

Region of Waterloo
Planning, Development and Legislative Services
Culture Services

To: Chair Helen Jowett and Members of the Administration & Finance Committee

Meeting Date: August 9, 2022

Report Title: Grant Administration Policy Review

1. Recommendation:

That the Regional Municipality of Waterloo approve the Grant Administration Policy as set out in report PDL-CUL-22-04 dated August 9, 2022.

2. Purpose / Issue:

To establish a corporate Grant Administration Policy for the Region of Waterloo to guide discretionary grant funding across the organization.

3. Strategic Plan:

Responsive and Engaging Public Service

4. Report Highlights:

- The Region of Waterloo Grant Administration Policy establishes a clear definition of a grant that will help guide when this policy will be applied (as opposed to other financial contribution models). It also sets out procedures that guide the administration of grants through all stages of the grant life cycle, including the creation of a new grant program and communicating their outcomes.
- Staff, Council and the community will have a common understanding of what a grant is, when and how they can be used, updated and adjusted to meet Council priorities and community needs.
- The policy creates a framework that will support transparency and accountability, while allowing the necessary flexibility for innovative and responsive approaches to grant funding, targeted at addressing strategic priorities.
- Through conversations with the community, staff know that grant funding programs can often be opaque, cumbersome and difficult to access. This policy creates space for grant program design to be customized to meet the needs of

the community, while ensuring accountability for public funds.

- This policy was created as part of the corporate review of grant funding processes. The policy will guide the review and evaluation of existing grant programs, and the development of new programs. Grant programs will incorporate an open call for eligible applications, clear decision making criteria and processes and revised accountability measures that align with the grant policy. Programs will be designed to ensure that current grant recipients are not precluded from the 2023 grant application processes.
- Key features of the policy include:
 - Grants should be allocated through defined programs.
 - New programs can be created to address emerging strategic priorities.
 - Programs should be customized to meet targeted needs within a basic administrative structure.
 - Programs are approved by Council.
 - Programs are administered by program areas.
 - Programs should be evaluated on a regular basis.

5. Background:

Municipalities have the power to provide grants under the Municipal Act. The Region of Waterloo has been providing grant funding since its inception in 1972. Grants are an important tool for municipalities to foster partnerships in the community. The Region's population is growing and its needs are changing, and the Region's granting processes need to be suitably responsive.

In 2019, KPMG recommended that Discretionary Grants to Other Organizations be reviewed. In 2020, staff reviewed individual discretionary grant allocations in terms of their alignment with the Region's mandate and strategic priorities. Though individual grant allocations supported work that aligned with strategic priorities, where funding was allocated outside of formally defined grant programs, there continued to be confusion in the community on how to access grant funding and an increasing number of community groups delegated directly to Council for support.

On December 8, 2021, Council passed a motion that directed staff to create a committee comprised of members of Council and staff to develop a grant policy that will:

- establish a clear definition of a grant and will guide the administration of grants through all stages of the grant administration life cycle; and

- develop grant programs that will incorporate an open call for eligible applications, updated decision making criteria and processes and revised accountability measures that align with the grant policy and not preclude current grant recipients from the 2023 grant application process.

The Committee met several times between April and July and identified a number of questions that needed to be answered within two key areas:

1. **Current Grant Programs:**

- Are the grant programs currently administered by the Region relevant and do they follow grant administration best practices?
- The Region currently allocates annual funding to several historically funded organizations after programs have been repealed. How can a new grant program be developed to fund these and other equally deserving recipients through open, transparent processes?

2. **New Grant Programs:**

- **Un-funded Community needs:** The Region receives requests for support outside of grant funding programs, should programs be created to support these community needs?
- **Council-identified Funds:** Council has set funding aside for specific purposes. How can we create clear processes around them to ensure transparent stewardship and governance of funds?

The grant review process aims to reset grant funding to establish robust systems to ensure community partners know what support is available, how to access that support and how decisions are made. Council will also be better supported in their stewardship of funds to address strategic objectives.

Grant review is one piece of the puzzle as staff explore how governments and the not-for-profit sector can improve their working relationship to better meet the community's needs. The Region uses many tools (e.g. rebates, sponsorship, fee-for-service) to support the work of not-for-profit organizations for the benefit of the community. However, the grant review process only addressed establishing processes for grant funding.

6. **Area Municipality Communication and Public/Stakeholder Engagement:**

Area Municipality Communication: Regional staff consulted with staff from the City of Cambridge, the City of Kitchener and the City of Waterloo about their grant programs and current granting processes.

Staff also undertook a broad scan of other grant policies and administrative practices of municipalities across the country.

Public/Stakeholder Engagement: Regional staff met with staff from the Kitchener Waterloo Community Foundation, the Lyle S. Hallman Foundation and the United Way to understand their current processes as well as innovative and emerging granting practices.

7. Financial Implications:

Nil

8. Conclusion / Next Steps:

Once Council approves the Grant Administration Policy, staff will review current grant programs against the approved policy and bring recommended changes to Council for approval through separate reports, as well as guidelines for any proposed new grant programs.

9. Attachments:

[Appendix A: Region of Waterloo Grant Administration Policy](#)

Prepared By: Helen Chimirri-Russell, Director, Cultural Services

Reviewed By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

Approved By: Craig Dyer, Commissioner, Corporate Services/Chief Financial Officer

Appendix A

August 2022

REGION OF WATERLOO GRANT ADMINISTRATION POLICY

Policy Statement: The Region of Waterloo provides grants that assist organizations or individuals in their effort to support the Region's mandate and strategic vision to create an inclusive, thriving and sustainable region of connected rural and urban communities with global reach, fostering opportunities for current and future generations.

Purpose: This policy establishes practise in the administration of grant programs to ensure accountability, transparency, effective oversight and reporting of outcomes achieved.

This policy ensures that Regional staff who administer grants are performing necessary steps during the life cycle of the grant, including the creation of new grant programs and the evaluation of existing programs.

Definition of a Grant

- A grant is a legal instrument that results in the transfer of money from the Region to the public in order to support a public purpose. Grants have:
 - Defined criteria for who can apply, and for what purposes the funds can be used.
 - A defined intake process.
 - Defined decision-making criteria and approval process.
 - A requirement that recipients sign an agreement and account for funds.
 - No expectation of return or repayment (as long as the terms and conditions of the grant are met).

For clarity, definitions of various types of financial transactions are provided in Attachment I.

Operating Details

The Region of Waterloo provides a broad range of grants to the public each year through a variety of grant programs. These grant programs are designed to serve a variety of purposes that further the Region's strategic priorities. It is acknowledged that grants are only one of the tools the Region can use to help it achieve its strategic objectives.

All grants at the Region of Waterloo must be administered in accordance with this policy.

1. Grants should, wherever possible, be allocated through a defined Grant Program. Regional Council may occasionally award a grant outside of a formal program. The **Responding to Community Funding Requests Procedure (Attachment IV)** should be followed.
2. Grant programs will be reviewed and endorsed by each term of Council during the Strategic Planning process.
3. New grant programs can be created to meet emerging strategic priorities by following the **Creating a New Grant Program Procedure (Attachment III)**. Ideally, new programs will come forward as part of the Plan and Budget process.
4. Each grant program has a program guideline document that outlines the purpose, objective, eligibility criteria, decision-making processes, and reporting requirements of each grant award.
5. All Grant Programs and associated Program Guidelines, as well as any changes thereto, must be approved by Council.
6. All Grant Program Guidelines must adhere to the criteria and administration process outlined in **Attachment II Grant Administration Cycle**
7. Grant Programs are administered by program areas, in accordance with approved guidelines.
8. All grant programs will be evaluated on a regular basis.
9. Grant program budgets will be determined as part of the annual Plan and Budget Process.

Responsibilities

Responsibilities under this policy are as follows:

- Council is responsible for approving program guidelines and the amount provided for each Grant Program.
- Program area staff are responsible for designing and administering grant programs that are within their program budgets.
- Corporate Finance will provide guidance on the applicability of this policy to a given situation or proposed payment to a recipient.
- Internal Audit may conduct reviews, assessments or audits to ensure compliance with this policy.

Legislative and Administrative Authorities

Section 107(1) of the Municipal Act:

Despite any provision of this or any other Act relating to the giving of grants or

aid by a municipality, subject to section 106, a municipality may make grants, on such terms as to security and otherwise as the Council considers appropriate, to any person, group or body, including a fund, within or outside the boundaries of the municipality for any purpose that Council considers to be in the interest of the municipality. (2001, c. 25, s. 107 (1))

Associated Procedures

- 1. ATTACHMENT I DEFINITIONS OF OTHER CONTRIBUTIONS NOT COVERED BY THIS POLICY**
- 2. ATTACHMENT II GRANT ADMINISTRATION CYCLE**
- 3. ATTACHMENT III Procedure – Creating a New Grant Program**
- 4. ATTACHMENT IV Procedure – Dealing with a Grant Request outside of formal grant program**
- 5. ATTACHMENT V Procedure – Discontinuing a Grant Program**

ATTACHMENT I**DEFINITIONS OF OTHER CONTRIBUTIONS NOT COVERED BY THIS POLICY**

- **Flow-Through:** The Region administers process, but does not set the eligibility criteria.
- **Arm's Length Grants:** Payments to third party agencies that are responsible for administering the grant awards to residents on behalf of the Region. In these arrangements, the grantor/grantee relationship exists between the agency and the resident, and not between the Region and the resident.
- **Sponsorship:** A contribution of funds to an eligible organization in return for an identified promotional return to the Region.
- **Donation:** A contribution with no terms or conditions imposed on the recipient or external party and no expectation of reporting or return.
- **Fee-for-Service:** A contribution where the Region receives a good or service directly in return. There is a clear expectation that the recipient will ensure a specific service is delivered in the community.
- **Rebate:** A reimbursement to a recipient for an expense as per a Region incentive program (a program established to encourage certain behaviours to achieve a specific objective). Funding is given to the recipient after an initial outlay.
- **Incentives:** The Region puts a program in place to motivate a certain action.
- **Investment:** A contribution with the expectation of a financial return.
- **Loan:** A contribution with the expectation to be repaid in the future.

ATTACHMENT II

GRANT ADMINISTRATION CYCLE

| Grant Administration Stage | Grant Administration Step |
|---|---|
| Pre-Award | Public Notice of Grant: The public is made aware of the Grant in advance of the established deadline. |
| | Application Submission: Grant applicants submit applications and supporting material by defined deadline. |
| Selection and Approval | Assessment of Applications and recommendations: Grant applications are assessed for eligibility and recipients are selected in accordance with documented criteria. |
| | Approval of Grant Recommendations: Approvals are documented and made within established guidelines. |
| Grant Agreement and Payment | Grant Agreements Signed: Grant agreements are signed by the appropriate parties before the Grant period begins. |
| | Payment Authorization and release of funds: Authorization for the payment and release of grant funds will be in accordance with program guidelines and will be documented. |
| Performance Monitoring | Compliance Monitoring: Grant recipient's compliance to the terms and conditions of the Grant Agreement is monitored. |
| | Final Report review: Comparison of Grant Results against Grant objectives and/or corporate goals are documented. |
| | Close-out: Completed grants are finalized and closed out, including year-end financial reporting. |
| Communication and Records Management | Retention of Key Documents: Key documents related to the grant is retained by the program area. |
| | Communication of Program Outcomes: Program area reports on the outcomes of the Grant Program to Council and stakeholders annually. |

ATTACHMENT III Procedure – Creating a new Grant Program

1. Members of Council or staff identify a gap where a grant program could help to meet a strategic goal leading into the annual plan and budget process.
 - a. Staff undertake a scoping exercise to assess the need for and feasibility of the proposed program. This could include an environmental scan of supports in place from other levels of government and funding organizations, a review of programs in other jurisdictions that could be adapted and engage the target audience.
2. Staff Develop grant program guidelines that outline:
 - a. The purpose of the program. This can include objectives, goals, expected results and relationship to the Region's Strategic Plan.
 - b. Who can apply and what they can apply for (for example eligibility criteria for applicants and, projects or an outline of eligible grant cap amounts).
 - c. When and how people can express interest in the program (for example application deadlines, and submission criteria).
 - d. How applications will be considered (for example assessment criteria, grant calculation parameters, who is responsible for assessing the application and how they will make recommendations for approval).
 - e. How grant recommendations are approved (for example, who has final approval of grant awards and whether there is an appeals process).
 - f. Expectations of the grant recipients, for example terms and conditions. What applicants need to communicate when their grant is complete (for example reporting requirements).
3. Staff identify a budget and a funding source for the grant program.
4. Staff bring the guidelines to Council for approval.
5. Staff launch the new grant stream and administer the process as outlined in the guidelines.
6. Staff evaluate the program and bring recommendations for revision to Council, as necessary, for approval.

ATTACHMENT IV Procedure – Dealing with a Grant Request Outside of Formal Grant Program

1. A member of the community approaches staff or Council to request grant funding for a specific purpose.
2. The request is forwarded to the relevant program area to assess whether the request fits the criteria for an existing grant program.
 - a. If it meets criteria, staff directs the community member towards the grant program guidelines.
 - b. If it does not meet criteria, staff gather additional information.
3. Staff prepare a report for Council approval outlining:
 - a. The scope of the request.
 - b. Whether the request is within the purview of the Region.
 - c. Alignment with the Region's strategic plan.
 - d. Previous funding history.
 - e. A recommendation: to take no action; to consider creating a new funding program; or for a funding amount with a funding source.
4. Council considers the request and background information and passes a motion.

ATTACHMENT V Procedure – Discontinuing a Grant Program

From time to time, it may be necessary to discontinue a grant program. Through the regular evaluation of grant programs, it may become evident that a grant program has served its intended purpose, or the grant program no longer aligns with the strategic priorities.

1. Staff bring a report to Council outlining the rationale for discontinuing the grant program, including a timeline for its discontinuation.
2. If Council approve the recommendation, staff will develop a communication strategy to inform stakeholders, including previous grant recipients.