



Introduction

The Municipality is aware of the struggle of many fire departments to maintain their financial records. Many departments simply do not have members that are able or comfortable to keep a set of books and prepare year-end statements.

Council also recognizes that the public's expectation with regard to accountability for how all tax dollars are spent is steadily increasing. The legal accountability for spending public funds extends to both Municipal elected and appointed officials as well as the "Directors" of the volunteer fire service. All parties share responsibility to make sure both, that wise decisions are made and the public perceives that wise decisions are being made.

The Municipality must weigh its involvement in the decision making processes of the Fire Departments against the reality that the volunteers running these departments have superior knowledge about how an emergency service runs well. As in most activities the necessity for cooperation between the two interest groups is paramount. The Municipality recognizes that it is in the public's best interest to encourage and support the volunteer service but to do so in such a way that all parties are accountable to that same public.

Financial Guidelines

The following statements are the guidelines by which the Municipality of East Hants requires public fire levy monies be accounted for.

Guidelines for the use of Public Tax Dollars

General Guidelines

Municipal tax dollars are provided for the provision of fire protection and with recent changes to provincial legislation, first responder's service. The Municipality is aware that many departments operate out of halls that also serve as community centers. Strictly speaking Municipal levy dollars should not be used to maintain the hall for community purposes other than fire fighting/first responders although the Municipality has no issue with the use of the halls for other purposes. If Department costs are being significantly affected by such use of the hall, this can be cause for concern, particularly if the department is applying for emergency funding. Most if not all Departments have active fund raising efforts on a continuous basis. The Municipality supports and encourages these efforts but sees itself as having minimal financial stake in them. In other words, Municipal money should not be committed to speculative fund raising activity. On the other hand the Municipality is also not expecting to be informed of all fund raising activities and the outcome of same, except to the extent that these funds are turned over to the department to assist with operating costs and or capital acquisitions.



The accountability of the department for money raised outside of the Municipal levy is considered to be between the department and its contributors. The Municipality is of the opinion that the public has a right to have accountability demonstrated for such funds raised and departments are expected to provide an accounting to its members and public contributors, at least annually (not necessarily to individual contributors). The department will be required to certify to the municipality that financial disclosure of fundraising activities has been made to the public either by direct disclosure to individual contributors or by posting in a public place and notifying contributors that it has been posted. This provision is not intended to cause the department administrative nightmares trying to identify everyone who bought a \$20 Christmas tree it is the general principle of disclosure that is important.

To the extent that Municipal money is used in fund raising activities, the Municipality should be able to verify that the funds were recovered as part of the activity undertaken.

Specific Guidelines

Banking

1. A separate bank account is required to account for all municipal levy money ("levy account") and the fire fighting/first responders' activity of the department. Other bank accounts should be used as determined appropriate by the fire department. Transactions relating to fund raising activities or social activities should not flow through the "levy account" except for an initial payment of seed money to a fund raising activity and the return of that seed money after the event. Social events do not qualify for seed money. Money from sources other than the Municipality are considered to be Emergency Service/fire revenue to the extent that Municipal resources are spent to provide the effort that results in a receipt of money. For example, if the department provides service to the Department of Natural Resources for which they are paid that is considered to be reportable income.
2. All cheques issued from the "levy account" must have dual signatures with no signature ever applied on a blank cheque. Signing authority should be held by the Treasurer and the Fire Chief or such other officers as approved by the Department in the absence of these two parties. Persons other than those with cheque signing authority may have authority to make purchasing decisions (see Purchasing below).

Purchasing

3. Departments should make all purchases in a responsible manner. Multiple quotes should be obtained whenever possible to ensure the best value for dollar spent. As a minimum all purchases over \$1,000 should be supported by a minimum of 3 written quotes. If there is not three available vendors or if the three written quote requirements cannot be met for other good reason, this should be documented. In emergency situations the requirement for written bids is relaxed.
4. A tender or RFP process must be used for acquisitions of new vehicles and equipment that exceed \$5,000. This may include select invitation to respond if there are valid reasons to do so. Selection of RFP or Tender will depend on the level of detail specifications able to be provided to prospective bidders, in regards to



the items being acquired. Acquisition of previously owned vehicles and equipment is not subject to a tender process but departments are expected to take due care to ensure they receive value for dollars spent and that the specifications of the equipment meet Municipal and other regulatory guidelines or can be modified to meet them at reasonable cost.

5. All purchases must be supported by appropriate documentation and cancelled invoices. All such supporting documentation must be kept in an orderly fashion by fiscal period.
6. A maximum of \$1,000 can be used as seed money toward fundraising efforts. The amount should be “paid” out of the levy account into an account through which the fundraising activity will be conducted. All fund raising events should result in a reconciliation of amounts raised available for public viewing. The amount provided as seed money should be re-deposited to the levy account.
7. A limited number of departmental members should have authority to make decisions to spend money. A purchase order (PO) system should be put in place with one person having authority to sign the PO, ideally the Chief or his/her designate.
8. Each fire department is expected to reserve a minimum of 10% of their levy each year toward future replacement/acquisition of capital equipment. If the department is unable to do this in any given year they are required to submit a written explanation of why it was not possible for that year.

Other

9. Each department is expected to set policies with regard to when meals will be provided to members either in relation to time on call for service or time spent running errands for the department. The policy should address when meals will be provided and the dollar limits per person and the dollar limit for meal allowance if a member is being reimbursed. The Municipality is aware that some departments provide meals for their members if a fire/emergency call extends beyond a certain number of hours, i.e. 3 and if the call extends over a meal time. Departments also limit the amount to be reimbursed to a member for a meal to certain specific circumstances (an errand that was requested by the department and was not done in conjunction with personal errands of the member, etc.) and limits the reimbursement to a specified amount per meal i.e \$10/lunch. Examples of reimbursement limits for meals would be \$10 for breakfast or lunch and \$20 for supper.
10. Each department is expected to adopt policies with respect to the use of Fire Department vehicles which among other things prohibits personal use of vehicles and provides for records keeping (e.g. logs) which enables a department to gage the use of the vehicles, the reasonableness of the fuel expense and maintenance expense being incurred and the readiness of the vehicles for emergency use.
11. Each department shall adopt a policy with respect to member recognition expenditure. The department shall determine, by policy, an amount to be spent each year that will reasonably recognize the volunteer



efforts of their members and spouses. Consideration should be given to the amount that a reasonable taxpayer would consider appropriate.

12. All policies adopted by a fire department under these guidelines shall be forwarded to the municipality.
13. All policies referred to above shall be submitted to the Municipality when initially adopted and if amended.

Receipts

14. All “revenues” should be deposited to the levy account. Money from sources other than the Municipality are considered to be Emergency service/fire revenue to the extent that Municipal resources are spent to provide the effort that results in a receipt of money. For example if the department provides service to the Department of Natural Resources for which they are paid that is considered to be reportable revenue. Money received from another Municipality is also considered a revenue. If a resident simply makes a donation it is considered fund raising. If money is provided to the department from the “fundraising” account for use by the department to pay some operating costs it should be reported as revenue. If the funds are provided to help pay for a piece of equipment it is not revenue but should be reported as part of the “Cash flow” report.

Reporting

Monthly reporting to Departmental membership

15. A financial report must be provided to the Department members including complete disclosure of amounts spent and committed during the month. Copies of all receipts should be available for perusal. The membership should pass a motion approving the financial transactions for the previous month. The monthly bank statements and cancelled cheques should also be made available for the perusal of members at the monthly meeting.

Year End reporting to Municipality

16. Year end reports must be filed with the Municipality in the format prescribed by the Municipality. Required reports include a Statement of Revenue and Expenditure, a Balance Sheet, a Statement of Cash Flow, a Year end Bank Reconciliation, a fixed assets addition schedule and a copy of the year end bank statement.

Revenues do not include:

- Proceeds of borrowing
- Surplus funds available from prior year
- Grants for Capital purposes



Money raised through fundraising except to the extent that the funds are turned over to the department for its use in operations.

Expenditures do not include:

Individual pieces of equipment/vehicles over \$1,000 (these are capital)
Principle payments on debt

The annual results must include any items receivable and payable at year-end (accrual accounting) and lists of the receivables/payables must be submitted.

A written certification by the Chief that the Financial Statements have been presented and approved by the membership and a written certification that financial activities relating to social and fund raising activities have been appropriately disclosed to the public.

Note: All documents provided to the Municipality are considered to be public documents.

Periodic Reviews

17. The Municipality will conduct periodic annual reviews on select Departments records on a rotating basis. The Department is expected to be able to provide all receipts for purchases in an orderly fashion, copies of all bank statements and cancelled cheques and copies of all minutes of the department for the reporting period under review.

Any member of a department or a member of the community in which they operate may request a review of the records, by the Municipality, at any time.

Municipal Provision of Bookkeeping Service

18. The Municipality shall provide bookkeeping service, within its resources available, to any department who requests the service.

The service would work as follows:

The Municipality would retain the levy of the department except for minimal amounts which will be advanced to the Department on a Petty Cash basis as required, not to exceed \$2,000 at a time. This means that the department would be advanced up to \$2,000 for small purchases that they may need to make on short notice. The fund will be replenished to \$2,000 on receipt of invoices to back up amounts spent out of the previous allotment. These funds must be kept in a separate "levy" bank account by the department.

The department continues to make all decisions about how their money is spent but must be in accordance with guidelines outlined above. The Department will be responsible to negotiate loans.



Invoices will be submitted to the Municipal office for processing (perhaps once or twice per month) the municipality will issue the cheques to the appropriate vendor and maintain an appropriate set of financial records.

Recurring monthly payments will be set up to come out of the Municipal account.

The Municipality will submit the HST returns for the department as required and will assist with other reporting requirements as is reasonably possible.

Deposits (to the Municipal levy account) will be made by the department for all non-levy revenue.

The department is responsible to ensure that invoices reach the Municipal office on a timely basis.

The Municipality will assign a contact person in the Municipal office through which the departments shall communicate.

If the department has paid employees, the Municipality will perform the payroll function and all related reporting. The employees will continue to be employed by the department and not the Municipality.

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<1.10>	Connie Nolan Director of Finance	Council	10/14/2004
1.20	Connie Nolan Director of Finance	Council	01/14/2005
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