

<b>Local Government Services Program</b>	Policy	F2
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## What is the policy?

This policy applies to all Local Government Services Program (LGSP) funded communities (exclusions apply for interim-level and settlements). The LGSP is based on a funding formula (see Policy F1 Funding Formula Overview) that allocates funding in a fair and equitable manner, taking into consideration the geography and remoteness of individual communities. LGSP funding provides communities with more flexibility in their decision making and operations. Under these circumstances, the department relies heavily on reporting mechanisms and adherence to policy (see Appendix F2-A Reporting Requirements and Community Calendar for a list of the major reporting requirements and due dates).

## General conditions and requirements

- LGSP funded communities must comply with department policies, guidelines, procedures and legislation. Council must ensure that funds provided for municipal services are managed in accordance with these policies. **Non-compliance with policy or non-delivery of services to residents may result in funding adjustments.**
- The council must maintain adequate financial records, including financial reporting at specified times, account for all expenditures, revenues, surpluses and bank accounts using approved accounting forms.
- The council must advise the department of any program funded by an external agency. Where external funding results in new infrastructure and a subsequent increase in operating costs, the community must obtain approval from the department. The community is expected to cover any shortfalls from this type of project.
- The department will provide a troubleshooting/consultative/advisory service as it relates to all municipal services at the community level and work with councils experiencing financial and/or administrative problems to develop an appropriate plan of action.

## Operations and maintenance (O&M) funding

The annual O&M funding is provided to maintain services and municipal infrastructure that council is planning to deliver to its residents. Should the services or infrastructure change, the O&M funding may be adjusted.

- The annual O&M funding is contingent on receipt of the following (reference to The Northern Affairs Act (the act) is cited where applicable):
  - **quarterly financial statements** and **copy of bank portfolio statement** submitted **within 30 days** of the end of the quarter
  - **year-end financial statements** submitted by **April 30** (per subsection 152(4))

- **community management plan** submitted by **January 31** (per subsection 142(1))
- previous year **financial audit report** due by **August 31** (per subsection 156(1))
- The conditions for which the release of funds are made will be contingent on the provincial budget process at the beginning of the year (which can delay the first funding release to a later date, such as May 1 vs April 1) and receipt of the following:

#### First Funding Release – **April 1**

- community management plan
- 3<sup>rd</sup> quarter (October to December) financial statements and copy of bank portfolio statement due January 30
- contract for financial auditor selection due January 31 (per subsection 153(1))
- previous years' MEBP documentation (copies of T4 and T4A statements)

#### Second Funding Release – **July 1**

- year-end financial statements
- confirmation financial records sent to auditor

#### Third Funding Release – **January 1**

- 1<sup>st</sup> quarter (April to June) financial statements and copy of bank portfolio statement due July 30
- O&M deficit recovery plan – if required due September 30
- previous year financial audit report
- 2<sup>nd</sup> quarter (July to September) financial statements and copy of bank portfolio statement due October 30
- community inventory updates due November 1
- For incorporated communities, release of funding will be made in two payments (April 1 and January 1) as per all the above conditions (including July 1 conditions).
- If the conditions and requirements of this policy are not met, funding adjustments may be made by the department or release of funds may be withheld (see Policy F12 Community Reporting Requirements).

### **Community management plan requirements**

- A key component to a successful community is good planning. Planning provides an opportunity to look at a community's past and future. The council must adopt and submit a community management plan by **January 31**.
- The council must expend funds and collect revenues according to its budget adopted in the annual community management plan. A balanced budget is a requirement under the act per subsection 143(2).
- The *Community Management Plan* manual, is a useful guide in preparing the plan. The community management plan must include:

- an operating budget
  - a capital budget
  - a five year capital expenditure program
  - any other component prescribed by the minister (ex: staff training plan)
- The department reviews the community management plan (signs the community's operating budget to indicate it was reviewed) and provides applicable feedback.
  - The department requires the community management plan on a timely basis and may consider withholding 50 per cent of new year funding until the plan is received.

## **Inventory**

- The council must ensure the annual community inventory verification is submitted to the department by **November 1** (see Policy G8 Community Inventory).
- If submissions depart from this requirement, the department may hire a contractor to complete the inventory in non-compliant communities. Costs associated with completing the inventory, will be deducted from the following years' O&M funding.

## **Conditional funding**

- Reserve funds are considered conditional funding. All other funding through the LGSP is considered unconditional. LGSP communities can move funds from one program area to another while ensuring that municipal services are managed in accordance with department policy. Conditional funds can not be spent for purposes other than those specifically intended.
- Remoteness allowance and employee wage increases where funded, must be paid to eligible employees and wages paid as per the salary scale for the designated positions funded (see Policy F9 Community Employees). The council must set a policy on remoteness allowance rates to be paid for eligible employees.
- For interim-level communities, funds for community infrastructure upgrading and operational reserves will remain with the department to be released when requested by council and on approval by the Northern Affairs Branch (NAB) regional office.

## **Deficit approval requests and surplus funds**

- A community that anticipates a deficit must advise the minister in writing for approval, per section 149 of the act.
- It is recommended any O&M surplus funds be allocated as follows:
  - to correct any remaining deficiencies from the latest infrastructure maintenance audit
  - as an operating contingency for the current fiscal year (up to five per cent of the current year's budget)
  - to replenish any deficiencies in any reserves as follows:

- enhance the vehicle replacement and/or infrastructure upgrading reserve funds equally or split as desired
- establish or add to any special or general reserve fund, other than the above mentioned
- any remaining balance may be allocated to a contribution to capital reserve (to accelerate the purchase/replacement of any current infrastructure or vehicle or to acquire a new asset) or for a special one-time community project/event
- Following receipt of the audited financial statement, if an O&M deficit is incurred a deficit recovery plan must be received in the NAB regional office by September 30 for approval. The department will respond to these requests by October 15.
- A report on community O&M surplus/deficits is prepared by the NAB regional office for review by the executive director.

### **Reserve funding**

- The funding formula provides communities (excluding interim-level and settlements) with future funds for the following:
  - vehicle replacement (ex: utility)
  - infrastructure upgrading (ex: waste disposal site cell replacement)
  - operating reserves (ex: fire equipment, water break repairs, pump replacement)
- The council must establish separate reserve fund accounts for capital reserves (vehicle replacement, infrastructure upgrading, etc.) and operating reserves. A Financial Reserve Bylaw must be passed by the council to support the reserve funds. The Financial Reserve Bylaw must be established prior to receipt of reserve funding.
- Reserve funds must be deposited into the specific investment account within 30 days of receipt of the reserve funding.
- Reserve funds must be invested in authorized guaranteed investments for a term not exceeding the period in which the reserve funding might be required (per section 151 of the act).
- All investment income from the special category reserve accounts must remain in the account for the reserve purpose.
- Where reserve investments are below the required minimum, the deficiency must be made up from the community operating budget. The council must receive department approval, if the plan is to make up the deficiency over a period greater than one year.

### **Authority to spend money from reserves**

- The council is required to pass a resolution to spend operating reserve money only on items for which the reserve was created. Operating reserves include items such as water/wastewater line breaks, pump replacements, fire equipment, gravel (which is optional).

- Spending from the capital reserves (vehicle replacement, waste disposal site cell replacement) requires ministerial approval. The council must pass a resolution and submit it to the NAB regional office requesting to utilize the reserve funds from the account.
- The budget and five-year capital plan must forecast expenditures for vehicle replacements based on the guidelines outlined (see Policy F10 Vehicle Replacement).

### **Reserve expenditures not identified**

- If the council has identified a need to accelerate a purchase, the following is required:
  - an amended five-year capital plan and a council resolution requesting approval to make the purchase
  - a plan indicating that the purchase will not prevent or jeopardize the scheduled replacement of vehicles or other infrastructure as a result of the depleted reserve funds and provide for the timely replenishing of the reserve funds used
- The NAB regional office will review the request.

### **Community audits**

- A minimum of a qualified audit is to be maintained.
- Unincorporated communities do not have the legal authority to enter into contracts. **The department will award audits for interim-level communities.**
- Audit firms must be selected no later than **January 31** using the standard requirements for contracting goods and services. The annual financial audit report must be received no later than **August 31**, following the applicable March 31 year-end. **No further funding will be released from the Northern Affairs Fund to a council with an outstanding audit report.**
- The selection of the auditor is made by council resolution.
- The audit firm will provide a written request for records required to complete the audit.
- All records specified must be forwarded to the auditor in an auditable state and within the specified time. If the council requires the records, photocopies should be sent to the auditor.
- The council completes three copies of the standard audit contract, except for section 3.3, found on page two of the sample audit contract. A sample audit contract and scope is attached for reference only (see Appendix F2-B Sample Audit Contract and Scope). Updated copies are sent out as required by the department.
- A person(s) with community signing authority signs all three copies along with a witness. All three copies of the audit contract and a certified copy of the council's resolution are forwarded to:

Attention: Trust Fund Operations, Manager  
Financial and Administrative Services Branch  
Manitoba Municipal and Northern Relations  
330-800 Portage Avenue  
Winnipeg, MB R3G 0N4

- The department signs and forwards all three copies of the audit contract to the audit firm selected by the council. The auditor signs all three, keeps one and returns one copy to the council and the department.
- Upon receipt of the final financial audit, the council must review the audit at a special meeting following the exit audit, sign the letter and forward to the auditor.
- The department will review the financial audit report and follow up with council on areas requiring corrective action or improvement.

### **Funding for meetings, workshops, seminars and conventions**

- The department may provide additional funding for specific meetings, workshops, seminars and conventions, if the department requires representation. Department approval must be received prior to the event.
- Should reimbursement apply, all related travel costs are reimbursed at government rates, using the most economic direct means of travel and only if delegates attend.
- The council will pay the employee expenses and forward a reimbursement claim to the department, including all supporting documentation within 30 days of the event.
- A per diem is defined as an amount payable, authorized by council resolution, to a council member for attending any meetings to conduct business on behalf of the community. On occasion, the department may initiate a meeting in which a reimbursement from the department for per diems would apply. The maximum amount that can be paid for a per diem is stipulated in the Council Compensation Regulation. The department will confirm this with the council.
- The meetings, workshops, seminars or conventions must have a direct relationship to the local government objectives of the community.

### **Locally generated revenue**

- LGSP funded communities must contribute at least 20 per cent of the total community's operating requirements for the year (less 50/50 roads and rural road costs) as part of their locally generated revenue (LGR) contribution. The municipal operating grant (MOG) received from the Manitoba government is not considered locally generated funds.
- Typical sources of LGR are based on municipal services, such as:

- property taxes
  - net revenue from community operations category
  - water delivery
  - wastewater pumpouts for tanked systems
  - water and wastewater fees for piped systems
  - licences and permits
  - solid waste pick-up
  - administrative services – photocopies, interest charges on accounts
  - recreation facility rentals – arena, hall
  - equipment rentals
- The council is to establish consistent procedures for setting rates and receiving payments for services provided by:
    - passing bylaws to set rates and provide action to be taken for discontinued service when accounts are not paid
    - approving, by council resolution, the use of one-time service contracts, ex: hall rentals
  - The council is to use all possible means to collect amounts due to council and is responsible for monitoring LGR closely.
  - It is intended that the cost of providing the service to users be covered by appropriate fees, where applicable.
  - The department will provide assistance with cost analysis used to set appropriate rates and support for preparing bylaws and legal documents such as service contracts.
  - Where two or more communities share services (ex: a recreation program), the respective councils must determine how their respective shares of LGR will be raised.

## **Honorariums**

- The council is authorized to pay council members an honorarium under subsection 131(2) of the act. Maximum amounts are prescribed by the minister under the Council Compensation regulation (see Appendix F2-C Council Honorarium Maximums). The prescribed amounts can not be exceeded, nor paid in advance and the official Stats Canada census count for the community must be used to determine population.

## **Staff development funding**

- The department funds eligible staff development through the funding formula. These funds are to be used for staff training.
- Training may not necessarily take place in Winnipeg, however travel expenses to Winnipeg are used for funding purposes.

- In addition to the above, the department may provide training funds when the department has initiated the training requirement (ex: change over to accrual accounting workshop) and recognizes the benefit of providing the training (see section on Funding for meetings, workshops, seminars and conventions).

## **Community employees**

- Employee agreements between council and each permanent community employee must be signed upon hiring. Specific job descriptions are to be tailored to each individual job and reviewed annually.
- Each community employee must receive at least an annual performance review. Training plans are developed consistent with suggested training requirements as determined by the community employee standards/core competencies in the *Employee Management Guide* and outlined in the community management plan.
- The community administrative officer manages and supervises all employees, unless the council decides otherwise per subsection 134(1)(c) of the act (see Policy F9 Community Employees for hiring procedures and standards).

## **Public works**

- The council must ensure all community infrastructure is maintained at a standard which maximizes the useful life of the infrastructure.
- The council must ensure all community equipment is properly maintained and road-worthy, meeting or exceeding the vehicle operating certificate standards.

## **Environmental services**

- The council must ensure the community waste disposal site is operated within environmental regulations and plan for waste control/recycling (see Environmental Health Services Policies).

## **Water and/or wastewater facilities**

- Water and/or wastewater facilities must be classified in accordance with environmental and health regulations and each operator must be certified to operate each classified facility.

## **Protective services**

### **Community Safety Officer**

- Where a community safety officer (CSO) is employed, the council must ensure the conditions of the program as outlined in the operating agreement are met. Failure to comply with the requirements of the program may result in funding adjustments. Council must ensure the CSO is adequately trained; the community receives adequate protection and preventative measures are developed (see Protective Services policies).



## Fire

- Following are the three fire response groups to which a community falls under for funding purposes:
  1. **Public Education and Fire Prevention** – these communities will promote fire safety through educational and prevention tactics. There is no provision to replace major infrastructure. A contact person will be responsible to ensure the community is educated on fire safety and prevention utilizing educational programs that are available through various organizations. Communities will continue to have minor equipment, back packs and a Mark 3 pump. Equipment maintenance and replacement assistance may be requested from the department.
  2. **Defensive Fire** – these communities will support an eight person volunteer fire department consisting of a fire chief and seven firefighters. This group will do all tasks identified in the first response group as well as performing defensive style fire ground tactics and require a minimum of four trained firefighters to attend a scene. Fire apparatus will be a standard truck or converted water tanker depending on the community and size of firefighting force. Training received will be under the department's Community Structural Fire Fighting (CSFF) Program.
  3. **Offensive Fire** – these communities will support a 12 person volunteer fire department, consisting of a fire chief, deputy fire chief and 10 firefighters, with a minimum of six trained firefighters required to attend a scene. This response group will do all the tasks identified in the other two response groups as well as the tasks of offensive fire ground tactics. This response group will utilize an all-hazards approach with the ability to operate at an offensive interior attack, if there are potential victims in a structure. Fire apparatus will be a standard or cab over truck depending on community and size of firefighting force. Training received will be under the department's CSFF program.
- Vehicles 4,500 kilograms (one ton) or greater require an annual mandatory vehicle safety inspection by an authorized dealer. To ensure effective daily operation of fire trucks and other vehicles, the council must ensure the vehicles pass the annual inspection and receive a vehicle operating certificate.
- The council must ensure the community fire truck is properly maintained and ready for immediate operation. The maintenance management system program must be strictly adhered to ensuring effective operation. The council must ensure a yearly maintenance check is completed on the firefighting apparatus (ex: pumps, valves, gauges). These inspections are typically conducted by a certified fire truck dealer.
- The council must ensure the community fire truck is operated by qualified personnel with appropriate operator licences.
- Where applicable, council must adopt a fire bylaw. It could include a fire prevention program, which may include education programs, property inspections, firefighting instruction, firefighting equipment and a volunteer firefighting force.

## **Emergency planning**

- The council must annually update their community emergency plan and have adequately trained residents ready and able to respond to possible emergency situations within or nearby the community. The updated community emergency plan will be shared annually with the department and the Emergency Measures Organization or EMO.
- The council is funded a monthly honorarium to pay the emergency coordinator provided the emergency coordinator satisfactorily carries out the responsibilities and duties of an emergency coordinator.

## **Recreation**

- Recreation program funding is intended to provide social, artistic, physical, educational and cultural recreation for all age groups and genders in response to community needs. Council may prepare a recreation and wellness plan each year. Two sample templates are provided for the annual plan and semi-annual reports should council wish to use them (see Appendix F2-D Sample Recreation and Wellness Templates).

## **Community land use planning**

- The council must plan and operate within an approved community land use plan consistent with provincial planning legislation (see Policy L8 Community Land Use Planning).

## **Other information**

- Appendix F2-A Reporting Requirements and Community Calendar
- Appendix F2-B Sample Audit Contract and Scope
- Appendix F2-C Council Honorarium Maximums
- Appendix F2-D Sample Recreation and Wellness Templates