



EAST HANTS

FINANCIAL GUIDELINES FOR VOLUNTEER FIRE DEPARTMENTS

Council Administrative



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 Municipally-elected and appointed officials as well as the Directors of the Volunteer Fire Service. All parties share a responsibility to make sure that public dollars are being spent in a responsible, open, and transparent manner.

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 first responder services. The Municipality is aware that many departments operate out of halls that also serve as community centres. Strictly speaking, Municipal levy dollars should not be used to maintain the hall for community purposes other than firefighting/first responding 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 Departments have active fundraising efforts on a continuous basis. The Municipality supports and encourages these efforts but has minimal financial stake in them. The Municipality is also not expecting to be informed of all fundraising 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. The department will be required to certify to the Municipality that financial disclosure of fundraising activities has been made in a public manner.

Municipal tax dollars should not be committed to risky speculative fundraising activity. To the extent that Municipal money is used in regular fund-raising activities (seed money), the Municipality should be able to verify that the funds



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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 (the Levy Account) and the firefighting/first responders' activity of the department. Other bank accounts should be opened and used as determined appropriate by the fire department.
2. Transactions relating to fundraising activities or social activities should not flow through the Levy Account except for an initial payment of seed money to a fundraising activity and the return of that seed money after the event. Social events do not qualify for seed money.
3. 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. Where 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. This could also include levies or grants from other municipalities, insurance claims from damaged fire equipment, insurance recovery from a first response call, fees for fire service, etc. For example, if the department provides service to the Department of Natural Resources for which they are paid, that is considered to be reportable firefighting/first responder income.
4. 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 Chief Officer or such other officers as approved by the Department in the absence of these parties. Persons other than those with cheque signing authority may have the authority to make purchasing decisions (see Purchasing below).
5. Signing authorities must not be related by blood or marriage or be in a close personal relationship.
6. A maximum of \$1,000 can be used as seed money toward regular fundraising efforts. The amount should be paid out of the Levy Account into an account through which the fundraising activity will be conducted. All fundraising 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. Each fire department is expected to reserve a minimum of 10% of their levy each year toward future replacement/acquisition of capital equipment held in a separate bank account. If the department is unable to do this in any given year, they are required to submit a written explanation to the Chief Administrative Officer of the Municipality as to why it was not possible for that year.

Purchasing

The intent of these guidelines is to provide direction and guidance to volunteer departments as they spend public money. Given the limited resources of departments, it is recognized that they must be efficient in the way they purchase items; however, as this is spending of public money, such purchases must be made in an open, fair, and transparent manner, so that the best value for the department and the taxpayers they serve is represented.

1. When providing specific funding for a project through a grant, the Municipality may require the Department to



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meet certain additional requirements, up to and including following the East Hants Procurement Policy.

2. 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 the authority to sign the PO, ideally the Chief or their designate, where purchases have been approved as part of the budgetary process. PO numbers may not be duplicated.
3. All purchases must be supported by appropriate documentation and cancelled invoices. All such supporting documentation must be kept in an orderly fashion, filed by fiscal period, for a period of not less than seven years.
4. When considering the value of a contract, the value is the sum of all deliverables for the entire term, including optional extensions or optional deliverables listed in the agreement.
5. For purchases under \$10,000, Departments must use due diligence when purchasing. This can include obtaining multiple written or verbal quotes wherever possible. Attach written quotations and make notes with respect to verbal quotations to attach to the Purchase Order, prior to filing.
 - Consumables and equipment purchased regularly (like heating fuel and BA units) should be reviewed at least annually to ensure the best value is being obtained.
 - General day-to-day purchases do not require quotations, but the purchaser should carefully consider each purchase to ensure good value for taxpayer's dollars.
6. For the purchase of goods, services, or construction over \$10,000 but less than \$50,000, three written quotations must be requested from separate vendors for the good, service, or construction that is required. Attach written quotations (or if declined, written proof of the vendor declining to quote) to the Purchase Order prior to filing. Contracts may be issued for up to five (5) years and may be renewed for an equal term upon a formal review of the contract deliverables, the service delivery and insurance requirements.
7. From a risk management point of view, the following good procurement practices may be useful. Before asking for quotations:
 - Describe the need (where complexity requires, this should be in a written statement of work). All vendors must be told the same information so they can formulate a competitive price. If new information becomes available, let all vendors know that information so they can adjust their price.
 - Be clear about what is wanted and when it is wanted by
 - Don't be overly restrictive, preventing vendors from being able to respond
 - Use a performance specification (it has to "do") rather than a prescriptive specification (it has to "be").
 - Determine how the Department will decide which vendor will be successful. Best value is typically the sum of cost, lead-time, and the characteristics of what is being purchased which the Department finds desirable or necessary.
 - Be clear about what is important (i.e. It is needed now) and how it will affect the vendor's



chances of being successful.

- If the Department says something “must” do something, then the Department can’t accept something which doesn’t do that thing. Choose mandatory requirements carefully.
- Apply the same requirements equally across all vendors.
- Whatever the Department tells vendors it will do, must be what the Department must actually do.
- Do market research. Determine who the vendors are that can respond. If possible vendors are unknown, advertising the requirement publicly (through the Municipality) may be the best option to ensure competitive quotations.
- Sometimes vendors just can’t respond to your need. Request that a vendor who declines to bid do so in writing. If the reason they can’t respond is in the Departments power to fix (more time, relaxed requirements), consider their request seriously as the Department may be missing the best value.

Vendors outside of the area or even outside of the province may be able to respond to certain needs which vendors closer to the Department cannot. Do not discount the value of these vendors.

- Departments should contact the Fire Service’s risk advisor to determine the type and extent of insurance is required, including Workers’ Compensation Board of Nova Scotia (WCBNS) workplace injury insurance, based on the type of procurement being done.

8. For purchases over \$50,000, Departments are required to publicly advertise their requirements. This can be achieved by requesting that the Municipality post the document on the Nova Scotia Tendering site. At minimum, the Municipality will need four business days’ notice prior to the posting date and will need to know the closing date, the closing location, and the primary contact for questions with respect to the procurement. Prior to posting:

- Prepare a requirements document that is in accordance with the procurement practices described in these guidelines.
- Review the document with your insurer or risk advisor for advice on what insurance products should be specified for the vendors to provide when doing the work.
 - For services and construction (or goods with a service component such as supply and install), requiring Workers’ Compensation Board of Nova Scotia (WCBNS) workplace injury insurance is recommended.
 - Commercial General Liability insurance with the Department listed as an additional insured may be recommended.
 - For consulting or design and certain specialized services, requiring proof of professional liability insurance may be recommended.
- Review the requirements with your insurer or risk adviser to determine what, if any, bonding instruments may be required for the work.
 - Bids bonds, performance bonds, and labour and material bonds are typically required for construction over \$100,000.



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- Fidelity bonds may be recommended for certain services (cleaning) where access to the Department's premises are allowed when no staff are present.
- Determine the criteria to be used to determine the successful bidder and make it clear in the document. It is the Department's responsibility to follow the rules of the competition as laid out in the procurement documents. Request for Proposals (RFPs) are scored on criteria in addition to price whereas a Tender is typically awarded on price alone.
 - Doing something different than what you said you would do can lead to legal action from one or more vendors.
 - Disclose all considerations. If travel to a vendor's site is a consideration of cost, state so and quantify it.
 - Make sure any mandatory requirements or considerations have a valid purpose and can be defended.
- Review the budget and consider how the Department might proceed if the actual cost is over the budget.
 - For construction, designing the work prior to tendering can help you determine the likely cost. Alternatively, the Department may consider publishing the budget and requesting a design-build within the budget.

9. Depending on the availability of staff, the Municipality may be able to provide procurement services, including document templates, support in writing the document and review of the document prior to posting.

- Requests for Procurement support should be made in writing with a minimum of 6 weeks prior notice to the Director of Corporate Services of the Municipality. The availability of support depends on the priorities of the Municipality at the time of notification.

10. In determining which Purchasing guidelines apply, the dollar amount of the purchase is determined by:

- the cost of all goods that may be delivered under the purchase order, regardless of whether they are scheduled for separate deliveries.
- the cost of the service over the entire term.
- all of the work that may be provided by a single contractor even if they are separate parcels of work.
- Do not break up purchases to avoid the requirements of these guidelines.

11. Sometimes the nature of what is being bought or the circumstances in which the goods, services, or construction are to be bought will not permit a competitive process, or the competitive process may not be in the best interest of the Department or the taxpayers they represent. In these circumstances, the Department may use Alternative Procurement Practices (ALTP) to obtain goods, services, or construction. ALTP practices must be approved by the membership of the department prior to being used. ALTP practices include:

- Single sourcing when it can be demonstrated that only one vendor can do the work in the required time-frame even though there may be other vendors who could theoretically do the work;
- Sole sourcing when it can be demonstrated there is only one vendor who can do the work (monopoly);



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- Selectively inviting vendors when a public competition would otherwise be required. In this case, the Department can demonstrate inviting specific vendors is in the best interests of the Department;
- Extending existing contracts to include new scope (single sourcing); and
- All instances of ALTP should conform to ALTP circumstances acceptable under the Municipality of East Hants' Procurement Policy in force at the time.

12. Departments will act reasonably and demonstrate respect for taxpayer dollars in applying these guidelines.

- Emergency situations may require exceptions to these guidelines. Such exceptions will be documented and reported to the membership at the next possible meeting.
- Departments will identify to the Municipality, through the Procurement Officer, any constraints caused by these Purchasing guidelines and their effect, for consideration in future changes.
- Individual departments may adopt policies that are more restrictive than these provisions.

Other

1. 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 on Department business (training, external meetings, running errands for the department, etc.). 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. Departments may provide meals for their members if a fire/emergency call extends beyond a certain number of hours and if the call extends over a meal time. Departments may also reimburse meals for members who are on department business that does not overlap with personal business. Examples of reimbursement limits for meals would be \$13 for breakfast, \$15 for lunch, and \$27 for supper.
2. 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 (i.e. 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.
3. 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.

All policies adopted by a fire department under these guidelines shall be forwarded to the Municipality when initially adopted and if amended.

REPORTING

Monthly reporting to Departmental membership

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



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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 Statement of Financial Position, 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 \$10,000 (these are capital)
- Principal 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 fundraising activities have been appropriately disclosed to the public.

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

PERIODIC REVIEWS

The Municipality will conduct periodic reviews of Department 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. Reviews will be undertaken as municipal operations permit.

MUNICIPAL PROVISION OF BOOKKEEPING SERVICE

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

The service is outlined in the *Accounting Service Level Agreement* and includes but is not limited to the following:

- The Municipality retains the levy of the department except for minimal amounts which will be advanced to the Department on a Petty Cash basis as required.
- The Department continues to make all decisions about how Departmental money is spent but must be in accordance with the guidelines outlined above.
- The Department will be responsible to negotiate loans.
- Payable invoices will be submitted to the Municipal office for processing. The Municipality will issue



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payments to vendors.

- The Municipality will maintain an appropriate set of financial records for the Department.
- The Municipality will submit the HST returns for the department as required and will assist with other reporting requirements as is reasonable.
- Deposits (to the Municipal Levy Account) will be made by the department for all non-levy revenue per these Guidelines.
- If the department has paid employees, the Municipality can perform, for a fee, the payroll function and all related reporting. The employees will continue to be employed by the department and not the Municipality.

RELATED DOCUMENTATION

Related forms, processes, procedures and other documents that support the policy.

Document Name	Document ID	Document Type
		Administrative Policy
Municipal Government Act		MGA
Accounting Service Level Agreement		PDF Form

VERSION LOG

Version Number	Amendment Description	Amendment/Policy Editor	Amendment/Policy Owner	Approver	Approval Date
1.0	Creation of Guidelines	Director of Finance	Director of Finance	Council	October 14, 2004
2.0		Director of Finance	Director of Finance	Council	January 14, 2005
3.0		Director of Finance	Director of Finance	Council	May 2007
4.0		Director of Finance	Director of Finance	Council	May 2009
5.0	Document formatting changes only	Director of Finance	Director of Finance	Council	July 13, 2012
6.0	Procurement level changes and modernize language of document	Director of Finance	Director of Finance	Council	December 21, 2022
7.0	Revised low value threshold for purchases from \$5,000 to \$10,000	Director of Finance	Director of Finance	Council	January 29, 2025