Recommandation 10

Que la Ville s'assure que toute la documentation légale est remplie en temps opportun.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Des accords de service (préparés conformément au cadre de politique du financement communautaire approuvé par le Conseil le 8 février 2006) pour l'allocation de fonds à même l'enveloppe du financement renouvelable sont envoyés aux Services juridiques pour examen et approbation du contenu puis acheminés aux organismes et à la direction pour signature. Une fois que toutes les signatures ont été obtenues, les accords de service sont classés. Tout est mis en œuvre pour que les accords de service soient renouvelés avant leur date d'échéance. Si ce n'est pas possible, une lettre de prolongation, approuvée par les Services juridiques, est envoyée à l'organisme afin de prolonger l'approbation pour un délai d'au plus trois mois, jusqu'au moment où un nouvel accord de service peut être signé. Ce processus permet de s'assurer que le financement n'est pas alloué aux organismes en l'absence d'un accord de service obligatoire.

Recommandation 11

Que tous les dossiers contiennent des comptes rendus sommaires du suivi exercé, y compris les visites d'emplacement, la présence aux réunions, les appels téléphoniques et la correspondance par courriel.

Réponse de la direction

La direction est d'accord avec cette recommandation.

À l'heure actuelle, on conserve une copie électronique des comptes rendus sommaires des organismes de financement communautaire. Désormais, le personnel imprimera et classera aussi une copie de ces comptes rendus dans le dossier officiel de l'organisme.

Comme le précise la recommandation 5, le personnel du Financement culturel utilise une liste de contrôle pour s'assurer que toutes les exigences sont satisfaites et noter toutes les mesures de suivi effectuées. Le personnel s'assurera également que toute autre correspondance à l'appui est versée au dossier.

Recommandation 12

Que la Ville s'assure que la surveillance et le suivi sont conformes et équitables pour tous les bénéficiaires.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Le Guide des politiques et procédures du financement communautaire assure la surveillance et le suivi adéquat et l'application uniforme de ces processus par tout le personnel et tous les organismes (demandeurs et bénéficiaires). Le nouveau cadre de financement général de la Ville permettra de s'assurer que les dispositions concernant l'assurance, la vérification et la santé et la sécurité au travail sont conformes dans les divers accords de l'ensemble des programmes et établira également un modèle de surveillance normalisé à l'usage du personnel. Le cadre de financement général de la Ville sera élaboré pour examen par le Comité et le Conseil au cours du T3 2009.

Dispositifs antirefoulement résidentiels**Recommandation 13**

Que la Ville s'assure que toutes les mesures requises sont prises et que toute la documentation nécessaire est réunie et conservée dans le dossier.

Réponse de la direction

La direction est d'accord avec cette recommandation.

Le personnel créera une liste de contrôle énumérant toute la documentation requise, qui sera jointe à chaque dossier afin d'assurer la conformité aux exigences du programme grâce aux processus de demande et d'approbation. De plus, le personnel ajoutera à ses processus l'exigence que lorsque quelqu'un agit au nom d'un propriétaire dans le cadre du programme de subventions, on a obtenu du propriétaire la documentation lui accordant l'autorité nécessaire. Ces changements procéduraux seront accomplis avant la fin du T1 2009.

Conclusion

Bien que des initiatives aient été entreprises dans quelques domaines de la Ville pour établir des cadres plus officiels concernant des programmes de financement précis, aucune mesure n'a été encore prise pour aborder la recommandation de 2003 portant sur un cadre général à l'échelle de la Ville pour les subventions et contributions. Par conséquent, plusieurs des mêmes enjeux et risques cernés dans la vérification de 2003 persistent.

En l'absence d'un cadre municipal, la Direction des services culturels et du financement communautaire a mis en œuvre un certain nombre de politiques et de procédures révisées pour s'assurer que les programmes et enveloppes de financement qui sont de son ressort soient plus cohérents et mieux structurés. La présente vérification cerne des occasions d'amélioration continue dans les domaines de la présélection pour l'admissibilité, des conflits d'intérêts, de la détermination du montant alloué et de la surveillance et du suivi exercés par la direction.

Dans le cadre du processus annuel de sélection de programmes précis de subventions et de contributions qui feront l'objet d'un examen en détail, nous avons choisi au hasard le Programme de subventions pour l'installation de dispositifs antirefoulement résidentiels en 2008. Des progrès ont aussi été réalisés dans ce domaine pour ce qui est de l'amélioration de la cohérence et de la surveillance. Il faudrait effectuer davantage de travail dans ce domaine pour s'assurer que toutes les étapes requises sont exécutées et documentées.

Remerciements

Nous tenons à remercier la direction pour la collaboration et l'assistance qu'elle a accordées à l'équipe de vérification.

1 INTRODUCTION

The Audit of Grants and Contributions was identified in the 2008 Audit Plan of the Office of the Auditor General, which was received by Council in May 2006.

2 BACKGROUND

In February 2003, the former Audit and Consulting Services Branch of the City presented a report to Council entitled Audit of the Corporate Grants and Funding Programs – Corporate Policy and Management Framework. The 2003 audit did not include a comprehensive review of specific funding programs. Rather, it was focussed on assessing the extent to which harmonization of the funding programs had been achieved and the adequacy of the Corporate-wide framework and approach to the use and management of these programs. Specifically, the objective of the 2003 audit was to assess whether adequate policies and procedures had been established to:

- Effectively manage and control funding programs; and,
- Ensure the appropriate and effective use of City funding.

The single recommendation arising from the 2003 audit was:

That Management establish a clear and comprehensive corporate policy framework governing all mechanisms for funding to external organizations, to ensure:

- *An appropriate control environment exists for funding programs,*
- *Corporate consistency in the use of funding mechanisms;*
- *Clear roles and responsibilities are established across the City administration;*
- *Clear direction and guidance is provided to departments in establishing, managing and monitoring these programs;*
- *The timely, accurate and complete capture of all related information;*
- *The identification and resolution of any systemic problems; and*
- *That funding allocations accurately reflect Council priorities.*

3 AUDIT OBJECTIVES AND APPROACH

The first objective of the 2008 audit was to follow up on the 2003 audit described above to determine what action has been taken in response to the recommendation made at that time and to identify areas which may still require improvement. The approach to this component of the audit was to identify all corporate funding programs and assess the extent to which a corporate-wide framework has been established to guide the management of these programs in a consistent manner.

An area of particular focus in the audit was the funding programs managed by the Cultural Services and Community Funding Branch of the then Community and Protective Services Department. This Branch manages the largest portfolio of grants and funding programs, totalling approximately \$27 million.

A second area of focus, selected at random from the list of other grant programs, was the Protective Plumbing Devices Program, managed by the Water and Wastewater Division. This program had a 2008 budget of \$1.8 million.

In November 2007, Council approved changes to the mandate of the Auditor General (AG), which included extending the jurisdiction of the AG to all grant recipients. The second main objective of the 2008 audit was to select specific grants made by the City in 2007 and assess:

- The effectiveness of the grant application and evaluation process;
- The effectiveness of management oversight procedures related to grant recipients;
- Whether the programs and/or services intended to be delivered as a result of the grants were undertaken by the recipients; and,
- Whether grant recipient organizations maintain appropriate management practices and controls to ensure provision of expected services/programs required by the grant agreement.

The results of the audits of the two specific recipients selected in 2008 are contained in separate reports titled, *Audit of the Banff Community House* and *Audit of the Southpointe Community Association*. It is the intent of the AG to continue to select specific grants recipients on an annual basis to conduct audits based on the above criteria.

4 OBSERVATIONS AND RECOMMENDATIONS

4.1 Corporate Policy and Management Framework

As was the case during the 2003 audit, currently in the City of Ottawa there is no overall policy framework governing the establishment and management of grants and funding programs to external organizations. The funding vehicles or mechanisms currently used by the City to provide services through external organizations include a variety of purchase of service agreements, sustaining grants, project grants, program grants, sponsorship agreements, etc. The "Funding" page at ottawa.ca lists the following grants and contributions programs available to the public:

- Affordable Housing Funding
- Arts Funding Program
- Brownfields Redevelopment Program

- Building Permit Grant for Farmers
- Community Environmental Grants Program (CEPGP)
- Community Funding
- Community Partnership Major Capital Program
- Community Partnership Minor Capital Program
- Community Tree Planting Grant Program
- Environmental Grants Directory
- Green Acres - Ottawa's Rural Reforestation Program
- Heritage Funding Program
- Heritage Grant Program for Building Restoration
- Homelessness Initiatives Funding
- Partners for Jobs
- Program Evaluation Toolkit
- Protective Plumbing Devices Grants
- Recreation and Culture Fee Assistance Program
- Rural Association Partnership Program
- Rural Clean Water Program

Based on data provided by management, the total value of these programs in 2007 was approximately \$49 million. The audit reviewed each of these programs at a high level to identify the amount budgeted and expended in each case, identify the organizational area responsible for the program and obtain an overview of the application and grant process. From discussions with staff and a review of these existing funding programs, it is evident that consistent or common definitions and application of these various mechanisms is not yet in place. Many of the programs identified above were not considered grants by the areas responsible and operate more as contracted purchase of service. Some, in fact, include a formal Request for Proposal process (e.g., Homelessness Initiatives Funding). As such, there remains no clear responsibility for the overall integrity and quality of grants and funding programs.

Financial Services confirmed that a draft definition of "Grants" has been prepared as part of the Finance Manual Project, the purpose of which was to establish definitions for each cost element in the General Ledger to create consistency and common understanding of cost elements. However, this initiative has not progressed beyond the draft stage and the definition was never communicated to City staff.

As a result, accounting for these various funding programs within the Corporate financial system remains inconsistent and the data and reports currently available do not facilitate effective management. For example, the figure quoted above of \$49

million was that provided by management responsible for the various programs listed. However, within the corporate financial system under “Profit Centre” reporting, the total 2007 budget for “Grants” was \$64.1 million with actual expenditures of \$56.6 million. As such, a complete reconciliation of financial data related to grants and contributions is required.

In addition, during the more detailed review of the programs under the Cultural Services and Community Funding Branch (described in the following section of this report), the Branch financial data provided was not fully reconciled with the data residing in the City’s financial system. Staff within the Branch make use of various spreadsheets to track information related to funding but these are not interfaced with the corporate financial system.

Initiatives have been undertaken in some areas of the City to establish more formal frameworks with respect to specific funding programs. However, the City continues to deal with various grants and funding programs on a case-by-case basis. Little or no information is flowing to Council with respect to any systemic problems encountered or issues on overall funding programs. On January 24, 2005, Council directed staff to undertake a review of all grants (exempting Community Services Grants) as per the 2003 audit report. To date, this review has not taken place.

The impacts of a lack of clear corporate direction on funding programs can be significant. The major risks in this regard include:

- Potential for inequitable treatment of applicants for funding;
- A lack of clear direction and guidance provided to departments in establishing and monitoring these programs;
- Unclear roles and responsibilities;
- A lack of clear accounting procedures and a resulting inability to capture timely, accurate and complete information;
- An inability to identify and resolve any systemic problems;
- The risk that funding does not reflect Council priorities;
- The risk of ineffective use of limited corporate funds;
- An impeded ability to measure and compare the performance of various funding programs and ensure value for money is received from these programs;
- The use of a funding mechanism which does not provide a level of City control and oversight appropriate to the specific service being delivered; and,
- A lack of corporate-wide accountability for funding decisions.

A number of other Canadian municipalities (e.g., Toronto and Edmonton) have established corporate-wide policies for grants, which define the intended use and

required operating procedures. At the City of Ottawa, a comprehensive corporate-wide framework is needed to:

- Ensure that all funding programs are designed to support Council's objectives;
- Establish corporate consistency in the use of various funding alternatives;
- Provide the overall control environment for funding programs including the establishment of clear roles and responsibilities across the City administration;
- Provide direction and guidance to departments in establishing, managing and monitoring the various types of funding programs;
- Ensure that the terms and conditions of all funding programs provide for effective control and assurances;
- Establish a process of review and challenge of proposed programs;
- Ensure the capture of timely, accurate and complete information to assess performance and integrity, and take action as required; and,
- Identify any systemic problems, take appropriate remedial action, and assess the effectiveness of that action.

As part of the 2003 audit, the former Audit and Consulting Services Branch went so far as to present a proposed corporate framework to provide further context for managing these programs. This proposed corporate framework (i.e., 2003 Proposed Funding Types and Criteria) is attached as Appendix A to this report.

4.1.1 Management of In-Kind Services

In addition to providing direct funding to external organizations, the City also often provides other support in the form of various in-kind services. As with funding programs generally, however, there currently is no corporate policy direction on the use and management of in-kind services.

One of the more typical forms of in-kind support is the use by external organizations of City-owned facilities on a rent-free or reduced-rent basis. As well as providing space in these facilities, the City also provides property management services and in some cases administrative support. The specific arrangements for the use of City-owned facilities vary widely across the various funding programs. For example, organizations sharing a facility can be charged different rents or may not be charged any rent at all, depending on the specific terms and condition of their respective arrangements with the City.

Although the provision of space in City-owned facilities is the most typical form of in-kind services, there are numerous other types of support provided by the City. Some of the more recent examples include:

- Forgiveness of unpaid developments charges, property taxes and rents;

- Providing reduced-rate and long-term loans;
- Forgiveness of unpaid loans and guarantees of loans or lines of credit;
- Granting of Municipal Capital Facility Status and the associated tax exemptions; and,
- Grants of land.

At its meeting of February 14, 2007, Council directed staff to track the City' in-kind and invoiced services in support of festivals, fairs and special events and report back with a policy respecting these City services. A report on this sub-set of in-kind services was presented to Community and Protective Services Committee on October 16, 2008. However, there currently are no corporate standards for the establishment and management of the full range of in-kind services to external organizations. As such, a full accounting of these funding programs cannot be easily accomplished. The risk here is that other forms of financial support is being provided to various organizations which may not be recorded or managed as part of the overall funding or transfer payment to these organizations. Complete and accurate information on all in-kind services is needed for the managers of these programs to ensure that funding decisions are sound and that these programs are achieving value-for-money.

Recommendation 1

As was recommended in 2003, that the City establish a clear and comprehensive corporate policy framework governing all mechanisms for funding to external organizations, to ensure:

- a) An appropriate control environment exists for funding programs;**
- b) Corporate consistency in the use of funding mechanisms;**
- c) Clear roles and responsibilities are established across the City administration;**
- d) Clear direction and guidance is provided to departments in establishing, managing and monitoring these programs;**
- e) The timely, accurate and complete capture of all related information;**
- f) The identification and resolution of any systemic problems; and,**
- g) That funding allocations accurately reflect Council priorities.**

Management Response

Management agrees with this recommendation.

A grant is a provision of funding to a third party or organization, not directly receiving goods or services, to further a City service, program or objective.

A review of where and how all funding grants are currently processed throughout the corporation will be initiated once the corporate re-alignment is complete. Following this review, staff will develop the scope, scale and

approach for the development of a comprehensive corporate-wide policy framework governing all mechanisms for funding to external organizations for Committee and Council consideration in Q3 2009.

Although a corporate-wide framework has not been developed, the Community Funding division initiated a review of community funding processes following the City Auditor's report to Council in February 2003. This led to the development and Council approval of a Community Funding Process Review in September 2004, followed by approval of the Community Funding Framework Policy on February 8, 2006.

The Community Funding Framework Policy responded to the audit recommendations by establishing a formal, written policy identifying the purpose, goals, eligibility criteria, funding priorities, risk assessment criteria and funding contribution mechanisms of the Community Funding Program.

Recommendation 2

That the City complete a full reconciliation of existing financial data related to Grants and Contributions.

Management Response

Management agrees with this recommendation.

Management will compile annually a full reconciliation of existing financial data related to grants and contributions by Q1 2010.

4.2 Cultural Services and Community Funding

As the largest grants and contributions program at the City (total value approximately \$27 million), the funding managed by Cultural Services and Community Funding was selected for detailed review in 2008. Sixteen specific recipient organizations, representing approximately \$5.3 million or 20% of total funding, were selected at random. Funding to these organizations ranged from a low of \$4,900 to a high of \$1.2 million. The objective of this component of the audit was not to assess the adequacy of management processes within each of the recipient organizations but rather to assess the adequacy and effectiveness of the processes established by the City to manage this program.

In the absence of an overall corporate framework for grants and contributions, Cultural Services and Community Funding (CSCF) made a number of improvements since 2003 to address much of the recommendation made at that time, including clarification of procedures for submitting and evaluating proposals under the various funding programs. Based on the review of the sample of specific grants recipients' files, discussions with staff and management were undertaken to further examine the current approach.

There are a variety of funding mechanisms in place within CSCF. Community Funding includes Renewable, Non-renewable, National Child Benefit Savings and Special Circumstances funding. Cultural Services includes Arts, Heritage, and Festivals and Fairs funding. Organizations may be eligible to receive funding under more than one of these programs, although groups are not eligible to receive operating funding from more than one program. There are specific applications or funding submission for each program and these are evaluated by jury, peer assessment, allocation committees or City staff. The procedures established within CSCF address the areas of pre-screening for eligibility, conflict of interest, determination of the allocation amount, and management oversight and follow-up. The following sections outline the results of the audit in each of these areas.

4.2.1 Pre-screening for Eligibility

4.2.1.1 Community Funding

Staff within the Community Funding section of CSCF prepare a risk assessment for each prospective recipient. A checklist is used to identify the required documents for the funding submission and documents within the file sample contain notations and verification that the City's portion of community funding on the funding submission and on financial statements had been reviewed. It did not appear evident from the files reviewed that staff are confirming if City funding from other branches is being received by the proponent or and if the amount disclosed is correct.

There is a database where funding submissions are entered and tracked with respect to outstanding documents such as insurance forms and the status with respect to required signatures. The terms and conditions require \$5 million insurance and the City as a named insured. Although there was proof of insurance on file, it did not meet these required terms and conditions. There is also a potential timing issue with respect to insurance. For example, for 2007 funding submission the insurance certificate would be July 2006 to June 2007. The July 2007 to June 2008 proof of insurance would not be received until the 2008 funding submission in September 2007.

Grant recipients are required to provide audited financial statements where funding exceeds \$50,000. We noted one example where such statements were not provided by the recipient and a second case where the financial statements were stamped "subject to change". There are potential timing issues regarding audited financial statements as well. The 2005 financial statements would be submitted with the 2007 submission which was due in September 2006. Also, several funding recipients have a fiscal year end of March which differs from the City's year-end of December 31. Audited financial statements reviewed do report revenues and expenses but do not always break out the City's funding or the program or expenses covered by the City.

Prior to finalization of this audit report, it was identified that City staff within Community Funding, in consultation with Legal Services, added a special condition to one particular funding agreement which contradicted the requirement for audited financial statements. In addition, advice regarding accounting principles was provided by CSCF staff to this recipient which conflicted with generally accepted practices.

4.2.1.2 Cultural Funding

A formal risk assessment or a checklist did not always appear in the official files reviewed during the audit. Cultural Planners do have a checklist for applications (and a three-year activity report) but checklists are not normally retained, as they are not considered part of the official business record. These are currently kept within staff working files which may also contain follow-up notes, additional commentary, etc. There was a general lack of notations on file to evidence checking of documents. Although documentation states that a database exists and is regularly updated, staff indicated they do not have a database but in fact have several spreadsheets where they enter various data.

Minutes for Annual General Meetings (AGM) or Board Meetings for both Cultural and Community funding recipients were not usually signed. Management indicated that there is a requirement to submit minutes from the most recent Annual General Meeting or Board Meeting but there is no requirement for these minutes to be signed as each organization has their own procedures regarding signing and approval. The signing of minutes may seem trivial but is required for these documents to be considered official.

Recommendation 3

That the City ensure applicants identify all other sources of City funding as part of their submissions.

Management Response

Management agrees with this recommendation.

All funding application forms currently ask for information on other sources of City funding. A mechanism will be built into the Corporate Framework, which will be brought forward for Committee and Council approval in Q3 2009, to perform a City-wide search to confirm whether organizations are receiving other City funding.

On page 8 of the audit report (section 4.2.1.1), the Auditor General made reference to City staff adding a special condition to one particular funding agreement, which contradicted the requirement for audited financial statements. In addition, the Auditor indicated that CSCF staff provided advice to this recipient regarding accounting principles, which conflicted with generally accepted practices. Management would like to clarify why this occurred. This

change was made to address a concern from the signing officer of an organization (food program) who was extremely reluctant to proceed with Generally Accepted Accounting Practices (GAAP) for fear of having to proceed with full inventory, including all items of food, etc . After consultation with Legal, the organization was told that they could follow the Generally Accepted Accounting Principles (GAAP), but did not have to conduct the detailed inventory of food items. The Special Condition and the Agreement, which were reviewed by both Legal and the FSU, provided the organization with that reassurance and resulted in a signed agreement.

Recommendation 4

That the City carryout and retain on file a risk assessment of all proponents.

Management Response

Management agrees with this recommendation.

Both Cultural Services and Community Funding staff conduct a risk assessment on all agencies receiving funding prior to issuing funds. The risk assessment looks at governance, financial stability, level of City funding, years in operation, operational and program capacity and level of collaboration and partnership with other community agencies.

Community Funding staff currently perform a risk assessment for Renewable Community Funding to determine whether the Service Agreement will be a one-year or a three-year agreement. Effective immediately, staff will also do a risk assessment for Non-Renewable Community Project Funding. These risk assessments are currently retained in the agency's electronic file, but will also now be included in the agency's corporate file.

Cultural and Community Funding staff perform a risk assessment by reviewing all applications and annual reports, using a checklist to ensure that all documents and information are included and the file is complete. General comments are recorded and staff follows up with applicants when information is missing or clarification is required. These checklists will now be filed as part of the applicant's official file.

Recommendation 5

That the City ensure all official files contain complete evidence of checking of documentation including follow-up notes, additional commentary, etc.

Management Response

Management agrees with this recommendation.

The Community Funding Policy and Procedures Manual includes a section on records management, which was developed in collaboration with corporate

records management staff. In addition, a checklist is attached to all funding submissions or application forms when received by the Community Funding division. This checklist identifies all requirements and lists mandatory documents. Staff indicate whether those requirements have been met and initial the checklist. Staff note on the checklist any follow-up actions that have been taken. The checklist is included on file with each application/funding submission form.

Cultural Funding staff have revised the checklists previously used in the working files to add a section for follow-up notes and additional commentaries as per the Auditor General's recommendation, and are now including them in the agency application file as an official record.

Recommendation 6

That the City ensure all Board and Annual Meeting minutes are properly signed.

Management Response

Management agrees with this recommendation.

All application forms and funding submissions for 2010 will specify that the Annual Meeting minutes must be properly signed by the signing authority of the organization. Staff will ensure that this is being done on a consistent basis. The Community Funding Policy and Procedures Manual will also be revised to reflect this requirement by Q2 2009.

4.2.2 Conflict of Interest

There is currently no specific conflict of interest disclosure for Renewable Funding, as this is not considered a selection or evaluation criterion. Staff do not specifically sign a conflict of interest / confidentiality document, however these issues would be covered by the City's Code of Conduct. With respect to staff, management provided one example where an employee who was a Community Funding Consultant was asked to step down from a Board even though they were not in receipt of funding, as it was felt that the group might be requesting funds in the future.

For grants awarded by a jury, a signed conflict of interest and confidentiality declaration of the jurors is required. There is a potential gap in this process however as even in the event that a juror declares a conflict, she/he may still participate in the assessment of other organizations seeking funding from the same envelope. This was the case in one of the files reviewed during the audit. In this case, the organization to which the juror was affiliated received the majority of the funding available, creating the potential perception of undue influence over the entire assessment process. The Conflict of Interest policy indicates that the Cultural Planner would assess the nature and extent of the conflict and determine if the juror

would participate in applicant assessment. The declaration does not include notations or explanations regarding how this would be resolved.

4.2.3 Requesting Tickets

In one case examined during the audit, a letter on file from 2005 indicated that the Cultural Planner had requested two complimentary tickets to an event. Also, in the standard letter dated November 2006 it states, "For monitoring purposes (and where possible) we request that you provide the Cultural Services Office with two complimentary tickets to attend an activity or performance that exemplifies the artistic work being done by your organization." Management confirmed that it is standard practice to request such tickets as a means of monitoring whether the services being funded are in fact being delivered. In light of recent concerns regarding perceived conflicts of interest when staff receive gifts and other forms of hospitality from organizations doing business with the City, the practice of requesting complimentary tickets in this area should be re-visited. For additional observations regarding management oversight and monitoring, please refer to section 4.2.5 of this report.

Recommendation 7

That the City re-assess the practice of requesting complimentary tickets to events.

Management Response

Management agrees with this recommendation and has re-assessed the practice of requesting complimentary tickets to events.

Management believes that requesting a complimentary ticket to attend performances, art shows and other cultural events of organizations that receive cultural funding from the City is an important part of the monitoring process. Management has reviewed the Corporate Gifts, Entertainment and Hospitality Policy and does not believe that this practice is a conflict of interest and will, therefore, continue to ask for one complimentary ticket for monitoring purposes.

Recommendation 8

That the conflict of interest procedures be revised to ensure any juror declaring a conflict does not participate in the assessment of other organizations requesting funding from the same envelope.

Management Response

Management agrees with this recommendation for Community Funding but disagrees for Cultural Services Funding.

The Community Funding Policy and Procedures Manual includes a procedure that requests Allocations Committee members for the Community Project Funding (Non-Renewable) program sign a confidentiality/conflict of interest

agreement. The Allocations Committee for the 2008 Community Project Funding program also recommended that any agency applying for Community Project Funding not be included on the Allocations Committee. This revision will be made to the Community Funding Policy and Procedures Manual by Q2 2009.

Cultural Funding staff makes every effort to recruit assessors who are free of conflict of interest with all applicants. However, the purpose of the peer assessment system is to select qualified and knowledgeable assessors from the field and these assessors may have contacts with one or more of the applicants. It would be extremely difficult to recruit and retain jurors if they were completely excluded from a jury because of a declared conflict. The City follows the example of other grants agencies such as the Canada Council and has established strict protocols to address the issue of conflict.

All potential Cultural Funding jurors and independent assessors sign a confidentiality and conflict of interest agreement that requires them to declare any current or former involvements that could influence or appear to influence the objectivity and impartiality of their judgements. Where an actual or potential conflict of interest exists, it must be disclosed and the assessor must abstain from any and all participation related to it, and leave the meeting for the duration of the discussion. The Cultural Funding juror must also refrain from attempting to directly or indirectly influence the decision of the jury with respect to the application. Cultural Funding jury notes record the juror's disclosure of interest, their withdrawal from the meeting and the fact that they did not take part in the discussion.

4.2.4 Allocation Determination

For Renewable Funding, the funding submission and past successes are detailed in the application. The Legal Agreement shows the breakdown of the purpose and funding in Schedule A and indicates that funding may not be moved from one program to the other without the prior written consent from Community Funding in the form of an addendum. Reporting is required by activity. As noted in prior section, some funding submissions and reporting was not complete. For example, for one organization, the funding submission and additional reports were provided but the dollars breakdown did not match.

Jury recommendation sheets are compiled based on the rating of jury. Rating sheets and notes are not retained beyond one year.

The Peer Assessment process for the Community Museum Service Agreement is conducted by independent assessor, who reviews the funding applications, conducts an on-site visit along with the Cultural Planners and prepares a written report based on assessment criterion. The Cultural Planner then meets with the Manager to discuss the assessors report and make recommendations for allocation of funds. In the files reviewed for one peer assessment, the Jury Recommendation

Sheet was provided but the actual rating sheets and notes were not retained. For the projects selected by the Allocations Committee, neither the rating sheets nor the notes were retained on the file.

Recommendation 9

That all documentation related to allocation determination be retained on file.

Management Response

Management agrees with this recommendation.

The records management section of the Community Funding Policy and Procedures Manual was developed in collaboration with corporate records management staff. Files include the funding applications / submissions as well as the letters to agencies confirming decisions.

For Cultural Services, documentation related to funding determination includes the funding applications/submissions as well as the letters to agencies confirming decisions. In addition, the original copy of the signed jury recommendation sheet from each Cultural Funding program jury is retained in an official file. The Cultural Funding staff records the decisions and grants recommended by the committee, ascertaining with the committee that these records accurately reflect their views and ensures that members attest to their accuracy by signing-off on the records.

4.2.5 Management Oversight and Follow-Up

Community Funding has worked with Legal Services to develop Terms and Conditions, Legal Agreements, Addendum Letters and Certificates of Authority. We noted one case in our sample where there was no Legal Agreement on file for this organization. In addition, there were two cases in the sample where the agreements were on file but had been signed late in the year rather than at the time funding was granted. In another case, no signed agreement had been in place for several years.

Within Community Funding, staff conduct regular follow-up including site visits, phone calls, and e-mail which are documented in narrative summaries. Cultural Funding does not maintain a narrative summary. Although staff indicated they attend events and AGMs for some groups, they do not maintain a log. Staff noted that they were not compensated for night activities for events or AGMs attended.

Generally, we noted inconsistencies in the way in which recipients are monitored by staff. Differences in the terms and conditions in the areas of audit, insurance, occupational health and safety, etc., were noted in the various agreements currently in place. In addition, processes for oversight and documentation by staff vary across these agreements. Greater consistency in these oversight processes is required to ensure that monitoring is adequate and equitable.

Recommendation 10

That the City ensure all legal documentation is completed in a timely manner.

Management Response

Management agrees with this recommendation.

Service Agreements (prepared pursuant to the Community Funding Framework Policy approved by Council on February 8, 2006) for the allocation of funding from the renewable funding envelope are sent to Legal Services for review and approval of content before being sent to agencies and management for signature. Once all signatures have been obtained, the Service Agreements are filed. All attempts are made for Service Agreements to be renewed prior to their date of expiry. If that is not possible, a letter of extension, as approved by Legal Services, is sent to the agency to extend approval for a maximum of three months, until such time as a new Service Agreement can be signed. This process ensures that funding is not allocated to agencies in the absence of a binding Service Agreement.

Recommendation 11

That all files retain narrative summaries of follow-up undertaken including site visits, attendance at meeting, telephone calls and email correspondence.

Management Response

Management agrees with this recommendation.

Narrative summaries for Community Funding agencies are currently stored electronically. Effective immediately, staff will also print and file a copy of the summaries on the agency's official file.

As indicated in recommendation 5, Cultural Funding staff use a checklist to ensure that all requirements have been met and to note any follow-up actions that have been taken. Staff will also ensure that all other supporting correspondence is included on file.

Recommendation 12

That the City ensure oversight and monitoring processes are consistent and equitable for all recipients.

Management Response

Management agrees with this recommendation.

The Community Funding Policy and Procedures Manual ensures that there is appropriate oversight and monitoring and that these processes are consistent with all staff and all agencies (applicants and recipients). The new corporate-wide funding framework will ensure that clauses for insurance, audit and occupational health and safety are consistent in the various agreements across

programs and will also establish a standardized monitoring template to be used by staff. The corporate-wide funding framework will be developed for Committee and Council consideration in Q3 2009.

4.3 Protective Plumbing Devices

Given the City's large number and various types of grants and contributions programs, the Auditor General has established a process to select a small number of programs and recipients on annual basis for more detailed review. In addition to selecting two specific recipients in 2008 (the results of which have been reported separately), the City's Protective Plumbing Devices program was selected at random from the other grants and contributions programs.

"Protective plumbing" relates to devices and/or means used to protect homeowners against the entry of wastewater into basements resulting from a main sewer backup. When these devices are installed properly, they stop the back flow of wastewater and can significantly reduce the potential of basement flooding. Protective plumbing methods can range from the installation of sump pumps and reconfiguration of footing drainage to the installation of an approved full-port backwater valve on the building's sanitary drain connected to the main City sewer.

In order to assess the consistency and effectiveness with which this funding program is managed, we selected sixteen separate application files for review. Some of these, for example condominium corporations, included several separate installations.

Prior to December 2007, the Protective Plumbing Devices program was managed by the Infrastructure Services Branch. At that time, responsibility for the program was transferred to the Water and Wastewater Services Branch (WWSB). The City's website contains a clear and detailed description of the process (see Appendix B for complete details). Briefly, the process includes the following key steps:

1. Review of Application.
2. Review of Protective Plumbing requirements.
3. Investigation report is sent to the homeowner.
4. The homeowner arranges for contractor quotes.
5. Protective Plumbing is installed.
6. Payment of contractor.
7. Follow-up inspection.
8. Information is submitted to the City.
9. Rebates are processed by the City.

The City's website also describes the maximum amounts available under the programs (see Appendix B). At the time of the audit (June 2008), the website indicated that, depending on the specific circumstances and type of dwelling, reimbursement is capped at a maximum of \$7,000 per installation. We were later informed that in fact the by-law governing this program places a cap of \$7,500 per installation rather than \$7,000. The website was updated after completion of the audit work.

Based on this criterion, we would not expect to see any amounts greater than \$7,500. In the data analysis of the sample of transactions selected for the audit, there were six amounts greater than \$7,500, ranging from \$9,331 to \$19,802, occurring both before and after the change in responsibility for the program. The subsequent review of related documentation for these transactions revealed that the amounts greater than the cap were for condominium corporations of multiple units and therefore were in compliance with the maximum allowable payments.

Based on our review of files from before and after the transfer of responsibility for the program to WWSB, it is evident that the process has been more closely and consistently administered since December 2007. However, some of the sample files provided lacked documentation to evidence that the procedures relating to application pre-screening and final work inspection had been followed. Items such as inspection reports and proof of ownership were missing in some cases. One case in particular (dating back to 2005) relating to 85 condominium units was missing considerable documentation. In this case, there was no evidence that permits had been obtained for all units or that inspections had been performed to ensure work performed was to code. In addition, there was no documentation on the file authorizing the individual involved to act on behalf of the condominium corporation or the property owners. A commitment had been made by the area formerly responsible for the program to fund protective plumbing, although in some cases an approved product was not used due to physical constraints. WWSB is presently managing the file on an on-going basis.

Recommendation 13

That the City ensure all required actions are performed and that all necessary documentation is collected and retained on file.

Management Response

Management agrees with this recommendation.

Staff will develop a checklist identifying all of the required documentation that will be placed on each file in order to ensure compliance with the program requirements through the application and approval processes. Staff will also add a requirement to its processes that when someone acts on behalf of a property owner for the grants program, there is authorizing documentation from the

property owner in place. These procedural changes will be completed prior to the end of Q1 2009.

5 CONCLUSION

Although initiatives have been undertaken in some areas of the City to establish more formal frameworks with respect to specific funding programs, no action has yet been taken to address the 2003 recommendation for a corporate-wide framework for grants and contributions. As a result many of the same issues and risks identified in that audit remain.

In the absence of a corporate framework, the Cultural Services and Community Funding Branch has implemented a number of revised policies and procedures to ensure more consistency and structure to the programs and funding envelopes under its jurisdiction. This audit identifies opportunities for further improvement in the areas of pre-screening for eligibility, conflict of interest, determination of the allocation amount, and management oversight and follow-up.

As part of the annual process to select specific grants and contributions programs for detailed review, the Protective Plumbing Devices program was chosen at random in 2008. Progress has also been made in this area to improve consistency and oversight. Further work is needed in this area to ensure that all required steps are performed and documented.

6 ACKNOWLEDGEMENT

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

APPENDIX A - 2003 Proposed Funding Types and Criteria

Funding Type	Key Criteria For Use
Category A	<ul style="list-style-type: none"> <input type="checkbox"/> Program/service is mandated by statute. This category should also address programs where the service itself is non-discretionary, but Council determines the service level. <input type="checkbox"/> A specific budget has been established by Council for the program/service to be provided. <input type="checkbox"/> Service is delivered via a contractual arrangement with an external organization, subject to the City's Purchasing By-Law and to the procurement policies and procedures administered by the Supply Division. <input type="checkbox"/> The City will ensure service continuity regardless of delivery mechanism used. <input type="checkbox"/> The program/service is governed by a formal contractual agreement, which defines all related terms and conditions in explicit terms including specific program objectives, service deliverables, performance standards, etc. <input type="checkbox"/> Council requires a formalized and substantive performance monitoring process to ensure that services are delivered as required. <input type="checkbox"/> Staff and cost centre responsibility is clearly identified in each case. <input type="checkbox"/> Payment is to be provided by the City based on proof of delivery of agreed-upon services. <input type="checkbox"/> Current examples might include ASD or P3 initiatives.
Category B	<ul style="list-style-type: none"> <input type="checkbox"/> Council has deemed the program/service a priority but has discretion over whether funding will continue to be provided and over the level of service delivered. <input type="checkbox"/> Funding is provided via a formal contractual agreement, which identifies specific program objectives, service deliverables, performance standards, etc. <input type="checkbox"/> Council requires a high level of performance monitoring by staff to ensure that services are delivered as required. <input type="checkbox"/> Staff and cost centre responsibility is clearly identified in each case. <input type="checkbox"/> Current examples might include recreational programs delivered via external agencies or funding to certain arts and cultural groups.
Category C	<ul style="list-style-type: none"> <input type="checkbox"/> Program/service is deemed to support City objectives. <input type="checkbox"/> Council has established an on-going commitment but the City would not necessarily assume direct responsibility for service delivery. <input type="checkbox"/> Funding is provided to support organizations via some form of grant. <input type="checkbox"/> Funding is to be provided by the City based on a business plan, which identifies objectives, benefits and deliverables, and clearly identifies what City funds are to be used for. <input type="checkbox"/> Council requires moderate performance monitoring by staff to ensure that services are delivered as required. <input type="checkbox"/> Current examples might include funding to various festivals or to certain arts and cultural groups.

APPENDIX A - 2003 Proposed Funding Types and Criteria

Funding Type	Key Criteria For Use
Category D	<ul style="list-style-type: none"> <input type="checkbox"/> Program/service reflects a time-limited and issue-specific Council commitment. <input type="checkbox"/> Grant funding is provided for a specified project and is based on a business plan, which identifies objectives, benefits and deliverables, and clearly identifies what City funds are to be used for. <input type="checkbox"/> Council requires modest performance monitoring by staff. <input type="checkbox"/> Staff and cost centre responsibility is clearly identified in each case. <input type="checkbox"/> Current examples might include funding for external pilot programs or short-term interventions.
Category E	<ul style="list-style-type: none"> <input type="checkbox"/> Program/service reflects a limited Council commitment to provide project-specific funding via an approved pool of funds. <input type="checkbox"/> Specific individual amounts provided are not approved by Council but are awarded based on a Council-approved assessment mechanism (which may include staff or external evaluations). <input type="checkbox"/> Reporting to Council on specific awards occurs after the fact. <input type="checkbox"/> Council requires little or no performance monitoring by staff. <input type="checkbox"/> Staff and cost centre responsibility is identified on pool basis. <input type="checkbox"/> Current examples might include small grants to individuals for various purposes.

APPENDIX B - Protective Plumbing Devices

1. Review of Application

The homeowner's application is reviewed by City staff to ensure that the homeowner is eligible and the application is complete and to verify that the property taxes are paid. Grant applications are reviewed, approved or rejected on the basis of the following criteria:

- The flooding of a basement or cellar must have been formerly reported to the City prior to the application for a grant, or;
- Documents or records of other properties that experienced basement or cellar flooding must be on record with the City, and;
- The basement or cellar flooding resulted from a City sewer backup, and;
- The installation of protective plumbing has the potential to reduce basement or cellar flooding from City sewer backup for that property.

2. Review of Protective Plumbing requirements

A consultant working on behalf of the City (currently RV Anderson Associated Ltd.) contacts the homeowner to make arrangements for a site visit to determine the extent of the work required.

3. Investigation report is sent to the homeowner

Once the investigation has been completed, a report of the findings is sent to the homeowner with a letter of explanation and detailed information regarding the protective plumbing requirements. The homeowner is requested to contact a private contractor to obtain at least one quotation for the proposed work. Work must not proceed until the quotation has been approved by the City representative.

4. The homeowner arranges for contractor quotes

The consultant reviews the quote(s) to determine whether the price(s) are reasonable for the scope of the proposed work. If the price is reasonable, the homeowner may proceed. If the quotation is higher than expected, the homeowner is requested to provide another quote.

5. Protective Plumbing is installed

The homeowner arranges for the work to be completed. The contractor installs the protective plumbing devices and the contractor or homeowner makes arrangements for a plumbing inspection by a City of Ottawa inspector. The inspector approves the plumbing and the work is completed.

6. Payment of contractor

The homeowner pays the contractor for the work performed, making sure to retain copies of all invoices and proof of payment.

7. Follow-up inspection

The homeowner notifies the consultant when the work is completed and makes arrangements for an inspection. The installation is inspected and photographed. Copies of the plumbing inspection, invoices and proof of payment for the work are provided to the representative.

8. Information is submitted to the City

The consultant submits copies of all paperwork to the City, including bills, invoices, etc., along with confirmation that the work has been performed and that all possible protective plumbing devices have been installed.

9. Rebates are processed by the City

The City reviews the information and processes the rebate cheque. A letter is sent to the homeowner to advise them that the rebate cheque will be issued. A rebate cheque is mailed to the homeowner.

The City's website also describes the maximum amounts available under the programs. Specifically, the website states:

"The amount of a grant depends on the flood history for the property. In accordance with the City of Ottawa Protective Plumbing Bylaw 2005-209 / 2006-309, the allowable amount of reimbursement for applications received, after 3 July 2006, is described below.

The amount approved under the Bylaw for the installation of protective plumbing devices is;

- a. 100% of the cost of the work to a maximum of \$4,000 (including taxes) where a basement or cellar has previously flooded resulting from a City Sewer Back-up; or*

- b. 50% of the cost of the work to a maximum of \$2,500 (including taxes) for a house that has not experienced flooding resulting from a City Sewer Back-up but is located in an area with a history of flooding.*

The amount approved under the Bylaw for residential dwellings having to address drainage from a flat roof represents:

- a. 100% of the cost of the work to a maximum of \$7,000 (including taxes) where a basement or cellar has previously flooded resulting from a City Sewer Back-up; or*
- b. 50% of the cost of the work to a maximum of \$3,750 (including taxes) for a house that has not experienced flooding resulting from a City Sewer Back-up but is located in an area with a history of flooding.*

Note: *As of July 3, 2006, there is no administration fee for the program and a \$100 fee is no longer required to process an application.”*