

Municipal Finance Corporation

Policy Manual

Table of Contents

Introduction	3
Human Resource Management Policies	
Code of Conduct Policy	4
Conflict of Interest Policy	8
Compensation Policy	12
Fraud Policy	14
Wrongdoing Disclosure Policy	20
Respectful Workplace Policy	29
Financial Management Policies	
Risk Mitigation Strategies Policy	38
Investment Policy	46
Reserve Fund Policy	48
Syndicate Members and Lead Managers Policy	49
Electronic Funds Transfer Policy	50
Purchase Card Policy	54
Procurement Policy	61
Business Continuity Policy	76
Policies for Municipal Clients	
Operating Loan Policy	80
Short-term Loan Policy	83
Municipally Guaranteed Borrowing Policy	85
Municipal Enterprise Partner Withdrawal Policy	87

Introduction

The following manual is comprised of policies approved by the Board of Directors of the Nova Scotia Municipal Finance Corporation (MFC). The document is organized in three sections: human resource management policies; financial management policies; and policies for municipal clients.

All policies will be reviewed by MFC staff on an annual basis. A report on the status of the policies will be presented to the Board of Directors for their consideration on an annual basis. The policies will be directly reviewed by the Board of Directors at least once every three years.

Code of Conduct Policy

Policy Statement

The Nova Scotia Municipal Finance Corporation (“the Corporation”) is a crown corporation of the Province of Nova Scotia (“the Province”). As a crown corporation, the Board of Directors (“the Board”), officers and employees of the Corporation have an obligation to the citizens of Nova Scotia to maintain the highest standard of conduct. This policy is intended to reduce the potential for inappropriate conduct by Board members, officers, and employees of the Corporation by defining expectations of conduct and by providing tools to address issues when they arise.

Definitions

BOARD OF DIRECTORS

Members appointed by Governor in Council as defined by the Municipal Finance Corporation Act (Section 4).

OFFICERS

Officers appointed by the Board in accordance with Section 14 of By-law #1 adopted by the Board on November 22, 2004 (the “By-law”).

EMPLOYEES

An employee of the Corporation.

ASSOCIATE

A close family member, friend, business associate or former business associate.

CONFLICT OF INTEREST

As defined by the Corporation Conflict of Interest Policy. Where a conflict of interest exists, all Board members, officers and employees will act in accordance with Section 12 the By-law. For the purposes hereof, Section 12 of the By-law will be deemed to apply to officers and employees as well as Board members.

ASSETS

All property and services of the Corporation including but not limited to: equipment, financial assets, material, computers, electronic mail, internet services, information and work time.

Policy Objectives

The objective of this policy is to ensure that the Board of Directors, officers, and employees are equipped with the necessary information to conduct themselves in accordance with the Corporation's expectations by raising awareness of certain conduct and offering tools to assist them.

Application

This Code of Conduct applies to all Board members, officers, and employees of Corporation. Nevertheless, where a Board member, officer or employee of the Corporation is deemed to be a civil servant of the Province, such Board member, officer or employee will also adhere to Values, Ethics, and Conduct: A Code for Nova Scotia's Public Servants.

Policy Principles

The Corporation Board of Directors, officers, and employees:

- will perform their duties impartially, responsibly, diligently, efficiently and with integrity.
- will carry out their duties in compliance with all applicable laws, regulations, policies, and procedures.
- will avoid all conflicts of interest and/or perceptions of a conflict of interest.
- may not solicit nor accept gifts if a reasonable person might conclude that the gift could influence the Board member, officer or employee when performing their duties, except in the case of gifts of hospitality or courtesy if it is reasonable under the circumstances.
- will not show or appear to show preferential treatment to their friends, family, business associates and/or former business associates.
- will not be influenced in the execution of their responsibilities by the prospect of future employment.
- will not use the Corporation assets for any purpose other than the execution of their official duties
- will maintain the confidentiality of all information received by them in their capacity as Board members, officers, or employees of the Corporation. Confidential information that Board members, officers and employees receive through their involvement with the Corporation must not be used for the purpose of furthering any private interest, or as a means of making personal gains.

- will remember all assets of the Corporation are public funds and consequently ensure the proper, effective, and efficient use of all the Corporation assets
- who participate in outside employment or community based activities (e.g., teaching, volunteering, community outreach) will avoid behaviours that could infer that they are participating in an 'official' capacity, are there as an official on behalf of, or a representative of, the Corporation, or the Corporation opinion or policy unless otherwise authorized to do so.
- who become aware that a fellow Board member, officer or employee has acted or intends to act in an illegal and/or improper manner, such person will report the intention or the act to the Chair of the Board. If the Chair of the Board is responsible for acting or intending to act in an illegal and/ or improper manner, such Board member, officer, or employee will report the act or intention to the Minister.

Corporation employees:

- may take on supplementary employment so long as it does not create a conflict of interest, interfere with the employee's duties at the Corporation or undermine the neutrality of the public service.
- have a constitutional right to participate in political affairs as long as their participation does not interfere with their impartiality, and as long as they don't use the Corporation assets or resources, nor attempt to influence or solicit support for a candidate or political party while at work.
- may be disciplined for off-duty conduct if it detrimentally affects the reputation of the employee, renders the employee unable to properly discharge their duties, or erodes the employer's trust in the employee.
- who develop a product or technology in the course of their employment with the Corporation acknowledge that said development is the property of the Corporation.

The Chair of the Board:

- will inform the Minister of Municipal Affairs and Housing of any emerging potentially sensitive, significant, or legal issues.

In the event that a Board member, officer or employee becomes aware that a fellow Board member, officer or employee has breached or intends to breach the Code of Conduct, such person will report the breach to the Chair of the Board. If the Chair of the Board is responsible for breaching or intending to breach the Code of Conduct, such Board member, officer, or employee will report the breach to the Minister.

The Code of Conduct cannot anticipate every possible event or situation. Board members, officers and employees are expected to use their best judgement in the spirit of this Code of Conduct.

Monitoring

The Board of Directors will be responsible for monitoring the effectiveness and consistent application of this policy.

References

By-Law Number One, Nova Scotia Municipal Finance Corporation

Values, Ethics, and Conduct: A Code for Nova Scotia's Public Servants

Policy History

Approved: February 8th, 2013

Amended: February 4th, 2015

Amended: February 12th, 2020

Conflict of Interest Policy

Purpose

The purpose of the Conflict of Interest Policy is to establish rules governing the business and ethical conduct of members of the Board of Directors of the Nova Scotia Municipal Finance Corporation (the “Corporation”). The Corporation’s Board of Directors is subject to the *Municipal Finance Corporation Act* (the “Act”).

Subsection 4(3) of the Act states:

“No member of the Board shall participate in decisions respecting borrowings by the municipality or hospital by which the member of the Board is employed or of whose council or board, respectively, the member of the Board is a member.”

The Conflict of Interest Policy is issued as guidelines to provide further interpretation to subsection 4(3) of the Act to the Board of Directors. If questions or situations arise, they shall be settled in accordance with the general principles of this Policy.¹

Definition

A conflict of interest is:

- A situation where a Director’s private or personal interest may be incompatible or in conflict with their duties and responsibilities as a Director of the Corporation;
- Any situation where a Director’s membership in another organization may, or may be perceived to, influence their carrying out of duties and responsibilities as a Director of the Corporation;
- A situation where borrowings are viewed as individual borrowings for a municipality, hospital, or school board that the Director may be a member of or employed by.

Situations of conflict of interest can arise from:

- Private/personal interests of a monetary or economic nature;
- Non-economic interests such as religious, political, corporate, or institutional interests;
- Financial, economic, and other interests may provide a Director with a personal benefit or avoidance of a financial loss;
- The use for personal benefit of information that has been obtained as a result of being a Director of the Corporation.

¹ This Conflict of Interest policy is intended to be consistent with and not override the *Conflict of Interest Act (Nova Scotia)*.

A conflict of interest does not exist where:

- The interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence the Director, or where a pecuniary interest is common with a broad group of which the Director is a member.

Conflict of Interest Process

Directors shall conduct their responsibilities and carry out their duties honestly and in good faith with a view to the best interests of the Corporation. A Directors' duty is to the Corporation and not to a Director's employer, municipality, the Nova Scotia Federation of Municipalities (NSFM) or the Association of Municipal Administrators of Nova Scotia (AMANS). It is important that there not be, nor seem to be, any conflict between the private interest of a Director and that Director's duty to the Corporation.

Directors are encouraged to disclose, at the earliest opportunity, situations that are or have the potential to become or may be perceived as a conflict of interest. Early disclosure enables the Corporation to discreetly mitigate adverse perceptions and maintain objectivity and integrity. The Director should declare the conflict and the general nature of the conflict at a Board meeting (and/or committee meeting) at the earliest opportunity. This declaration will be recorded in the minutes of the meeting.

If a Director is unsure if s/he is in a conflict of interest, the Director should raise the matter with the Board Chair at the earliest opportunity. Similarly, if any Director considers that another Director has or may have a conflict of interest, the Director should raise the matter with the Board Chair in a Board Meeting.

To avoid conflicts or perceived conflicts, Directors must:

- Remove themselves from the meeting on matters that the Director has or is perceived to have a conflict of interest;
- Not influence staff in any way with respect to the administration of any debentures or activities of the Corporation where the Director has a personal or financial interest;
- Declare any potential conflict of interest; where a Director does not declare a conflict and other Directors are aware that a potential conflict exists, the other Directors have the responsibility to disclose the conflict;
- Not influence any other Directors where a conflict of interest is present or is perceived to be present.

Additionally, Directors owe a duty of confidentiality to the Corporation. If a Director possesses information vital to the Corporation, Directors are obliged to disclose such information to the Board. Directors must also not use information obtained in the performance of duties as a member of the Board for improper personal gain or benefit, or for the personal gain or benefit of a personal, professional, or political associate.

Legislation

In the Act, there are sections addressing representation and quorum. Subsection 4(2) indicates the requirement to have NSFM representatives:

- 4(2) “A number of the members of the Board shall be appointed upon the recommendation of the NSFM and the number so appointed is that number that is nearest to being forty per cent of the total number of the members on the Board.”

In addition to forty percent of the Corporation’s Board of Directors being represented by the NSFM, subsection 5(2) of the Act also states that in order to have quorum, one NSFM representative be present:

- 5(2) “A quorum of the Board consists of a majority of the members of the Board and includes at least one member appointed on the recommendation of the Union of Nova Scotia Municipalities.”

These subsections of the Act are relevant to this Conflict of Interest policy in an instance where all the NSFM representatives have a conflict of interest. Quorum is lost if all the NSFM representatives are unable to vote due to a conflict of interest.

In order to avoid an instance where all the NSFM representatives have a conflict of interest, Board Meetings should be organized in a manner to avoid a potential conflict of interest among the NSFM representatives. The agenda for a Board meeting could involve a decision where one NSFM representative is in a conflict of interest. In this instance, the Board needs to ensure that all NSFM representatives are present to maintain quorum. The agenda for a Board meeting could also be structured so that all the NSFM representatives’ municipalities do not involve a single decision or vote. In the very unlikely event that there is a single subject that creates a conflict of interest for all NSFM representatives, the Board will be unable to make a decision.

Pooled Debentures

The Corporation has the capacity to offer its clients low interest rates because the Corporation utilizes credit enhancement and debt-pooling techniques. The Corporation pools municipal borrowing requirements, which eliminate the need for individual municipalities to negotiate and administer their own debenture issues. In order to pass a pooled debenture in a Board meeting, there are several municipalities grouped into the single pooled debenture.

There may be occasions when the municipalities of the NSFM representative Directors are participating in the pooled debenture. Since Directors are not able to influence pooled debenture issues, and all municipalities participating in the debenture issue

receive the same benefit, Directors are not considered to be in a conflict of interest if their municipality is participating in a pooled debenture. A vote on a pooled debenture has not been treated by the Corporation or its Directors over the years as a breach of Subsection 4(3) of the Act². However, should a NSFM representative Director's municipality be specifically discussed, that Director may need to declare a conflict of interest and step out of the room during the discussion. Judgment will need to be exercised by the Director at the time, given the specific circumstances.

Breach of Policy

In the instance where a Board Member does not declare a conflict of interest, there may be consequences. As a result:

- The Chair has the authority to remove the Director from the meeting;
- The Board may issue a verbal or written reprimand;
- The Board may request that a Director resign;
- The Board may recommend to the Minister of Municipal Affairs and Housing that the Director be suspended or that the appointment be rescinded by Governor in Council.

Policy History

Approved: November 15th, 2012

Amended: February 4th, 2015

Amended: February 12th, 2020

² See Page 1 for Subsection 4(3) of the Act.

Compensation Policy

Policy Statement

This policy is designed to provide a fair and equitable compensation system for the Nova Scotia Municipal Finance Corporation (the Corporation) and its employees.

Definitions

BOARD OF DIRECTORS

Members appointed by Governor in Council as defined by the Municipal Finance Corporation Act (Section 4).

EMPLOYEES

An employee of the Corporation.

Policy Objectives

- To establish the Corporation's compensation practices
- To clarify the Corporation's expectations of permanent employees
- To promote fairness and consistency of compensation practices

Application

This policy applies to all positions that are considered permanent employees of the Corporation.

Policy Principles

- All permanent positions at the Corporation have been evaluated and rated based on the provincial Excluded Classification (EC) pay plan.
- Regular work hours for the Corporation are 35 hours per week. The CEO and Manager positions work additional hours when required as part of their regular compensation. In exceptional circumstances managers may be

provided with time off in lieu of additional hours worked. The Administrative Assistant may be compensated for additional hours worked. Additional hours worked that will be compensated must be approved in advance by the CEO. Employees are eligible for Earned Days Off (EDO's) in accordance with guidelines in place for provincial civil servants.

- All permanent employees of the Corporation receive pension and benefits and are members of the same health, dental, life, LTD and pension plans as provincial civil servants. Other benefits, such as sick leave, are the same as those outlined for civil servants under the General Civil Service Regulations (Section 45, Civil Service Act).
- All permanent employees of the Corporation will have a performance appraisal completed annually. Appraisals help establish an employee's yearly goals and objectives in addition to documenting performance and achievement of those goals.
- Annual salary increases for permanent employees will follow the provincial standard. Each year the province establishes a percentage economic increase and percentage increases for pay for performance for non-union staff. The Corporation follows the same formula for economic increases and pay for performance. Increases where applicable, will be processed as soon as possible after Civil Servant increases have been announced.
- In the event the Province of Nova Scotia makes changes to its Compensation Policy for Government employees, the Province of Nova Scotia Compensation Policy in use at that time shall govern the compensation for employees of the Corporation until such time as this Compensation Policy may be updated.

References

Civil Service Act

Policy History

Approved: May 6th, 2011

Amended: February 8th, 2013

Amended: December 12th, 2019

FRAUD POLICY

Policy Statement

The Nova Scotia Municipal Finance Corporation (Corporation) recognizes the importance of protecting the organization, its operations, its employees, and its assets from the consequences of fraudulent activity. The Corporation is committed to maintaining the highest standards of respect, integrity, diversity, accountability, and the public good. The Corporation adopted this policy to ensure consistent and effective prevention, investigation, and reporting of fraud occurrences within the Corporation. The Corporation has zero tolerance for fraud in any form.

The Corporation values the integrity of staff and recognizes that they have a key role to play in the prevention, investigation, and reporting of fraud. Employees must be vigilant at all times and are required to report any concerns they may have at the earliest opportunity in accordance with the policy guidelines. The Corporation is committed to creating and maintaining an honest, open, and well-intentioned working environment.

Definitions

AUDIT COMMITTEE

The Audit Committee is responsible for the oversight of accountability, governance and risk management processes within the Corporation.

EMPLOYEE

A person whose terms and conditions are set out in accordance with the Public Service Act and regulations and/or Civil Service Master Agreement, as well as other direct employees performing work for the Province and positions designated by the Governor in Council.

CHIEF EXECUTIVE OFFICER (CEO)

The CEO presides over the Corporation and is designated Governor in Council as having the status of CEO.

EXTERNAL PARTIES

Any person or organization that is not employed by or associated with a Nova Scotia government department (e.g. agency, board or commission), who receives or provides goods and services, income or funding with the Government.

FRAUD

The use of deception with the intent of obtaining an advantage, avoiding an obligation, or causing a loss to another party. Examples of fraud are included in Appendix A.

INTERNAL CONTROLS

Processes effected by the Corporation designed to provide reasonable assurance regarding the achievement of corporate goals and objectives.

Policy Objectives

This policy is established as part of the Corporation's network of controls that aid in the prevention and detection of fraud. It helps promote consistent organizational behavior by highlighting responsibility for the development of controls and the ways of reporting fraudulent behavior.

Application

This policy applies to all employees with respect to any suspected fraudulent acts against the Corporation involving employees and/or external parties. This policy will apply to all entities as outlined in Manual 100, 1.2 Corporate Administrative Policy Manuals Policy.

Policy Directives

Employees are required to act lawfully and in accordance with government policies and procedures. All employees must report any instances of suspected fraud in accordance with the procedures set out in the policy guidelines. Employees may also make a voluntary disclosure to the Office of the Ombudsman under the *Public Interest Disclosure of Wrongdoing Act*.

Employees may also use an online web-based application at <http://www.clearviewconnects.com/> or by calling a hotline and providing a report verbally to a ClearView Agent or leaving a voicemail via the Government of Nova Scotia dedicated toll-free number: 1-866-921-3145. This allows anonymous and confidential reporting mechanisms that allow employees to provide information in a safe and easy manner to an external party.

A triage will be conducted for the tips received and the information will be escalated to the Deputy Minister/Deputy Head (or their designate) of the implicated Department or Agency, Board/Commission for further investigation.

The confidentiality of the report submissions will be respected as part of the process.

Allegations under this Fraud Policy are serious. All persons involved in a reported situation are responsible for respecting the reputation of individuals. Employees reporting suspicious incidents under this policy must treat the matter as confidential and not discuss it with anyone other than the person to whom they have reported the incident or the designated investigation team.

Retaliation is prohibited against anyone who has reported a suspicious incident in good faith or has participated in an investigation under this policy. Retaliation may result in disciplinary action.

Reasonable measures shall be taken to maintain confidentiality and to protect, to the extent possible, the identity of the employee(s) reporting suspected offenses under this policy.

Any reports found to be malicious will be reviewed and considered for appropriate discipline of the reporting employee.

The consequences for an employee engaging in fraud will include disciplinary action up to and including dismissal.

For fraud investigations, the CEO has the authority to:

- a. Initiate any investigation which they consider appropriate
- b. Retain professional assistance (e.g. accounting, internal audit) as deemed necessary. Any costs incurred through the use of external parties will be responsibility of the corporation.
- c. Determine who should perform and/or provide oversight of the fraud investigation procedures (e.g. Internal Audit Centre, third party investigators, Office of the Ombudsman, law enforcement). The CEO will work with the Internal Audit Centre to coordinate procedures to ensure consistent investigation processes.

The rules of procedural fairness govern all activities under the investigation process.

Policy Guidelines

Detailed procedures for the reporting and investigation of fraud are available on the Internal Audit Centre's intranet site (<https://isd.iweb.gov.ns.ca/Internal> Audit-Resources).

Accountability

AUDIT COMMITTEE

The Audit Committee is responsible for developing and maintaining a Fraud Management Program to help prevent and detect fraud. Specific components of a comprehensive Fraud Management Program include:

- Fraud policies and procedures
- Fraud risk assessment
- Fraud awareness education and training
- Fraud prevention and detection techniques
- Well-documented framework for reporting and investigating allegations of fraud

CHIEF EXECUTIVE OFFICER

The CEO is responsible for implementing and maintaining a system of internal controls for the prevention and detection of fraud.

Specific controls which are important to the prevention and detection of fraud include:

- Segregation of duties
- Regular and timely accounting reconciliations
- Physical safeguards over money and property
- Effective supervision
- Effective Information System Security (e.g. passwords, encryption)
- The Corporation's Chair will approve all CEO expense claims, and sign-off on all staff salary increases.

The above controls are not all-inclusive but are general guiding principles.

Specific responsibilities for the reporting and investigation of suspected fraudulent acts can be found in the procedures as set out in the policy guidelines.

Monitoring

The Audit Committee is responsible for the review and update of this policy. The Audit Committee shall monitor the effectiveness of the policy and coordinate periodic reviews.

References

This is an organizational policy designed to supplement other Corporation/Government policies and is not intended to replace or preclude them. If a situation occurs where there is a conflict between application of this

policy and any other government policy, the policy most specific to the situation will apply.

This Policy is further supported by the following pieces of provincial legislation and provincial policies. In situations where this policy is in conflict with statutory provisions, the latter shall prevail.

- *Public Interest Disclosure of Wrongdoing Act*
- *Freedom of Information & Protection of Privacy Act*
- Values, Ethics, & Conduct: A Code for Nova Scotia's Public Servants

Policy History

Approved: December 8, 2017

Amended: November 30, 2020

Appendix A

Examples of Fraud and Similar Illegal Activity

The following examples are not intended to be an exhaustive list.

Employees

Some examples of employee fraud or similar illegal acts are:

- falsification or alteration of financial records
- deceitful use of corporate credit card
- unauthorized use of government owned or leased vehicles and equipment
- corruption of government files or data
- reimbursements for non-legitimate expenses or unworked hours
- accepting bribes or kickbacks
- undeclared conflicts of interest
- theft of cash or cheques prior to entry into the accounting system

External Parties

Some examples of external third-party fraud or similar illegal acts are:

- theft of government money or property
- corruption of government files or data
- deliberate short shipment by a supplier
- deliberate substitution of inferior quality or defective goods by a supplier
- intentional damage of government property
- bid-rigging, price fixing, or kickbacks in the contracting process
- fraudulent claims for social benefits, grants, or other program payments, including refunds and rebates

Wrongful Disclosure Policy

Purpose

The *Public Interest Disclosure of Wrongdoing Act* (PIDA) came into effect on December 20, 2011. PIDA applies to the Corporation as a government body.

The main purposes of PIDA are to:

- a) facilitate the disclosure and investigation of “Wrongdoings” (as defined in this policy) which are, in brief, significant and serious matters in or relating to public entities that an employee believes may be unlawful, dangerous to the public or injurious to the public interest;
- b) protect employees who make those disclosures;
- c) manage, investigate and make recommendations respecting disclosures of wrongdoing and reprisals; and
- d) promote public confidence in the administration of public entities.

Day to day workplace issues that fall short of “Wrongdoings” should be dealt with in accordance with other existing policies and procedures of the Corporation.

Support for Whistleblowers

The Corporation is committed to:

- a) establishing and maintaining whistleblower policies and procedures that comply with PIDA;
- b) promoting ethical behavior by its employees and board members; and every employee and board member is expected to perform his or her duties with the utmost integrity and to conduct themselves honestly, ethically and with the highest degree of professionalism;
- c) providing its employees with information about PIDA, the Corporation’s disclosure and investigation procedures;
- d) fostering a working environment in which its employees may make a disclosure of wrongdoing in good faith without fear or reprisal.

Definitions

a) **Audit Committee**

The Audit Committee is responsible for the oversight of accountability, governance, and risk management processes within the Corporation.

b) **Employee**

A person whose terms and conditions are set out in accordance with the *Public Service Act* and regulations and/or Civil Service Master Agreement, as well as other direct employees performing work for the Province and positions designated by the Governor in Council.

c) **Chief Executive Officer (CEO)**

The CEO presides over the Corporation and is designated by Governor in Council as having the status of CEO. Under this policy the CEO is responsible for:

- i. establishing and maintaining effective internal policies and procedures for the disclosure and investigation of wrongdoings;
- ii. establishing and maintaining effective systems and strategies that mitigate the risk of reprisals against whistleblowers;
- iii. providing adequate financial and human resources to those investigating a disclosure or wrongdoings;
- iv. ensuring that employees are aware of the Corporation's whistleblower policies and procedures and the whistleblower protections available in PIDA;
- v. preparing and submitting of an annual report to the Ombudsman on all disclosures that have been made to the Corporation relating to wrongdoings;

d) **Designated Officer**

The individual designated by the CEO as the individual primarily responsible to manage and investigate disclosures of wrongdoings. Under this policy the Designated Officer is responsible for:

- i. being a contact for the general advice and guidance about PIDA and the Corporation's whistleblower policies and procedures;

- ii. liaising with the office of the Ombudsman;
- iii. coordinating the disclosure process including impartially assessing each disclosure to determine whether it is a public interest disclosure;
- iv. coordinating an investigation where an investigator has been appointed;
- v. advising the whistleblower of the progress of an investigation;
- vi. establishing and managing a confidential filing system;
- vii. developing a tracking system to manage disclosures and investigations;
- viii. maintaining the confidentiality of the identity of the whistleblower and the identity of the person who is the subject of the disclosure; and
- ix. protecting employees involved in a disclosure of wrongdoing from possible reprisals;

e) **Ombudsman**

The individual appointed pursuant to the *Ombudsman Act*;

- i. carrying out the purpose of PIDA;
- ii. reviewing and investigating disclosures of wrongdoings and complaints of reprisals made under PIDA; and
- iii. performing of any other functions that are set out in PIDA;

f) **Reprisal**

Any adverse employment action taken against an employee because the employee has, in good faith, sought advice about making a disclosure, made a disclosure, co-operated in an investigation of a wrongdoing, or declined to participate in a wrongdoing in accordance with PIDA. A reprisal may include, but is not limited to:

- i. a dismissal, layoff, suspension, demotion or transfer, or elimination of a job, change of job location, reduction in wages, change in hours of work or reprimand;
- ii. any measure that adversely affects the employee's employment or working conditions; and
- iii. a threat to take any measures mentioned above;

g) Wrongdoings

Meaning is set out in PIDA and means:

- i. a contravention of a provincial or federal act or regulation;
- ii. an act or omission that creates a substantial and specific danger to the life, health, or safety of individuals other than a danger that is inherent in the performance of the duties or functions of an employee;
- iii. and act or omission that creates a substantial and specific danger to the environment;
- iv. gross mismanagement of public funds or a public asset;
- v. knowingly directing or counselling an individual to commit a wrongdoing mentioned above; and
- vi. an alleged wrongdoing.

Procedures – Request for Information

An employee who is considering making a disclosure may request information or advice from the Designated Officer or Ombudsman.

The Designated Officer or Ombudsman may require that the request be made in writing.

Procedures – Disclosure Process

Where an employee reasonably believes that the employee has information that a wrongdoing has been committed or is about to be committed, the employee may make a disclosure to the Designated Officer or Ombudsman.

All disclosures must be in writing and include if known:

- a) a description of the wrongdoing;
- b) the name of the person or persons alleged to have committed the wrongdoing or about to commit the wrongdoing;
- c) the date of the wrongdoing; and
- d) whether a disclosure has already been made respecting this wrongdoing and any response received.

All disclosures must be made within twelve months of the employee becoming aware of the wrongdoing.

Where an employee reasonably believes a matter constitutes an immediate risk of substantial and specific danger to life, health or safety of persons or to the environment such that there is insufficient time to make a disclosure, the employee may make a disclosure to the public:

- a) if the disclosure has first been made to an appropriate law enforcement agency, or in a health-related matter, the prescribed medical officer; and
- b) if that agency or officer considers the matter to be in the public interest.

An employee who has made a public disclosure shall immediately make the disclosure about the matter to the CEO.

If the Designated Officer is in a conflict of interest with respect to the nature of the disclosure or a person involved (an example of a conflict of interest is when the Designated Officer is the subject matter of the disclosure of wrongdoing), the disclosure shall be made to the Ombudsman.

Investigation Process

All investigations must be done in a manner to ensure procedural fairness and natural justice for all persons involved in an investigation is respected, including:

- a) employees who make a disclosure;
- b) witnesses; and
- c) persons alleged to be responsible for wrongdoings.

Some information or documentation collected in any investigation of a wrongdoing or reprisal may be protected from disclosure pursuant to section 11 of PIDA (including but not limited to information protected by solicitor-client privilege or information or documents that would disclose deliberations of the Executive Council or a committee of the Executive Council).

Investigation by Designated Officer

No later than 20 days after a disclosure has been received, the Designated Officer must assess the disclosure and take the appropriate action. It must first be determined

whether the disclosure pertains to the Corporation, and if not, must refer the matter to the designated officer of the appropriate department. If the disclosure creates a conflict of interest for the Designated Officer, it must be referred to the Ombudsman. If the disclosure is not referred to another department or the Ombudsman, then the Designated Officer must assess the disclosure to determine if:

- a) the matter disclosed meets the definition of wrongdoing; and
- b) the disclosure was made in good faith.

If the disclosure meets the above requirements, the Designated Officer must proceed with an investigation into the disclosure. The investigation must be managed using any resources that are required based on the nature of the disclosure. The Designated Officer must inform the CEO that an investigation is to take place. An investigation must be completed no later than 60 working days after the investigation begins unless both the employee who made the disclosure and the Designated Officer agree on an extension.

Reporting by Designated Officer

No later than 30 days after an investigation is completed, the Designated Officer must:

- a) prepare a report of the investigation;
- b) send the report to the CEO.

If the investigation results in a finding of wrongdoing, the report must include one of the following:

- a) recommendations for corrective actions to be taken in relation to the wrongdoing;
- b) reasons why no corrective actions are required.

If recommendations for corrective actions are given, the Designated Officer may request the CEO notify them of any steps taken in response to the recommendations.

The Designated Officer shall prepare an annual report of disclosures, including any findings of wrongdoing, recommendations and actions taken and shall make the report available to the public.

Investigation by Ombudsman

If an employee makes a disclosure to the Ombudsman, the Ombudsman shall investigate. The purpose of an investigation by the Ombudsman into a disclosure of wrongdoing is to:

- a) bring the wrongdoing to the attention of Corporation;
- b) recommend corrective measures to be taken.

The Ombudsman shall endeavor to facilitate resolution of the matter within the Corporation. The investigation must be conducted as informally and expeditiously as possible.

The Ombudsman may decide not to investigate if the Ombudsman believes that:

- a) a procedure provided for pursuant to another Act would be more appropriate;
- b) the disclosure is frivolous or vexatious or has not been made in good faith;
- c) so much time has elapsed between the date when the matter disclosed arose and when the disclosure was made that an investigation would serve no useful purpose;
- d) the disclosure does not contain the required information required under the Procedures – Disclosure Process section of this policy;
- e) the procedures under a collective agreement or employment agreement would be more appropriate for a resolution of the matter; or
- f) there is another valid reason not to investigate.

The Ombudsman must notify all the following in writing before investigating of a disclosure:

- a) the CEO;
- b) if the alleged wrongdoer is the CEO, the Board Chair;
- c) the employee who made the disclosure;
- d) the alleged wrongdoer.

Except as is required to administer the PIDA and its regulations, a person must not reveal information related to any of the following:

- a) the identity of a person making a disclosure;

- b) the identity of the person alleged to have committed a wrongdoing;
- c) the identity of a person who provides information related to a disclosure.

Powers of Ombudsman

For the purpose of investigating a disclosure under this policy, the Ombudsman and any persons appointed pursuant to Section 7 of the *Ombudsman Act* have the powers and protections provided for in that Act. Where the Ombudsman learns of another wrongdoing during the investigation, the Ombudsman may investigate that wrongdoing in accordance with this policy.

Reporting by Ombudsman

The Ombudsman shall prepare a report containing the findings and recommendations as may be directly related to the investigation of the disclosure of wrongdoing concerning the disclosure and wrongdoing once the investigation is complete. The report must be provided to the CEO. A statement of outcome of the investigation must be provided to the employee and must include a summary of the investigative findings and any recommended corrective actions to be taken. If the matter being investigated involves the CEO, the Ombudsman shall provide a copy of the prepared report to the Board Chair.

The Ombudsman may request information from the CEO respecting the steps that have been taken or proposes to take to give effect to recommendations the Ombudsman is preparing. If the Ombudsman believes the Corporation did not co-operate with the Ombudsman's investigation or has not followed through on the Ombudsman's recommendation, the Ombudsman may report to the Board Chair.

Reprisal

An employee who alleges that a reprisal has been taken against them, the employee may lay a complaint with the Labour Board according to the procedures set out in the *Labour Standards Code* and the *Labour Standards Code* applies *mutatis mutandis*.

Where the Labour Board determines that a reprisal has occurred, the tribunal may issue such remedy, including reinstatement as the Labour Board deems is fitting to address the reprisal.

Offences and Penalties

- a) Penalties

There are serious offences and penalties under PIDA related to the following:

i. False Statements

No person shall knowingly withhold information or make a false statement (at any stage of the disclosure or investigation process), or counsel or direct an individual to provide a false statement to the Designated Officer or Ombudsman;

ii. Obstruction

No person shall willfully obstruct, or counsel or direct another person to willfully obstruct, any individual involved with the investigation of a disclosure of a wrongdoing or complaint of reprisal from performing a duty or function under PIDA; and

iii. Destruction, Falsification, Concealment

No person shall destroy, mutilate, falsify, conceal or alter a document or thing that is likely to be relevant to an investigation under PIDA, or counsel another person to do so.

Penalties under PIDA include:

- A fine of not more than \$10,000

b) Disciplinary Action

The Corporation will not tolerate any offences listed in Part 7 of PIDA or any reprisals taken against an employee who in good faith has made a disclosure of wrongdoing. Any individuals who are found to have committed a reprisal or an offence under Part 7 of PIDA will be subject to any applicable fines under PIDA and disciplinary action up to and including termination of employment.

Policy History

Approved: June 20, 2019

Respectful Workplace Policy

Policy Statement

The Nova Scotia Municipal Finance Corporation (the Corporation) is committed to a healthy, safe, and supportive workplace and is committed to providing a work environment that values diversity and where all persons are treated with respect and dignity. It is the right of all employees to work in an environment free from harassment, sexual harassment, and discrimination.

Harassment, sexual harassment, and discrimination (offensive behavior) affect the workplace and the well-being of individuals and will not be tolerated. Whether the source of the offensive behaviour comes from within the Corporation or outside, any allegation of offensive behavior will be taken seriously and dealt with promptly. This policy promotes awareness, prevention, and prompt resolution of offensive behaviour.

It is the intent of this policy to promote employee involvement in resolving situations. Resolution through the informal process is encouraged, as is the use of mediation, at any stage.

The *Nova Scotia Human Rights Act* prohibits sexual harassment and discrimination based on the protected characteristics set out in the Act. The Corporation's policy goes beyond the parameters of legislation by prohibiting other types of workplace harassment.

Definitions

CHIEF EXECUTIVE OFFICER

The individual presiding over the Corporation and whom the Governor in Council from time to time designates as having the status of Chief Executive Officer.

COMPLAINANT

An employee(s) who has made a complaint under this policy, whether formal or informal, alleging that offensive behaviour has occurred. Complainant includes a third-party complainant.

COORDINATOR

Refers to the Respectful Workplace Coordinator, Public Service Commission, or delegate.

DISCRIMINATION

Means discrimination as defined under the *Nova Scotia Human Rights Act*.

EMPLOYEE

Any other person directly employed by the Corporation.

FORMAL COMPLAINT

A written allegation of offensive behaviour that is submitted to the Respectful Workplace Coordinator on the approved complaint form. A complaint may include:

- a) a third-party complaint
- b) a referral to the Respectful Workplace Coordinator by a human resource professional

HARASSMENT

Derogatory (e.g. condescending, insulting, belittling) or vexatious (e.g. aggressive, angry, antagonistic) conduct or comments that are known or ought reasonably to be known to be offensive or unwelcome and includes actions or comments that are directed or no person but that create an intimidating, demeaning or offensive work environment. Bullying is a form of harassment.

HUMAN RESOURCE PROFESSIONAL

An employee who is accountable for the provision of consultation, advice, guidance and direction on human resource matters, and/or for the delivery of human resource programs and services to the management and staff of the Corporation.

INFORMAL COMPLAINT

An allegation of offensive behaviour, that is brought to the manager or human resource professional which is dealt with through the informal process and may include a third-party complaint.

INVESTIGATION

A careful search or examination in order to discover facts.

INVESTIGATOR

An individual(s) appointed by the Coordinator to investigate through fact finding complaints of offensive behaviour.

MEDIATION

A voluntary process used to resolve conflict by having a neutral person help the parties to the dispute attempt to arrive at a mutually acceptable solution.

MEDIATOR

A neutral person appointed by the Coordinator to help the parties to a dispute, attempt to arrive at a mutually acceptable solution.

NON-EMPLOYEE

Refers to a person who is engaged in work activities at the Corporation workplace who is not a direct employee of the Corporation. This includes, but is not limited to, volunteers, temporary agency employees, students on work-terms, contractors and custodial staff.

OFFENSIVE BEHAVIOUR

Means harassment, sexual harassment, or discrimination.

“REASONABLY OUGHT TO KNOW OR HAVE KNOWN”

The “reasonably ought to know or have know” standard refers to an objective assessment of how a specific behaviour might generally be received.

RESPONDENT

An employee(s) against whom allegations of offensive behaviour are made through the formal or informal complaint process and includes a manager who is alleged to have failed to take reasonable action in the circumstances, to protect an employee from offensive behaviour.

RETALIATION

Taking or threatening to take an unjustified employment action against an employee who has made a complaint or participated in an investigation under this policy. Retaliation may include any negative changes in the terms and conditions of an employee’s employment, including transfers, changes in work schedule or assignments, negative performance evaluation, unwarranted discipline, harassment, denial or promotion or work schedule requests, or denial of training. Retaliation may also include any offensive behaviour towards the employee by another employee. Retaliation does not include a complaint or a response to a complaint, made in good faith, under this policy.

SEXUAL HARASSMENT

- i) Vexatious sexual conduct or a course of comment that is known or ought reasonable to be known as unwelcome,
- ii) A sexual solicitation or advance made to an individual where the other individual can confer a benefit on, or deny a benefit to, the individual to whom the solicitation or advance is made, where the individual who makes the solicitation or advance knows or ought reasonable to know that it is unwelcome, or
- iii) A reprisal or threat or reprisal against an individual for rejecting a sexual solicitation or advance.

- iv) Comments, gestures or physical conduct of a sexual nature, or actions or comments with a sexual connotation or component that are directed to no person but that create an intimidating, demeaning or offensive work environment, where an individual knows or ought to reasonably know that the behavior is unwelcome.

WORKPLACE

Any place occupied by an employee as part of their employment which includes, but is not limited to, lunchrooms, a client's home or work site, vehicle, training events, conferences, business travel, work-related social gatherings, or other location where an employee is engaged in activity associated with employment.

Policy Objectives

This policy seeks to:

- Promote awareness for employees and create understanding as to what is considered offensive behavior
- Provide a work environment that is free from all forms of offensive behavior
- Provide a mechanism to have offensive behavior addressed and eliminated from the workplace

Policy Directives

SUBSTANTIVE DIRECTIVES

Management is to lead by example and take reasonable measure to ensure a work environment that is free from offensive behaviour. If a manager or a human resource professional is made aware of alleged violation of this policy, they are required to take reasonable action in the circumstances to address the allegation within ten (10) working days. This applies to situations that involve employees as well as non-employees working in the Corporation workplace.

Management is to take reasonable steps to ensure that their employees do not act offensively toward employees, non-employees, or clients/customers.

Nothing in this policy restricts management's authority and obligation to manage the performance of employees or take appropriate disciplinary action when necessary.

All information regarding a complaint is to be treated as confidential and will be disclosed on a need to know basis only.

Information related to a Respectful Workplace complaint, whether formal or informal, will not be held on an employee's file. Disciplinary action resulting from a Respectful Workplace matter will be held on an employee's file in accordance with the Civil Service Act, as required.

Complaints should be undertaken with great care because they may result in damage to the respondent's reputation and disruptions in the workplace. Complaints which are frivolous, vexatious or made in bad faith may result in disciplinary action against the complainant.

Support will be provided, as necessary, to remove barriers to the complaint process for individuals with disabilities and/or low literacy skills.

Retaliation is prohibited against anyone who has made a complaint or has participated in an investigation under this policy. Retaliation may result in disciplinary action. Retaliation does not include a complaint or a response to a complaint, made in good faith, under this policy.

PROCEDURAL DIRECTIVES

The Public Service Commission will develop procedures related to this policy and will maintain a Respectful Workplace Procedures Manual.

The rules of procedural fairness govern all activities under the complaint process. An individual against whom allegations of offensive behaviour have been made shall be made aware of the allegations and be provided with an opportunity to respond to them. Decisions under this policy that affect an individual's rights will be made without bias.

A complaint under this policy shall be made within 12 months of the alleged offensive behaviour. In extenuating circumstances, complaints may be considered beyond 12 months, in consultation with the Coordinator.

Complaints will be processed efficiently and as expeditiously as possible about all the circumstances, in accordance with time limits established in this policy and in the Public Service Commission's Respectful Workplace Procedures Manual.

The Coordinator may extend the time limits specified at any stage of the process where it is necessary to ensure procedural fairness or otherwise in the best interest of the parties and may do so at the request of one or more parties. The Coordinator will ensure that the appropriate parties are notified of any time limit extensions.

If at any time after making a formal complaint, the complainant wishes to abandon the formal complaint, s/he must communicate this, in writing, to the Coordinator. The Coordinator will determine whether further action is required to address the allegations raised in the formal complaint, including but not limited to, whether an investigation should proceed.

If at any time after making an informal complaint, the complainant wishes to abandon the informal complaint, the Chief Executive Officer will determine whether further action is required to address the allegations, including whether the matter should be referred to the Respectful Workplace Coordinator.

Guidelines

RESOLUTION OPTIONS

The following resolution options are available to all employees.

INFORMAL PROCESS

Employees who believe they are experiencing offensive behaviour may choose to speak directly with the person(s) and inform them that their behaviour is unwelcome and must stop.

Employees may choose to make an informal complaint to Chief Executive Officer. Refer to procedures as approved by the Public Service Commission.

For offensive behaviour by non-employees or clients/customers, refer to procedures, as approved by the Public Service Commission.

FORMAL PROCESS

Employees may choose to make a formal complaint to the Respectful Workplace Coordinator. Refer to Procedure as approved by the Public Service Commission.

OTHER OPTIONS

Complainants may, instead of the complaint procedures under this policy, file a complaint under any of the following options where applicable.

- Complaint to the Nova Scotia Human Rights Commission
- Complaint under the *Criminal Code*

Accountability

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for:

- ensuring all employees are provided with an opportunity to attend mandatory respectful workplace training;
- taking steps to create an environment free from offensive behavior;
- determining appropriate action in response to investigative findings.

MANAGER

Manager is responsible for:

- modeling respect;
- attending appropriate mandatory respectful workplace training;
- ensuring all employees are provided with an opportunity to attend mandatory respectful workplace training;
- acting to protect employees and others from offensive behavior;
- responding to allegations of offensive behavior through the informal complaint process;
- determining, with support from human resources and/or the Coordinator, whether an informal complaint is appropriate for resolution under this policy;
- making decision, with support from human resources and/or the Coordinator, as to appropriate resolution options;
- determining whether further action is required where an individual wish to abandon an informal complaint.

EMPLOYEES

Employees are responsible for:

- attending respectful workplace training;
- treating all persons with respect and dignity;
- cooperating with Respectful Workplace processes as required.

DIRECTORS OF HUMAN RESOURCES

Directors of Human Resources are responsible for:

- discharging the accountabilities of a human resource professional;
- directing the activities of human resource professionals in accordance with their role and accountabilities under this policy;
- determining whether further action is required where an individual wish to abandon an informal complaint;
- determining whether an informal complaint is appropriate for resolution under this policy;
- making decisions as to appropriate resolution options for informal complaints;
- providing advice to the Chief Executive Officer on workplace restoration and/or discipline.

HUMAN RESOURCE PROFESSIONALS

Human Resource Professionals are responsible for:

- responding to allegations of offensive behavior through the informal complaint process;
- referring matters to the Respectful Workplace Coordinator as appropriate;
- responding to inquiries from employees and manager;
- providing referrals to the Employee Assistance Program.

RESPECTFUL WORKPLACE COORDINATOR

Respectful Workplace Coordinator is responsible for:

- providing policy advice;
- determining whether a formal complaint is appropriate for resolution under this policy;
- making decisions as to appropriate resolution options;
- assigning mediators and/or investigators;
- ensuring complaints are processed in a fair, efficient, and transparent manner;

- providing advice as required, to the Chief Executive Officer on workplace restoration;
- proving support to employees, manager and human resource professionals using the informal complaint process;
- taking appropriate action where a breach of a mediated settlement agreement is alleged;
- overseeing the development and delivery of respectful workplace training.

PUBLIC SERVICE COMMISSION

Public Service Commission is responsible for:

- evaluating the effectiveness of this policy;
- monitoring compliance with this policy;
- developing procedures related to this policy.

Monitoring

The Corporation shall monitor the effectiveness of the policy and coordinate periodic reviews.

References

Civil Service Act and regulations
Corrections Act
Criminal Code of Canada
Nova Scotia Human Rights Act

Policy History

Approved: June 20, 2019

Risk Mitigation Strategies Policy

PURPOSE

Risk management is an important process because it provides the necessary tools to adequately identify and deal with potential risks. Once a risk has been identified, it is then easy to mitigate. In addition, risk management provides a basis upon which it can undertake sound decision-making.

Assessment and management of risks is the best way to prepare for eventualities. When an entity evaluates its plan for handling potential threats and then develops structures to address them, it improves its odds of becoming a successful entity.

In addition, progressive risk management ensures risks of a high priority are dealt with as aggressively as possible. Moreover, the management will have the necessary information that they can use to make informed decisions.

POLICY OBJECTIVES

To assist in the Corporation's risk migration strategies, the following areas have been identified as potential risks to the Corporation:

1. Human Resources Risks
2. Halifax Regional Municipality Risks
3. Default Risks
4. Information Technology Risks

Human Resources Risks

With three full time employees, there is a risk that availability of human resources can impact the Corporation's ability to carry out its mandate.

Human Resource Strategies

Staff Training

The Corporation recognizes that training and professional development is a means of attracting, developing, motivating, and retaining excellent employees. The Corporation acknowledges that continuous training and skills upgrading is crucial to the long-range success and growth of both the employee and the Corporation.

Training and professional development enables employees to further develop the skills and abilities they require to perform competently and/or improve productivity in their current positions. It allows for both the Corporation and the employee to assess existing skills and knowledge, diagnose training and environmental needs, and identify required training areas. In this way professional development is facilitated, allowing for the employee to prepare for future organizational needs and possible advancement.

Keeping Staff “in-the-know” on Decisions

It is important to keep staff in the know of the Corporation’s decisions. Not all information can be appropriately shared with employees, but there are plenty of details that can be communicated.

Sharing insights of the Corporation with your staff can benefit both you and them for multiple reasons, including:

- Staff will be aware of the Corporation’s goals and strategies, which will put them in a better position to understand what they need to do and how their input will affect the Corporation’s outcomes.
- Staff will feel trusted and appreciated if you keep them updated on the general comings and goings of the Corporation.

Letting your staff in on decisions of the Corporation will help to foster trust and loyalty, ultimately helping with:

- Recruitment and retention.
- Staff becoming more invested.
- Providing an incentive to work harder to meet goals.
- Building better relationships within the team.

Inter-Department Special Projects

Inter-departmental collaboration is about multiple departments working seamlessly together to "birth" a product or service that clients really want. Healthy collaboration between departments is a sign of a positive work culture. When the resources feel comfortable working together and are aware of their colleague’s roles and responsibilities, it is reflected in the client experience.

The Corporation staff will continue to work with staff from the Department of Municipal Affairs and Housing and the Department of Finance to look for services and enhancements that our clients seek.

Cross Training

Cross-training is training an employee to do a different part of the organization's work. Cross-training is good for managers, because it provides more flexibility in managing the workforce to get the job done, and it is good for employees because it helps them learn new skills, increase their value and combat position fatigue.

Cross training an employee gives them the opportunity to learn a new skill. That new skill can make them more valuable, either in their present job or in a different job. Learning the new job can keep them stimulated and reduce worker boredom. Key benefits of cross-training include:

- Improved employee awareness of Corporation's roles and functions.
- Increased flexibility for scheduling.
- Increased opportunities for employee advancement.
- Opportunity to strengthen customer support with more knowledgeable employees.
- Ability to keep employees motivated and "fresh" through assignment rotation.
- Potentially reduced absenteeism and employee turnover.
- Increased ability for managers to evaluate employees across an array of roles.

Succession Planning

Succession planning is the process of identifying very important positions in the Corporation and creating a talent pipeline, by preparing employees to fill vacancies in the organization as others retire or move on. A successor is an employee with the knowledge, skills, and abilities to fill a vacant position until a permanent replacement can be identified.

Succession planning helps ensure business continuity and performance, particularly during times of shifting leadership and change. Even when there is no identifiable successor within an organization, succession planning can help identify the knowledge, skills and training needed in a future external candidate.

Having no identifiable succession plan for critical roles poses an enormous risk to the organization. These risks include:

- Loss of mission critical knowledge that may never be recovered.
- Naming a successor who lacks personal drive, commitment, knowledge, training, or skills needed to perform the job successfully.
- Significant loss of time spent getting a new successor up to speed.
- Potential disruptions to workplace processes, workflows, and protocols.

Halifax Regional Municipality Risks

There is a risk that the Province could give Halifax Regional Municipality and/or the Halifax Regional Water Commission legislative authority to issue its own debentures which would impact the Corporation's cost of borrowing.

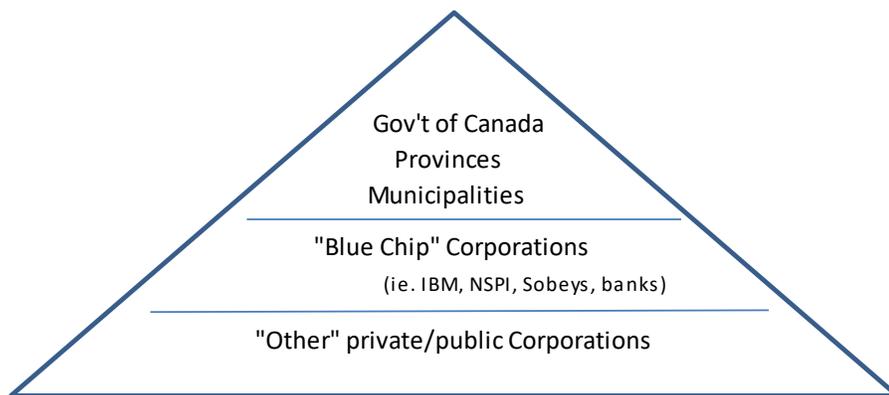
Halifax Regional Municipality Strategies

Communication

Communication is an important tool to help maintain and strengthen the Corporation's relationship with HRM. It is important to communicate the benefits of continuing borrowing from the Corporation.

Investors are looking for credit quality when buying financial securities. Investors require higher yields when the security is of higher risk. When investors look to acquire government securities, the constitutional structure of the local or international government plays a big part in their decision to purchase. In Canada, the Constitution Act of 1867 lays out the authority of the federal, provincial and municipal levels of government. For investors, that means the ability to "tax" of all 3 levels of government reduces the risk of default over that of even high-quality institutional corporations. Therefore, interest rates for the Corporation clients are reduced than going out on their own, as each level of government cannot achieve an interest rate equal to or better than the level of government in the hierarchy. The Corporation is a provincial entity and therefore considered to have provincial quality to investors, therefore receiving better rates than any Nova Scotia municipality.

Hierarchy of Interest Rates:



The primary role of the Corporation is to provide financing for municipal infrastructure. By adding credit enhancement through the Province of Nova Scotia's guarantee of its debentures, its cost of capital is similar to the Province's. The Corporation pools municipal borrowing requirements to achieve marketable issue sizes and meet the long-term financing needs of all qualified individual borrowers.

The Corporation requests the provincial guarantee for each debt issue. The *Provincial Finance Act (2010)*, Section 73 Power and Capacity states:

73 (1) The Province may, on such terms as the Governor in Council determines, guarantee the payment of any borrowing or other obligation of any crown corporation.

(2) A crown corporation may, on such terms as the Governor in Council determines, guarantee the payment of any borrowing or other obligation of any crown corporation, and may borrow the money necessary to discharge the liability resulting from any such guarantee.

For the Corporation to borrow without the provincial guarantee there would have to be a form of credit enhancement to achieve a comparable cost of funds. For the Corporation, the most feasible source of credit enhancement would be to obtain its own credit rating. The impact on Nova Scotia municipalities would be an increase in basis points, most notably on the 5-year & 10-year spreads, which would mean a more expensive option than the status quo (the use of the provincial guarantee).

Nova Scotia municipalities benefit by using the provincial crown agency, the Corporation, to access lower interest rates. Where the Corporation pools debenture requirements, the larger pool of funds make it attractive to investors to

purchase the debt; smaller debt issues may not attract investors or result in higher interest rates. Where the Corporation pools its debenture funds, has the provincial guarantee as security against default, and sells the debt to the Nova Scotia Department of Finance under its Right of First Refusal (discussed below), the investment community look favorably on the Corporation versus an individual Nova Scotia municipality trying to raise debt on its own.

The Department of Finance was granted a Right of First Refusal (“ROFR”) in November 1994 by the Corporation Board. That ROFR means that the Department of Finance has the right, but not the obligation, to purchase each Corporation debenture issue as negotiated with the Corporation’s lead managers. The purpose of the ROFR was to reduce the cost of debt for municipalities by lower the underwriting commissions (50% of actual commission rates).

In part, the motivation for the purchase of the Corporation debt issues by the Department of Finance is the existence of the provincial guarantee. Rating agencies include the Corporation debt as part of the Province’s debt whether the debt is issued by the Corporation and guaranteed by the Province or purchased by the Province. As such, the Department of Finance is willing to purchase the Corporation debt as this does not impact on the debt position of the Province, and the decision to exercise the ROFR can be based on financial market factors.

Impact on Smaller Municipalities

It is also important to keep HRM informed as to the potential impact on increased cost to smaller municipalities if HRM were granted the ability to go out. Issuance and commission costs are allocated based on the borrowing of each participant in each issue.

Monitor Municipal Capital Market

It is also important for corporate staff to keep up to date on municipal capital market trends and municipal loan structure across the country.

Default Risks

With any loan, there is the risk that a municipality defaults on a debenture payment.

Default Strategies

Communications

Corporation staff must communicate regularly with DMA&H to understand the municipalities considered high risk. The Corporation relies on DMA&H as the department does the due diligence when municipalities are seeking ministerial approval for capital borrowings

Training and Advice

The Corporation continues to provide support to municipalities with the various tools we offer:

- Debt Affordability Model
- Financial Policy Development through the Corporation's Best Practices
- High Interest Savings Account
- Mentoring Program

Legislation

Section 17 of the *Municipal Finance Corporation Act* provides the Corporation the necessary tools in the event of a default of payment by a municipality or municipal enterprise:

- Where a municipality or municipal enterprise defaults in any payment required to be made to the Corporation, the Corporation shall immediately inform the Minister.
- The Governor in Council shall, upon the recommendation of the Minister, appoint trustees to manage the affairs of the municipality or municipal enterprise and Sections 36 to 38 of the Municipal Affairs Act apply thereto mutatis mutandis.
- The Corporation, by order of the Board, may recover any amount in default by a levy on the property and occupancy assessment subject to taxation in a municipality.
- The Corporation may, by order of the Board, seize and sell property of a municipal enterprise to recover any amount in default, and for this purpose a loan by the Corporation to a municipal enterprise is a charge upon the property of the municipal enterprise.

Information Technology Risks

With technology and the increase of potential cyber-attacks, there is the risk that the computer system crashes, and information is lost.

Information Technology Strategies

Policies

The Corporation has developed numerous policies with respect to Information Technology such as its Cyber Security Policy and Electronic Fund Policy. The Corporation will continue to explore and develop new policies with respect to Information Technology Strategies.

I: drive

It critical all working files are saved on the I: Drive to ensure they are accessible for those times staff are working from home. It also ensures that all files are backed up on a regular basis when backups are performed.

Policy History

Approved: October 4, 2021

Investment Policy

Policy Statement

The Nova Scotia Municipal Finance Corporation (the Corporation) has an obligation to the citizens of Nova Scotia to ensure effective and prudent fiscal and investment management of its funds. This policy is intended to define the parameters within which funds are to be managed.

Policy Objectives

The objectives, in priority order, of investment activities will be:

- Preservation of principal.

Preservation of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the safety of capital in the overall portfolio. The goal will be to mitigate credit risk.

- Liquidity

The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

- Return

The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints of safety and liquidity needs.

Application

This policy applies to activities of the Corporation about investing cash as it becomes available through operations.

Policy Principles

- The Corporation will invest in eligible investments only. For the purpose of this policy an eligible investment is any security which is:
 - Eligible per the *Nova Scotia Finance Act*;
 - Eligible per all other relevant statutes;
 - Eligible per the approved asset mix (listed below)

- Investments will be limited to the following maximum percentages:

Asset Mix:

<u>Category</u>	<u>Maximum per Category</u>	<u>Maximum per Guarantor/Issuer</u>
GOC and its guarantees	100%	100% per guarantor
PNS and its guarantees	100%	100% per guarantor
Other Cdn. provinces and their guarantees	70%	35% per guarantor
Schedule A Chartered Bank	100%	100%

*Note: the percent of portfolio is to be calculated at the time of investment. If the total portfolio decreases, investments need not be sold to comply with percentage maximums.

References

Nova Scotia Finance Act

Policy History

Short Term Investment Policy

Approved: November 14, 2001

Reviewed: March 14, 2005

Investment Policy

Approved: October 9, 2001

Reviewed: March 14/05

Amended: February 8, 2013

Amended: December 12, 2019

Reserve Fund Policy

Policy Statement

Nova Scotia Municipal Finance Corporation (MFC) reserve fund will maintain a minimum balance of \$6 million.

Policy Objectives

- To ensure there is sufficient working capital for the corporation's operations
- To maximize interest revenue

Policy Principles

- Maintain the lowest possible cost of loans to municipalities
- Stability in administration fee over time
- Minimize volatility in surplus/deficits
- Maintain the reserve at a level that will allow for interest revenue to help offset administration costs

Application

MFC staff will complete a five-year forecast of surplus/deficits and reserve fund balances on an annual basis to present to the Audit Committee. If the results of the forecast fall below the \$6 million level identified in the policy, the Audit Committee will forward the report to the Board with recommendations on proposed actions.

Policy History

Approved: December 13, 2011

Amended: February 4, 2014

Amended: November 30, 2020

Syndicate Members and Lead Managers Policy

Canadian Underwriting Group

On issues the Province purchases, a flat fee of \$15,000 shared equally among the Lead Group, \$5,000 each.

For public issues the sharing of gross commissions shall be distributed in the following manner:

<u>Lead Group</u>	<u>Participation</u>
Scotia Capital	28.0%
CIBC World Markets Inc.	28.0%
RBC Capital Markets	<u>28.0%</u>
	<u>84.0%</u>
<u>Management Group</u>	
TD Securities	8.0%
National Bank Financial Inc.	<u>8.0%</u>
	<u>16.0%</u>
	<u>100.0%</u>

The lead manager rotates after each debenture issue.

Policy History

Approved: January 27, 2004
Reviewed: March 14, 2000
Amended: December 12, 2012
Reviewed: June 20, 2019

Electronic Funds Transfer Policy

Policy Statement

The Corporation is committed to establishing controls and procedures for paying and collecting of the Corporation's accounts using electronic funds transfer.

Purpose

This policy ensures that the principles laid out in this policy are followed when disbursing or collecting funds using electronic funds transfer.

This policy ensures that the following control objectives are met and addressed:

- Cash is disbursed only for authorized purposes;
- Remit disbursements are conducted in a timely and accurate manner;
- Cash disbursements are carried out completely and accurately;
- Cash and the related bank account records are safeguarded.

This policy applies to the Corporation and to the approved bank account signing authorities of the Corporation.

Definitions

ACCOUNTABILITY

Means the obligation to answer to the general public, the Board, clients and vendors.

AUTHENTICATION TOKEN

Refers to a physical device used by an authorized user to prove identity electronically. They store cryptographic information and may use biometric identification or other means to prove the users identify by generating a number that is rekeyed by the user or entered directly through a direct connection to a computer.

CHIEF EXECUTIVE OFFICER (CEO)

Is the Chief Executive Officer and Treasurer for the Corporation.

Board

Refers to the current appointed Board of the Corporation.

ELECTRONIC FUNDS TRANSFER (EFT)

Refers to the following financial transactions:

- remitting funds electronically to a supplier rather than through a cheque.
- “wiring” funds to make payment to a foreign supplier (usually in a foreign currency).
- Direct deposit of employees’ payroll payments either directly or through a payroll service.
- Direct deposit of employees’ expense claims.
- Direct deposit of Board members’ remuneration and expenses rather than through a cheque.

MANAGER OF FINANCIAL SERVICES

Reports directly to the CEO and who is responsible for the finances of the Corporation, as defined on the Corporation’s organizational structure.

PAYEE

The person or company to which the EFT payments are made.

CORPORATION

The Municipal Finance Corporation.

Interpretations

Any reference to this Policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a By-law or Corporation policy shall be deemed to be a reference to the most recent policy or By-law and any replacements hereto.

General Conditions

EFT payments/deposits must be made through the Corporation’s bank’s web-based system.

PAYMENT AUTHORIZATION

All EFT payments shall be authorized by the same procedures as required for cheques: a complete voucher package or EFT Requisition and Authorization Form.

- The complete voucher package shall consist of an invoice.

- Evidence of approval in accordance with the Bank Signing Authority By-law must appear on the front of the voucher package.
- The EFT Requisition and Authorization Form must be fully completed and approved (as required by the Bank Signing Authority By-law), including the name of the payee, and full payment instructions including bank number, transit number and bank account number.
- EFT payments will be set up with the bank by the Administrative Assistant who will initiate the transaction and the CEO will verify the payee/payor, bank account, and dollar amount and then sign the EFT Requisition and Authorization Form.
- Once approved, the Manager of Financial Services will release the EFT payments.
- Access to the web-based EFT will be controlled using a user id and password, and the authentication token provided to each user by the Corporation's bank.
- The Administrative Assistant or the Manager of Financial Services do not have the ability to set up and release a voucher package. The banking platform requires two individual staff members to be involved in the EFT payment process.

DEPOSIT AUTHORIZATION

All EFT deposits shall be authorized by the same procedures as required for EFT payments: a complete voucher package or EFT Requisition and Authorization Form.

- EFT deposits will be set up with the Corporation's bank by the Administrative Assistant who will initiate the transaction and the CEO will verify the payee/payor, bank account, and dollar amount and then sign the EFT Requisition and Authorization Form.
- The Administrative Assistant will then log in to the Corporation's bank account and pull the deposits.
- Access to the web-based EFT will be controlled using a user id and password, and the authentication token provided to each user by the Corporation's bank.

CONFIRMING RECEIPT AND RECONCILIATION PROCESS

- After the transmission of the EFT payment/deposit, a receipt must be downloaded from the bank and all the information checked against the EFT Requisition and Authorization Form.
- Any discrepancies must be followed up immediately.
- The bank account will be reviewed daily to ensure that all EFT payments/deposits have been made accurately.

Roles and Responsibilities

The CEO has the authority and responsibility to create, maintain and ensure that controls are in place for EFT payments.

BANK SIGNING AUTHORITIES have the authority and responsibility to ensure that payments are only made for items that are properly authorized.

References

MFC Procurement Policy

Policy History

Approved: June 20, 2019

Purchase Card Policy (PCard)

Policy Statement

It is the policy of the Corporation to offer a corporate Purchasing Card Program as a means of making certain purchases.

Definitions

CARDHOLDER

An employee of the Corporation whom is identified to be issued a PCard in the employee's name who shall receive and use the PCard in accordance with the requirements of this and other related policies, and the Corporate Purchasing Card Agreement.

PURCHASE CARD (PCard)

A credit card issued under an agreement between the banking institution and the Corporation and issued to employees for the purchase of goods and services that are authorized Corporation business transactions.

UNAUTHORIZED CHARGES

Charges against a PCard not related to purchasing goods and services for Corporation use or made by someone other than the cardholder or are not in accordance with the Corporate Purchasing Card Agreement.

UNAUTHORIZED PAYMENTS

Payments on any PCard made by anyone other than the Corporation.

Policy Objectives

To establish a more efficient and cost-effective method of procuring and paying for low dollar value, high volume goods and services, as well as, travel expenses, registrations and other corporate affiliated expenses, while maintaining acceptable levels of control and accountability.

The Corporation's objectives for the Purchasing Card Policy are to:

- Reduce the costs of procuring and paying for low dollar value goods, services, and travel expenses by reducing the number of small orders and invoices processed and the number of cheques issued;

- Eliminate the issuance of travel and cash advances in addition to separate payments or registration fees, transportation costs, and accommodations;
- Maintain the existing levels of discounts negotiated with suppliers for prompt payment by providing a more efficient payment process;
- Streamline administrative functions and reduce the time spent processing payments; and
- Maintain an acceptable level of accountability and safekeeping of the Corporation's assets by setting appropriate limits and restrictions on the use of cards.

PCards

PCards may be used by select authorized purchasers for procuring both goods and services for the Corporation. The CEO must use discretion in the number of cards in use at the Corporation by reviewing the nature of the positions which have cards.

PCard limits will be as follows:

- a) CEO \$ 5,000.00
- b) Manager of Financial Services \$ 2,500.00

These limits are defined as the maximums for individuals the CEO deems appropriate to have a PCard. The limits represent the total amount of purchases that can be charged to the card during a one-month billing cycle.

Under no circumstances shall a transaction be split into two or more separate receipts to bypass the transaction dollar limit on the card or the approval limits of the employee.

The PCard may not be used to purchase or pay for:

- a) Personal purchases; or
- b) Cash Advances; or
- c) Alcohol

Overview

Orders, reservations, and registrations may be placed either by internet, fax, phone or in person. The monthly processing can be summarized as follows:

- a) Authorized cardholders make purchases in the normal course of business and maintain a record of all card transactions.
- b) Cardholders verify monthly statements against their record and purchase transaction logs (provided in Appendix 2) and provide project, process or reason for purchase.
- c) CEO approves the statement for payment of the Manager of Financial Services for payment.
- d) The Chair of the Corporation approves the CEO's statement for payment.
- e) The Manager of Financial Services receives and pays the monthly billing allocating expenses according to details provided.

Written agreements shall be made with the bank, including fee schedules and processing procedures. The bank may assign a manager to the Corporation's account in addition to the Corporation's monitoring mechanisms.

To enhance accountability, there shall be a segregation of duties involved with PCards, including payment approval, accounting, and reconciliation.

Receiving Goods

The cardholder shall keep a copy of all supporting documentation (i.e. cash register and purchasing card receipts, vendor notices, purchase register, etc.) and attach it to the monthly statement. The cardholder shall certify that the goods have been received by signing the sales slip.

Disputed Items and Returns

Disputed items are purchases that do not accurately reflect the transactions made by the cardholder (ie. wrong amount, incorrect account number, multiple posting, etc.) The cardholder shall be responsible for reporting these as soon as possible to the bank and the Manager of Financial Services.

Problems with merchants relating to unsatisfactory goods, late delivery, changes from quoted process, etc. shall not be considered disputed items and shall be settled directly with the vendor by the buyer. In the event the goods are to be returned to the supplier, the cardholder shall request a Return Confirmation

Number from the supplier along with return instructions and forward the goods back to the supplier in accordance with these instructions. All credits must be processed against the purchasing card, under no circumstances shall a cash refund be permitted.

Billing and Statements

Purchases made on the purchasing card shall be the liability of the Corporation. Upon receipt of a monthly bill, the Manager of Financial Services will ensure payment is affected promptly to avoid financing charges. Individual card statements detailing purchasing activity during a billing cycle will be reconciled by the cardholder in a timely manner and returned to Manager of Financial Services.

Reconciliations

In order to keep a record of the purchases on the card and perform proper statement verification, the cardholder will maintain a transaction record or log. This record will assist in the verification of the monthly card statement. It is possible that all card transactions may not appear on the statement due to timing differences. In these cases, the cardholder shall make a note of this to ensure the transaction is carried forward to the next month's transactions for verification against the following month's statement. Missing credits shall be addressed directly with the vendor.

In order to verify the monthly card statement, the cardholder shall keep a copy of the transaction records. A transaction log may be used for this purpose and is a good way to record items such as registrations for which the buyer does not receive a transaction record at all times. The following information shall be provided on the transaction log:

- a) Cardholder Name
- b) Cardholder signature verifying accuracy and accepting responsibility
- c) Purchase Date
- d) Vendor Name
- e) Description of goods purchased – project, process or equipment
- f) Total amount of invoice
- g) HST amount

h) Manager's signature of authorization

If purchases appear on the transaction log and not on the corresponding statement, the cardholder shall document these purchases on another log to be used for the following month and cross them off the current month's log.

PCard Issuance

PCards shall be issued in the name of the Corporation and the individual designated by the CEO. The CEO shall be responsible to ensure that the individual is familiar with the guidelines for the use of this card as outlined in this document. Cardholders should be fully trained on the responsibilities associated with the PCard, including telephone, fax, and internet purchases, as well as the repercussions if they abuse the PCard. Upon receipt of the PCard, the cardholder shall be required to sign a Cardholder Agreement, as set out in Appendix1.

Card Cancellation

PCards will be cancelled when the cardholder no longer meets the cardholder profile, no longer requires the PCard, the PCard is lost or stolen or when the cardholder is terminating employment with the Corporation. The PCard may also be cancelled if it is not used in accordance with the guidelines outlined in this document. Any PCard can be cancelled at any time by the CEO, or the Manager of Financial Services.

A written request from the CEO shall be forwarded to the Manager of Financial Services with the name of the cardholder and the reason for cancellation. The Manager of Financial Services shall contact the bank and shall confirm the cancellation. It shall be the responsibility of the CEO to ensure that terminated employee's PCards are cancelled immediately upon termination from the Corporation and are destroyed. It shall be the responsibility of the Chair to cancel and take possession of the CEO's PCard upon termination from the Corporation and to destroy it.

Lost or Stolen PCards

All PCards shall remain the property of the Corporation and must be protected in the same way as a personal PCard. Should the PCard be lost or stolen, it shall be the cardholder's responsibility to report the event immediately to the bank and to the Manager of Financial Services. If the cardholder requires assistance with statements, disputed items, or other issues, they may contact the Manager of Financial Services.

Roles and Responsibilities

Manager of Financial Services shall be responsible to:

- a) Administer the PCard program;
- b) Maintain a master list for all Pcards;
- c) Maintain all original cardholder agreements;
- d) Ensure monthly billings are paid in a timely fashion;
- e) Ensure cardholders are completing statement reconciliations accurately;
- f) Offer training and support to cardholders when issues occur during the process;
- g) Monitor employee activities, print reports, and adjust spending levels;
- h) Track historical data to monitor program performance and ensure cost control targets are reached;
- i) Overall administration of purchasing card program;

The CEO shall be responsible to:

Perform random audits of the PCard program.

The Chair shall be responsible to:

Perform random audits of PCard transactions.

Cardholder shall be responsible for:

- a) The security of their card and should not share the PCard or the PCard number with other individuals;
- b) The use of the PCard in accordance with the guidelines outlined in this document and other related policies and procedures;
- c) Keep supporting documents (i.e. Cash register and PCard receipts, vendor notices, packing slips, etc.) related to all purchases made with the PCard for reconciliation;

- d) Maintain a log of transactions for statement verification and providing expenditure details;
- e) Submit all supporting documents and a reconciled statement to the Manager of Financial Services within one week of receipt of the statement;
- f) Contacting the supplier if there are any problems with the order received and address disputes for a resolution;
- g) Ensure all returns are credited to the statement;
- h) Reporting lost or stolen PCards to the bank and the Manager of Financial Services;
- i) Returning the PCard when requested to do so.

Policy History

Approved: December 12th, 2019

Procurement Policy

Background

As a Crown Corporation of the Province of Nova Scotia, the Nova Scotia Municipal Finance Corporation (MFC) complies with provincial tendering practices and guidelines. Its procurement protocol upholds the following key principles of the *Sustainable Procurement Policy*:

- Open
- Fair
- Sustainable
- Transparent
- Consistent
- Effective
- Efficient
- Competitive

Procedure

This policy applies to all professional services required by the MFC.

Tenders are usually for a five-year period.

The process adheres to the Province of Nova Scotia's *Sustainable Procurement Policy*.

Policy History

This policy replaces the Audit Tender and Banking Tender Policies.

Policy Approval: February 4, 2015

Amended: June 17, 2021

Attachment: Province of Nova Scotia Sustainable Procurement Policy

Sustainable Procurement Policy

Policy Statement

In addition to establishing and maintaining a high level of public confidence in its procurement process, the Province of Nova Scotia recognizes the contribution that public-sector procurement has towards the sustainable prosperity of Nova Scotia. This policy has been designed to ensure the principles of public procurement are being adhered to, while supporting the sustainable procurement goal as identified in the *Environmental Goals and Sustainable Prosperity Act (2007)*.

The Province is committed to the following principles of public procurement that serve as the foundation for all Nova Scotia provincial Government procurement:

- Open
- Fair
- Sustainable
- Transparent
- Consistent
- Effective
- Efficient
- Competitive

Definitions

For the purposes of this policy, the following definitions are provided:

BEST VALUE

In order to establish the best value of goods/services/construction/facilities offered, bids may be evaluated not only on purchase price and life cycle cost considerations, but also items such as environmental considerations, social considerations, delivery, servicing, and the capacity of the bidder to meet other criteria as stated in the bid documents.

CORPORATE FINANCIAL MANAGEMENT SYSTEM (CFMS)

A financial management system that maintains and tracks corporate financial information, including the creation of official purchase orders. Most, but not all, Government departments use SAP as their official financial management system.

CONSTRUCTION

A construction, reconstruction, demolition, repair, or renovation of a building, structure, road or other engineering or architectural work. It does not include professional consulting services related to the construction contract unless they are included in the procurement.

DEPARTMENT

Any department, office, agency, board, or commission that is subject to the *Auditor General Act*, or any other public sector entity for whom compliance to this policy has been directed by the Minister responsible.

DEPUTY HEAD

The deputy minister or designate of a department, or the senior administrative officer of a Government agency, board, commission, or office not reporting through a deputy minister.

EMPLOYEE

Employee refers to any person directly employed by a department as defined above.

FACILITIES (ALSO REFERRED TO AS BUILDING LEASES)

All building lease requirements covering the conveyance of the right to use tangible building property for a specified period of time in return for rent.

GOODS

Materials, furniture, merchandise, equipment, stationery and other supplies required by a department for the transaction of its business and affairs and include services that are incidental to the provision of such supplies.

LIFE CYCLE COSTING

A type of analysis that goes beyond the purchase price and also considers the costs of items such as shipping and packaging, disposal of packaging, energy use, maintenance, warranty, parts and repairs, consumable supplies, disposal, training, etc

PROCUREMENT SERVICES

A division of the Department of Economic and Rural Development and Tourism (ERDT), responsible for the acquisition of goods, services, construction, and facilities on behalf of a department.

PROCUREMENT WEB PORTAL

Public site: <http://www.gov.ns.ca/tenders>

Internal site: <http://iweb.gov.ns.ca/procure>

PUBLIC SECTOR ENTITY

As defined in the *Public Procurement Act*, and for greater certainty includes all departments, municipalities, academic institutions, school boards, health authorities, housing authorities and Crown corporations.

PUBLIC TENDER

A type of procurement where the acquisition of goods, services, construction, or facilities must be obtained through public advertisement

SAP

See Corporate Financial Management System (CFMS)

SERVICES

A service required by a department for the transaction of its business and affairs but does not include services provided by an employee of a department through a personal services contract.

STANDING OFFER

A Standing Offer is a contractual arrangement between the Province and a pre-approved supplier, where the supplier agrees to provide certain goods or services on an “as required” basis, during a particular period of time, at a predetermined price or discount, generally within a pre-defined dollar limit.

SUSTAINABLE PROCUREMENT

Sustainable Procurement involves taking a holistic approach to obtain best value for Government. This will be done by integrating the following considerations in the procurement process:

- Environmental considerations: e.g., Green House Gas Reduction, Waste Reduction, Toxic Use Reduction
- Economic considerations: e.g., Life Cycle Cost, Fiscal Responsibility, Support for the Local Economy
- Social considerations: e.g., Employee Health and Safety, Inclusiveness and Fair Wage, Health Promotion

Policy Objectives

Through this policy, the Province of Nova Scotia is committed to supporting our environment, economy and society through sustainable procurement whenever this can be practiced within our existing procurement principles by:

- Ensuring that the Government's requirements for goods, services, construction, and facilities are met through an open, fair, and transparent process that maximizes competition and value to the Government.
- Ensuring bidders have reasonable notice and opportunity to tender.
- Fostering economic development by ensuring every capable Nova Scotia supplier has opportunity to do business with the Government.
- Providing outreach programs that encourage competitiveness and innovation to Nova Scotia businesses which in turn will contribute to the sustainable prosperity of Nova Scotia.
- Ensuring Government procurement decisions consider the benefit to the environment and social fabric of Nova Scotia.
- Adhering to all trade agreements which create economic opportunities for Nova Scotians.
- Treating out of province bidders in the same way as their jurisdictions would treat bidders from Nova Scotia.
- Being accountable for procurement decisions.

Application

This full policy applies to all departments for the procurement of all goods, services, construction and facilities by purchase, contract, lease or long-term rental.

The principles as outlined in section 1.0 and objectives as outlined in section 3.0 will apply to all Public Sector Entities.

This policy applies to the establishment of Strategic Infrastructure Partnerships but may not apply to subsequent procurement activity of successful proponents once the partnership is established.

Policy Directives

5.1 SUSTAINABLE PROCUREMENT

Departments are required to consider sustainable criteria in all procurement decisions. To guide the adoption of sustainable procurement, specifications will be developed on a category by category basis.

For those categories where specifications have been developed, all purchases within those categories no matter the dollar amount, must meet or exceed all environmental, economic, and social guidelines as outlined in the specifications.

For those categories where specifications have not yet been developed, departments must, to the best of their ability, consider sustainable criteria in their procurement decisions.

Additional supporting tools (e.g., fact sheets, guidance documents, etc.) will be posted to the internal Procurement Web Portal as they are developed and should be considered in support of sustainable procurement activities. These supporting tools will be available to all departments and Public Sector entities within Nova Scotia.

All employees who purchase goods, services, and construction on behalf of the Province, will be required to enroll in and complete the on-line introductory training course for Sustainable Procurement by April 1st, 2010.

5.2 PROCUREMENT OF GOODS, SERVICES AND CONSTRUCTION

Goods, services, or construction valued below \$10,000 excluding taxes

Departments have been delegated the authority to acquire goods, services or construction while ensuring the best value for the Province of Nova Scotia. In order to ensure best value, departments are expected to obtain competitive quotes whenever possible and award to the bid that provides the best value (see Appendix A for more details). For goods, services or construction valued below \$1,000 excluding taxes, quotes are not required.

The exception to obtaining competitive quotes would be when employees are using a Complementary Procurement Process as outlined in section 5.4.

Departments are also expected to ensure they are adhering to the Sustainable Procurement directive as outlined in section 5.1.

As part of this delegated authority, departments are responsible for ensuring their own compliance to this directive and are required to document their attempts to obtain best value. All documentation (including quotes) will remain at the department and will be subject to review by the Auditor General and /or the Corporate Audit Division of Department of Finance. The deputy head must ensure persons with signing authority are held accountable for all procurement transactions.

Goods, services, or construction valued equal to and above \$10,000 excluding taxes

Working directly with Procurement Services, departments will acquire all goods, services, and construction through the use of a public tender. The exception to this would be when employees are using a Complementary Procurement Process as outlined in section 5.4. Departments are also expected to ensure they are adhering to the Sustainable Procurement directive as outlined in section 5.1. In addition, to ensure an adequate degree of competition, a notice of tender opportunity may be sent to selected suppliers where required.

5.3 PROCUREMENT OF FACILITIES

For information regarding the procurement of facilities please see the Facilities Procurement Process Guide developed by the Department of Transportation & Infrastructure Renewal. This guide can be found on the Procurement Web Portal.

5.4 COMPLEMENTARY PROCUREMENT PROCESSES

Alternative Procurement Practices (ALTP)

In order for the Procurement Policy to balance the need to be open and competitive with the demands of urgent, specialized or exceptional circumstances, alternative procurement practices have been created. These processes must be used only for the purposes intended and not to avoid competition or to discriminate against specific suppliers. Any such request must be authorized by the deputy head or his or her designate. (see Appendix B for more details).

Nova Scotia Preference

In order to support the local manufacturing, agriculture and aquaculture industries, departments are authorized to apply a preference for goods up to and including \$10,000 excluding taxes, which are manufactured or produced in Nova Scotia, when it is determined to be in the best interest for the Province of Nova Scotia. This guideline has been established to support the principles of public procurement and buy local initiatives in Nova Scotia which support Nova Scotia small businesses and communities.

Permanent Exemptions

Individual departments may apply for a permanent exemption for certain goods or services that are considered at the sole discretion of Procurement Services not to be subject to tender. Any such request will follow the defined process as described in Appendix C and must be authorized by the deputy head or his or her designate and the Chief Procurement Officer. A list of permanent exemptions will be made available through routine access to information.

Standing Offers

This policy permits the establishment of standing offers through a public tender process. To ensure fairness, maintain efficiencies and facilitate sustainable procurement for Government, departments must use existing standing offers for commonly purchased goods and services. This includes the use of the Government Stationary Stockroom as operated by Transportation and Infrastructure Renewal, for the acquisition of administrative and stationary supplies. In extenuating circumstances and in consultation with Procurement Services, departments may be given the right to acquire goods and services outside of existing Standing Offers.

Procedures on the usage and pre-defined limits of Standing Offers will be made available to users on the internal Procurement Web Portal. Standing Offers are made available to departments, as well as Public Sector entities in Nova Scotia.

Strategic Sourcing

Individual departments may, in special circumstances and in consultation with Procurement Services, consider the use of a source list of suppliers that can supply specific goods or services, approved on their ability to meet the end users' requirements. A request must be made to Procurement Services regarding the establishment of a source list, and Procurement Services will make the final determination on the validity of the request and establish appropriate thresholds. Thresholds will not exceed the values permitted by applicable trade agreements. Procedures on the usage and limits of source lists will be made available to users on the internal Procurement Web Portal. A list of strategic sourcing opportunities will be made available through routine access to information.

Unsolicited Proposals

In order to promote innovation, the Government has defined a process to deal with unsolicited proposals. When an unsolicited proposal is received, the Government may consider a range of options, including a pilot project, partnership, or other arrangement, that will be undertaken to assess the merit of the proposal as stated in the Guide to the Submission & Evaluation of Unsolicited Proposals. This guide can be found on the Procurement Web Portal. All unsolicited proposals must be authorized by the deputy head of the sponsoring department and Chief Procurement Officer.

5.5 BID OPENING, EVALUATION AND AWARDS

Opening

Bids will be accepted in accordance with the closing time and date stipulated in the bid request. The list of companies that submitted a bid, the winning bidder and the award amount will be posted on the Procurement Web Portal.

Evaluation

All bid submissions are subject to evaluation after opening and before award of contract. The bid request documents must clearly identify the requirements of the procurement, the evaluation method, evaluation criteria based on the guiding principles as outlined in this policy, and the weights assigned to each criterion.

Award

After contracts have been awarded, access to tender documents is subject to the provisions of the *Freedom of Information and Protection of Privacy Act* through the issuing department.

Vendor Complaint Process

A method to handle formal supplier complaints and to improve the Government's procurement process is an integral part of a fair and open procurement policy. The Vendor Complaint Process Guide has been developed to allow Government to handle complaints in an organized, consistent manner, and to carry out the analysis and reporting requirements in order to improve upon the procurement process. This guide can be found on the Procurement Web Portal.

Policy Guidelines

6.1 COOPERATIVE PROCUREMENT

The Government encourages the joint procurement of goods and services used by all levels of the public sector when the arrangement results in overall best value or other substantial advantages. Crown corporations and organizations in the MASH sector may participate when such an arrangement will benefit both their organization and the Government. The Government may from time to time enter into a joint procurement activity with other jurisdictions if deemed to be in the best interest of the Government.

6.2 RECIPROCITY

Nova Scotia Vendors

Since not all provincial jurisdictions are prepared to provide reciprocal access to goods, services or construction requirements valued at less than Agreement on Internal Trade thresholds, the principles of fairness demand that Nova Scotia reserve the right to apply comparable limitations on access.

Departments, in consultation with Procurement Services, reserve the right to accept or reject, consider, and evaluate bids from other jurisdictions on the same basis that the purchasing authorities in those jurisdictions would treat a

Nova Scotia supplier for a similar requirement. Out of province suppliers who choose to respond to an opportunity would do so with the understanding that their submission may be rejected due to the practices of their home province. Departments may consider at their sole discretion best overall value in their decision to accept a bid from a non-reciprocating provincial jurisdiction.

Atlantic Vendors

The Atlantic Canadian provinces are committed to providing fair and reciprocal access to business opportunities and to ensuring that the supplier community receives fair treatment in their dealings elsewhere in Canada. Based on the principles of the Atlantic Procurement Agreement and in the same context as outlined above departments may in consultation with Procurement Services reject a bid from a non-reciprocating provincial jurisdiction valued at less than Agreement on Internal Trade thresholds in favor of another Atlantic Provinces bidder.

6.3 SUPPLIER DEBRIEFING

Procurement Services offers a supplier debriefing session to provide constructive feedback from the evaluation. Suppliers can find out how their proposal scored against published criteria, obtain comments from the evaluation team on their bid, and gather information on how future submissions may be improved. Supplier's bids are not compared to other bids, nor will information on other bids be provided.

Accountability

MINISTER

The Minister responsible for the Department of Economic and Rural Development and Tourism is responsible for promoting and implementing this policy.

DEPUTY HEAD

The deputy head of each department is responsible for ensuring compliance with this policy. Furthermore, when procurement is undertaken that is an alternative procurement, an unsolicited proposal, or is the result of an unauthorized procurement transaction, the deputy head or person with signing authority in the client department must approve the procurement, in consultation with Procurement Services.

EMPLOYEE

Any employee of a department must adhere to this policy. Failure to comply with policy may result in the deputy head withdrawing the procurement authority from an individual within a department.

Monitoring

RECORDING

Departments must ensure that all procurement transactions are authorized, properly recorded in the appropriate financial management system, and supported by the appropriate documentation.

AUDIT

All procurement activities will be subject to audit by the Auditor General and the Corporate Audit Division of the Department of Finance. Procurement activities within the procurement module of SAP are also subject to compliance testing by Procurement Services. The compliance testing results will be used for outreach and education programs. Any irregularities or concerns will be reported to the Corporate Audit Division of the Department of Finance.

REPORTING

An annual report that summarizes total procurement activity and economic impact will be prepared for the Deputy Minister responsible for Nova Scotia Government Procurement with a copy to the Auditor General.

Information will be contributed to the *Environmental Goals and Sustainable Prosperity Act* annual report in the area of sustainable procurement.

References

- *Public Procurement Act*
- *Environmental Goals and Sustainable Prosperity Act (EGSPA)*
- *Freedom of Information and Protection of Privacy Act (FOIPOP)*
- *Personal Information International Disclosure Protection Act (PIIDPA)*
- Agreement on Internal Trade (AIT)
- Atlantic Procurement Agreement (APA)
- Canada - US Agreement on Government Procurement
- Construction Contract Guidelines
- Facilities Procurement Process
- Government of Nova Scotia Procurement Process: Architects and Professional Engineering Services
- Atlantic Provinces Standard Terms and Conditions
- Guide to the Submission and Evaluation of Unsolicited Proposals

Enquiries

For further information or clarification regarding this policy, please contact:

Chief Procurement Officer, Procurement Services
Department of Economic and Rural Development and Tourism
P.O. Box 186
Halifax, Nova Scotia B3J 2N2
Phone: (902) 424-3333
Fax: (902) 424-0844

Appendices

Appendix 3-A Delegated Procurement
Appendix 3-B Alternative Procurements
Appendix 3-C Permanent Exemption Process

Appendix 3-A

Delegated Procurement

For all delegated procurements, departments are expected to obtain competitive quotes whenever possible and award to the bid that provides the best value for the Province of Nova Scotia. For goods, services or construction valued below \$1,000 excluding taxes, quotes are not required.

When selecting the list of suppliers to be provided the opportunity to quote, departmental personnel are responsible to ensure a fair and open process is followed. Departments are only required to invite qualified bidders; however they are not to consistently invite bids from the same or a select group of suppliers. Invitations and bidding opportunities are to be equitably distributed among all potential bidders in an area, and all interested and qualified suppliers are to be evaluated on a consistent and equitable basis. We recommend putting the names of the companies contacted in the header note of the purchase order.

Examples of when quotes may not always be possible:

- Vendors busy due to seasonal demand
- No response from vendors
- Vendors unable to meet specifications or timeframe
- Fewer vendors in remote areas
- Compatibility requirements

In situations where the department cannot get quotes they are required to complete a “**Low Value ALTP Form**” which must be signed by the person making the purchase, as well as that person’s supervisor or the person with signing authority for the given business area. In all cases forms require two signatures and must be kept on file at the department for audit purposes. The “Low Value ALTP form” will be available on the internal Procurement Web Portal.

Appendix 3-B

Alternative Procurements

CONSULTATION

To ensure that they are used appropriately, each department must consult where appropriate with Procurement Services on their use of over tendering threshold alternative procurement practices (with the exception of an emergency). If in agreement, the department will make a request to their deputy head who must then approve or reject the recommendation. In case or cases of a disagreement between the department and Procurement Services the department may present the proposed alternative procurement to their deputy head for consideration and decision. All Alternative Procurement forms must be sent to Procurement Services for safe keeping and reporting.

DOCUMENTATION

The rationale permitting the alternative procurement practice will be documented on the appropriate forms and will provide substantiation for the actions taken should they be required for audit purposes.

DELEGATION OF SIGNING AUTHORITY

The deputy head may delegate signing authority for alternative procurement transactions that are equal to or greater than \$10,000 excluding taxes to an acting or assistant deputy head. It is the deputy head's responsibility to ensure that all procurement activities by their department are properly documented and recorded in the appropriate Corporate Financial Management System. In all cases the deputy head shall remain accountable for the proper use of alternative procurement transactions within his or her department.

CIRCUMSTANCES

Alternative Procurement transactions may be used in circumstances as described below.

1. an **unforeseeable** situation of urgency or emergency where the good, service, or construction requirement cannot be obtained by means of open procurement procedures.
2. a situation where tendering could reasonably be expected to compromise Government confidentiality, cause economic disruption, or otherwise be contrary to the public interest.
3. to ensure compatibility with existing products; to recognize exclusive rights, such as exclusive licenses, copyright, and patent rights; or to maintain specialized products that must be maintained by the manufacturer or its representative.
4. where, for technical reasons, there is an absence of competition, and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.

5. the procurement of goods or services for which there is a statutory monopoly that is controlled by a supplier.
6. the purchase of goods on a commodity market.
7. work to be performed on or about a leased building, or portions thereof, that may be performed only by the lessor.
8. work to be performed according to the provisions of a warranty or guarantee.
9. the procurement of a good or service to be developed in the course of and for a particular contract for research, experiment, study, or original development, but not for any subsequent purchases.
10. the procurement of goods or services for the purpose of evaluating or piloting new or innovative technology with demonstrated environmental, economic, or social benefits when compared to conventional technology, but not for any subsequent purchases
11. the purchase of goods under exceptionally advantageous circumstances such as bankruptcy, receivership or used equipment, but not for routine purchases.
12. the procurement of original works of art.
13. processes that foster the development of minority businesses.
14. processes that foster the development of sheltered workshop programs.
15. goods intended for resale to the public.
16. goods and services from persons with disabilities, philanthropic institutions, or through employment equity programs.
17. services of expert witnesses, specifically in anticipation of litigation or for the purpose of conducting litigation.
18. unsolicited proposal

Appendix 3-C

Permanent Exemption Process

1. The department will initiate a meeting with the Chief Procurement Officer to discuss the unique situation that may be eligible for a permanent exemption. At this point the Chief Procurement Officer will provide direction to the department as to what information Procurement Services would be looking for in the documented Business Case.
2. The department will prepare a documented business case outlining their unique situation for the formal review of the Chief Procurement Officer. The Chief Procurement Officer will either approve or decline the request at this point of the process.
3. If approved, the department will prepare a special permanent exemption form, and obtain the signature of their deputy head. This special exemption form is provided by the Chief Procurement Officer to the department.
4. Once completed, this form and accompanying paperwork will be returned to the Chief Procurement Officer. This form will be kept on file along with the original business case for future reference.
5. Once the form is obtained from the department, a unique award category will be issued that is to be used on all Purchase Orders.

Business Continuity Plan Policy

Purpose

This Business Continuity Plan (BCP) addresses the course of action required when operations of the Corporation are threatened and/or limited due to:

- a pandemic,
- terrorism,
- building access blockage (strike, protest, etc),
- building structural damage,
- any other factors that may require the Corporation to suspend employees from coming to work.

This Business Continuity Plan shall be implemented upon the following occurring:

- A declaration of a State of Emergency by Federal, Provincial, Municipal, or local health authorities;
- At the discretion of the Chief Executive Officer or designate.

Implementation of the Business Continuity Plan

This Business Continuity Plan shall be implemented upon notification of the Emergency Measures Office, Chief Executive Officer, or designate.

Work at Home Status

Employees may be asked to work from home in the event of a:

- an act of terrorism,
- building access being blocked (strike, protest, etc),
- serious structural damage to the building,

- any other factors that may require the Corporation to suspend employees from coming to work.

The Chief Executive will consider the following criteria to evaluate work from home status:

- the ability of the position to adequately perform the required job functions from home,
- the infrastructure in place at the home to facilitate work at home,
- other criteria as may be deemed appropriate.

Sick Leave

The Corporation recognizes that in the event of a State of Emergency, the current sick leave provisions may not be sufficient.

An employee who exhibits or reports flu like symptoms (fever, cough, sore throat, stuffy nose, chills, headache and/or body ache, fatigue etc) will be required to remain at home for the period of time recommended by the Nova Scotia Department of Health at the time of their illness. It is important that they do not return to work before the time recommended by the Nova Scotia Department of Health so as not to spread an illness within the work environment. An employee is expected to return to work as soon as health guidelines permit.

The Chief Executive Officer reserves the right to inform an employee that they must remain away from the workplace until their health is cleared by a physician or a safe return to work, to not pose a risk to the health of others.

To facilitate the provision of services, employees who wish to recommence work, prior to their recovery from flu like symptoms, may request work at home status. Employees will be compensated at regular rate of pay.

The Chief Executive Officer will make the determination.

Family Leave

The Corporation recognizes that in the event of a State of Emergency, the current family leave provisions may not be sufficient.

A family member is defined as:

- (a) spouse;
- (b) son;
- (c) daughter;
- (d) parent;
- (e) brother;
- (f) sister;
- (g) aunt;
- (h) uncle.

An employee's is entitled to family illness leave if a family member of the employee is ill and requires the presence or support of the employee or a relative of the employee who permanently resides with the employee is receiving preventative medical or dental care and requires the presence or support of the employee while receiving the care.

An employee who is caring for a family member will be required to remain at home for the period recommended by the Nova Scotia Department of Health at the time of their loved one illness. It is important that they do not return to work before the time recommended by the Nova Scotia Department of Health so as not to spread an illness within the work environment. An employee is expected to return to work as soon as health guidelines permit.

The Chief Executive Officer reserves the right to inform an employee that they must remain away from the work place until their loved one health is cleared by a physician or a safe return to work, to not pose a risk to the health of others.

To facilitate the provision of services, employees who wish to recommence work, prior to their loved one recovery from flu like symptoms, may request work at home status. Employees will be compensated at regular rate of pay.

The Chief Executive Officer will make the determination.

School /Daycare Closures

The Corporation will make every effort to accommodate request for vacation time, excused time or unpaid leave that may be necessary due to the closure of a School /

Daycare Closure which results in the necessity of an employee caring for one's dependents.

Meetings

Face to Face meetings are discouraged, and alternative methods for meetings shall be implemented. (Microsoft Teams, Zoom or teleconferencing)

Weekly Briefing Sessions

During the implementation period of this plan, the Chief Executive Officer shall brief the Board weekly, or at a frequency deemed appropriate, on service delivery implications.

Policy History

Approval date: November 26, 2020

Operating Loan Policy

Policy Statement

Nova Scotia Municipal Finance Corporation (MFC) will provide a temporary short-term loan (the “Loan”) to Regionals, Towns, Rural Municipalities and Villages for operating purposes.

A request for a Loan must be made by March 31, 2021, and municipalities must decide on a repayment term of:

- 36 months (3 years),
- 60 months (5 years) or;
- 84 months (7 years).

Once a decision has been made by the municipality on a repayment term, it is final and cannot be changed.

Definitions

Interest rate means a fixed rate of:

- 1.1% per annum for a 3-year term
- 1.3% per annum for a 5-year term
- 1.7% per annum for a 7-year term

Municipalities means all Regionals, Towns, Rural municipalities, and Villages that MFC has authority to loan funds to under the *Municipal Finance Corporation Act*.

Policy Objective

- To provide short-term operating funding to Municipalities at the lowest possible cost during the Covid-19 pandemic crisis.

Policy Principles

- Maintain the lowest possible cost of loans to Municipalities
- Ensure risk is minimized

Application

Municipalities borrowing short-term funds from MFC will be required to sign a Loan Agreement.

MFC will sign a Line of Credit Agreement with the Department of Finance to allow for funding of MFC's short-term operating loan program.

Short-term Operating Loan

The benefits to Municipalities that require short-term financing are: a competitive interest rate (cost savings) and repayment term flexibility. The use of the MFC facility is optional and may only be used when funds are needed as a result of the property tax revenue shortfalls caused by COVID-19.

Policy Considerations:

- *Role of MFC* – Traditionally, the Board of Directors' of MFC have been cautious of the role of MFC versus that of the private sector. The role of MFC has traditionally been as a financier of capital projects, not a banking facility. But, due to property tax revenue shortfalls caused by COVID-19, the Board believes it is time for MFC to provide temporary assistance to Municipalities by providing the lowest possible cost for operating loans.
- *Impact on MFC Operations* - Administration costs will be covered through the MFC budget.
- *Line of Credit Requirements* – MFC will require an operating line of credit in excess of the currently available funds.

Policy:

- MFC shall provide a short-term operating loan facility to Municipalities requesting financing assistance due to the property tax revenue shortfalls caused by COVID-19.
- Municipalities requesting financing assistance must do so by March 31, 2021.
- Notwithstanding any other provision of this Agreement, Municipalities shall repay:
 - for a three term, one third of the principal amount of the Loan to MFC on

each anniversary date of the Loan, or, if the anniversary date is not a Business Day, on the Business Day preceding the anniversary date but, in no case, shall the Loan be repaid later than March 2024

- for a five year term, one fifth of the principal amount of the Loan to MFC on each anniversary date of the Loan, or, if the anniversary date is not a Business Day, on the Business Day preceding the anniversary date but, in no case, shall the Loan be repaid later than March 2026
- for a seven year term, one seventh of the principal amount of the Loan to MFC on each anniversary date of the Loan, or, if the anniversary date is not a Business Day, on the Business Day preceding the anniversary date but, in no case, shall the Loan be repaid later than March 2028
- Municipalities with a Loan may, in whole or in part, repay the Loan on interest payment dates, without penalty. Interest shall be paid semi-annually, with the first semi-annual payment occurring six months from the date of the Loan, with other semi-annual Interest payments occurring on the anniversary date of the Loan and continuing until the earlier of the date the Loan is repaid.
- Municipalities with a Loan may, in whole or in part, repay the Loan on interest payment dates, without penalty. Interest shall be paid semi-annually, with the first semi-annual payment occurring six months from the date of the Loan, with other semi-annual Interest payments occurring on the anniversary date of the Loan and continuing until the earlier of the date the Loan is repaid, or March 31, 2024.

Policy History

Approved: May 1st, 2020

Revised: June 15th, 2020

Short-term Loan Policy

Policy Statement

Nova Scotia Municipal Finance Corporation (MFC) will provide short-term funding to municipalities and municipal enterprises for capital projects from completion until long-term funding can be put in place.

Definitions

Bankers' Acceptances means a bill of exchange under the *Bills of Exchange Act* (Canada) or a depository bill under the *Depository Bills and Notes Act* (Canada) drawn on and accepted by a Canadian chartered bank, denominated in Canadian dollars and issued and payable only in Canada;

CDOR means Canada Dollar Overnight Rate as reference by the Reuters Screen CDOR and calculated daily as the mean of quoted bankers' acceptances rates of the Royal Bank of Canada, the Bank of Nova Scotia and the Toronto-Dominion Bank;

Municipalities means all municipalities villages, service commissions and municipal enterprises that MFC has authority to loan funds to under the *Municipal Finance Corporation Act*.

Policy Objective

- To provide short-term capital funding to municipalities at the lowest possible cost

Policy Principles

- Maintain the lowest possible cost of loans to municipalities
- Ensure risk is minimized

Application

Municipalities wishing to borrow short-term funds from MFC must have an approved Temporary Borrowing Resolution for the project(s) being funded.

Municipalities borrowing short-term funds from MFC will be required to sign a short-term loan agreement.

MFC will sign a Line of Credit Agreement with the Department of Finance to allow for funding of MFC's short-term loan program.

Short-term Loan

The benefits to municipalities that require short-term financing are a competitive interest rate (cost savings) and repayment term flexibility. The use of the MFC facility is optional and only used when funds are needed and if rates are competitive.

Policy Considerations:

- *Role of MFC* - Traditionally the Board of Directors' of MFC have been cautious of the role of MFC versus that of the private sector. The role of MFC has been as a financier of capital projects not a banking facility.
- *Impact on MFC Operations* - Administration costs will be covered through the MFC budget.
- *Line of Credit Requirements* – MFC will require an operating line of credit in excess of the currently available funds.

Policy:

- MFC shall extend its short-term loan facility, on a first come first serve basis, to municipalities requesting bridge financing from project completion to receipt of long-term funding.
- Term of short-term loans will be for the period between the date of completion of the capital project and the next MFC debenture issue.
- Borrowing terms for the Short-term Loan Program will be 90-day BA's plus 50 basis points as calculated using the CDOR screen of Reuters.

Policy History

Approved: October 22, 2001
Reviewed: March 14, 2005
Amended: April 17, 2014
Amended: February 12, 2020

Municipally Guaranteed Borrowing

Policy Statement

MFC has the legislative authority to lend to entities that are not municipalities including villages, municipal enterprises, and service commissions. Though not a legislative requirement, NSMFC requires that borrowing by these entities be guaranteed by a municipality. The purpose of this guarantee is to reduce credit risk.

Definitions

Village – a village continued or incorporated pursuant to the Municipal Government

Act

Municipal Enterprise – any body corporate the borrowings of which are or may be guaranteed by a municipality, any body corporate to which a municipality may lend money and any body corporate the deficit of which is or may be paid by a municipality, and includes an educational entity as defined in the Education Act but does not include a hospital.

Service Commission – means a board, commission or corporation created by, or under the authority of, an enactment that may

(i) provide services for an area, or the residents of an area, that are like one or more of those that may be provided by a municipality for its residents, and

(ii) levy rates and taxes, or require a municipality to levy rates and taxes, other than, or in addition to, water or electric rates fixed or approved pursuant to the Public Utilities Act,

but does not include a municipality, committee created by an intermunicipal services agreement, village, or an educational entity.

Policy Objectives

- To reduce credit risk for NSMFC
- To ensure credit recourse in the event of a default by a client

Policy Principles

- Borrowing by any entity that is not a municipality must be guaranteed by a municipality that has legislative authority to do so.
- A guarantee must be approved by the Minister of DMAH.
- In the event of a default the NSMFC will request payment from the municipality that guaranteed the loan.

References

Municipal Government Act

Municipal Finance Corporation Act

Policy History

Approved November 22, 2004

Amended: June 21, 2014

Amended: February 4, 2015

Reviewed: November 26, 2020

Municipal Enterprise Partner Withdrawal Policy

Policy Statement

When the Nova Scotia Municipal Finance Corporation (Corporation) issues debentures to a municipal enterprise, the Corporation requires municipal guarantees from the municipal partners as part of the documentation. This protects the Corporation in the event of a municipal enterprise being unable to fulfil its obligation. Overtime, in some cases, the governance of a municipal enterprise may change with a partner seeking to withdrawal from the organization and pay its portion of any capital obligations tied to its' guarantees. Although the Corporation has no control over the withdrawal of a partner from a municipal enterprise, the guarantees are part of the Corporations' debenture documents and if a partner is seeking to be released from its obligations, the related guaranteed funds are to be paid directly to the Corporation and will be held in trust and applied when the debt obligations come due.

Policy Objectives

- To practice sound management of the Corporations' assets and liabilities to ensure access to capital markets is maintained
- To meet the debt structure and timing needs of the Corporations' clients

Policy Principles

- Upon the municipal enterprise agreeing to a partners' withdrawal from its organization, the Corporation will reach out to the exiting party to see if they wish to be released from their guarantee. Where the municipal enterprise is not in default, there is no obligation for the exiting partner to request their release from its guarantee.
- If the exiting partner wishes to be released from their guarantee, the Corporation will calculate the amount required to fulfil the municipal units' portion of its guaranteed obligation to the Corporation for all the municipal enterprise outstanding capital debt.
- The Corporation will withdraw the required funds from the municipal units' bank account on an agreed upon date.
- These funds will be held in trust and used to ensure the municipal enterprise meets its repayment obligations associated with the former partners' guarantee obligations.

Municipal Finance Corporation

- The Corporation will release the municipal unit from its guarantee of its portion of capital debt with the municipal enterprise.

Policy History

Approved June 21, 2018

Amended October 4, 2021