

Municipal Finance Corporation

Policy Manual

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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 (“NSMFC”) 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 NSMFC 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 NSMFC 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 NSMFC.

ASSOCIATE

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

CONFLICT OF INTEREST

As defined by the NSMFC 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 MFC 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 NSMFC'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 NSMFC. Nevertheless, where a Board member, officer or employee of the NSMFC 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

NSMFC 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 NSMFC 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 NSMFC. Confidential information that Board members, officers and employees receive through their involvement with NSMFC 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 NSMFC are public funds and consequently ensure the proper, effective and efficient use of all NSMFC 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 NSMFC, or NSMFC 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. In the event that 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.

NSMFC employees:

- may take on supplementary employment so long as it does not create a conflict of interest, interfere with the employee's duties at MFC 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 NSMFC 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 NSMFC acknowledge that said development is the property of the NSMFC.

The Chair of the Board:

- will inform the Minister of Service Nova Scotia and Municipal Relations 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. In the event that 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

Approval date: February 8th, 2013

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

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

- 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

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 particular Director's employer, municipality, the Union of Nova Scotia Municipalities (UNSM) 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 UNSM representatives:

- 4(2) “A number of the members of the Board shall be appointed upon the recommendation of the UNSM 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 UNSM, subsection 5(2) of the Act also states that in order to have quorum, one UNSM 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 of the UNSM representatives have a conflict of interest. Quorum is lost if all of the UNSM representatives are unable to vote due to a conflict of interest.

In order to avoid an instance where all of the UNSM representatives have a conflict of interest, Board Meetings should be organized in a manner to avoid a potential conflict of interest among the UNSM representatives. The agenda for a Board meeting could involve a decision where one UNSM representative is in a conflict of interest. In this instance, the Board needs to ensure that all UNSM representatives are present to maintain quorum. The agenda for a Board meeting could also be structured so that all of the UNSM 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 UNSM 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 UNSM 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 UNSM 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 Service Nova Scotia and Municipal Relations that the Director be suspended or that the appointment be rescinded by Governor in Council

Policy History

Approval Date: November 15, 2012

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 (NSMFC) 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 NSMFC.

Policy Objectives

- To establish NSMFC's compensation practices
- To clarify NSMFC'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 NSMFC.

Policy Principles

- All permanent positions at NSMFC have been evaluated and rated based on the provincial Excluded Classification (EC) pay plan.
- Regular work hours for NSMFC 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 NSMFC 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 NSMFC 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. NSMFC will follow 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.

References

Civil Service Act

Policy History

Approval date: May 6th, 2011

Amended: February 8th, 2013

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*.

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](https://isd.iweb.gov.ns.ca/Internal%20Audit-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

Approval Date: December 8, 2017

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

Approval date: 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

Approval date: June 20, 2019

Signing Authority Policy

Policy Statement

The separation of duties is a powerful internal control. To increase the chance an error is caught before a transaction is complete and to ensure that decisions are not based on erroneous data, it is important to establish internal controls that prevent one person from controlling a process from start to finish. Given the number of employees at the Nova Scotia Municipal Finance Corporation (NSMFC) complete separation of duties is not realistic. However, a clear policy around signing authority is one way to reduce the risk of error or fraud.

Policy Objectives

- To clarify internal control mechanisms with regard to the signing of cheques
- To promote accountability and responsibility

Policy Principles

Signing Authority Internal Controls:

- The Chair, Corporate Secretary, CEO/Treasurer and Manager of Financial Services have signing authority at NSMFC.
- All cheques, regardless of dollar value, be signed by two signing officers.
- All debentures, purchase agreements, paying agency agreement and the delivery of debentures be signed by two signing officers as detailed in the issuing resolution.
- The Manager of Financial Services' signing authority is \$1,000 or less for cheques drawn on the Corporation's General Fund account in payment of administrative expenses.
- Bank reconciliations be performed on a monthly basis, and that the CEO/Treasurer review the reconciliations for reasonableness and initial same to provide evidence of the review.

On-line Banking Internal Controls

- Online banking authority is restricted to transfers between MFC's bank account, the Province of Nova Scotia general account, Directors' bank accounts, municipalities with loans' bank accounts and select vendors' bank

accounts who have given their authorization. Direct deposit authorization is signed by both the CEO/Treasurer and another signing officer and then processed by the Administrative Assistant and the Manager of Financial Services.

Policy History

Approval date: October 1, 1999

Amended: September 2004

Board Reviewed: March 14, 2005

Amended: February 8th, 2013

Risk Mitigation Strategies 2012

- 1) **HR Risk** – The risk that availability of human resources impacts MFC’s ability to carry out its mandate.
 - Develop and implement staff retention strategies
 - Keep staff “in-the-know” on decisions
 - Staff training/secondment strategies
 - Work on special projects with SNSMR and/or Finance
 - Cross training
 - Succession planning

- 2) **HRM Risk** – The risk that the Province gives HRM/HRWC legislative authority to issue its own debentures impacting MFC’s cost of borrowing.
 - Maintain and strengthen communication with HRM
 - Educate on benefits of PNS guarantee, interest and commission savings, and borrowing hierarchy
 - Impact on increased cost to smaller municipalities if no HRM
 - Keep up-to-date on municipal capital market trends and municipal loan structure and future requirements (HRM have a “rating” and tracks markets)

- 3) **Default Risk** – The risk that a municipality defaults on a debenture payment.
 - Communicate regularly with SNSMR to understand high risk areas
 - Continue to provide financial training and advice to municipalities
 - Develop default agreement with SNSMR
 - Develop a default policy

- 3) **IT Risk** – The risk that the computer system crashes and information is lost.
 - Hire consultant to review IT needs and assess risk areas
 - Develop and implement a plan to minimize IT risks
 - Cross-train employees
 - Ensure all working files are saved on I: drive
 - Ensure systems are backed up on a regular basis

Policy History Approval Date: December 12, 2012

Investment Policy

Policy Statement

The Nova Scotia Municipal Finance Corporation (NSMFC) has an obligation to the citizens of Nova Scotia to ensure effective and judicious 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, taking into account the investment risk constraints of safety and liquidity needs.

Application

This policy applies to activities of NSMFC with regard to investing cash as it becomes available through operations.

Policy Principles

- The NSMFC 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

*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

Board Approval: November 14, 2001

Board Reviewed: March 14/05

Investment Policy

Board Approval: October 9, 2001

Board Reviewed: March 14/05

Board Amended: February 8, 2013

Reserve Fund Policy

Policy Statement

Nova Scotia Municipal Finance Corporation (MFC) reserve fund will range between \$6 million and \$7 million. The fund will not increase or decrease due to operating surplus/deficits by more than 5% per year of the outstanding reserve fund balance in any two consecutive years.

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. If the results of the forecast fall outside the ranges identified in the policy, a report to the Board will be developed with recommendations on proposed actions.

Policy History

Approval date: December 13, 2011
Amended: February 4, 2014

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

Updated: January 27, 2004
Board Reviewed: March 14, 2005
Board Amended: December 12, 2012
Board Reviewed: June 20, 2019

Audit Tender Policy

Background

The MFC uses a tender process in accordance with provincial procurement guidelines to award its contract for audit services. The tender call is for all audit services required by the MFC. Most importantly, the evaluation of financial statements (which are drafted in accordance with Public Sector Accounting Board guidelines) is to be completed using generally accepted auditing principles. The tenders are evaluated on the “best price” for all services provided. Considerations in the evaluation process include such items as: audit services, continuity of the audit principal, a knowledge and understanding of fixed income securities, availability to provide advice as required, knowledge of and experience in, working with the Province of Nova Scotia and/or the MFC.

Process

- The past practice has been that the MFC issue a request for proposal (RFP) for audit services.
- The tender is usually for a five-year period.
- This process adheres to the Province of Nova Scotia’s tendering practices and guidelines.

Specifics of Audit Services Tender July 1, 2012 to June 30, 2017

- Audit Report to be completed by May 31 of each year (Legislation requires Board Approval by June 30th)
- Continuity of audit senior

Tender review date: Current tender expires June 30, 2012

Policy History

Policy Approval: June 12, 2002

Reviewed: March 14, 2005

Reviewed: April 20, 2012

Banking Tender Policy

Background

The MFC uses a tender process to award its contract for banking services. The tender call is for all services required by the MFC. The tenders are evaluated on the “best price” for all services provided. Services include safety deposit boxes, electronic transfers to and from client’s accounts, general banking services and treasury services.

Process

- The past practice has been for the MFC to ask three of the large banks in Nova Scotia to provide bids on the services required. Banks contacted in the last round were Bank of Montreal, Royal Bank of Canada and Scotiabank.
- The tender is usually for a three-year period, often there is a provision to extend included.
- This process adheres to the Province of Nova Scotia’s tendering practices and guidelines.

Specifics of Banking Tender May 1, 2002 to April 30, 2005

- Interest paid on the daily closing balance. Interest paid is Bank of Montreal Prime less 2.0% per annum on balances up to ten million dollars. Funds over ten million do not attract interest.
- MFC’s line of credit is two million dollars (uncommitted).

Tender review date: tender expires May 1, 2005

Policy History:

Approval Date: October 9, 2001

Reviewed: March 14, 2005

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

Approval date: June 20, 2019

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.
- The Board will consider pre-financing and construction loans in unusual circumstances when the cost of the project being financed is high compared to the municipality's normal financial capacity.

Policy History

Approved: October 22, 2001

Board Reviewed: March 14, 2005

Amended: April 17, 2014

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 a school board 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 similar to 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 school board

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 SNSMR
- 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

Approval date: November 22, 2004

Amended: June 21, 2013

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 made 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 particular 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 calculate the amount required to fulfil the municipal units' portion of its guarantee obligation to the Corporation for all the municipal enterprise outstanding capital debt.
- The Corporation will withdrawal 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.
- The Corporation will release the municipal unit from its guarantee of its portion of capital debt with the municipal enterprise.

Policy History

Approval date: June 21, 2018