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TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON JULY 22, 2013
FROM:	LYNNE LIVINGSTONE MANAGING DIRECTOR, NEIGHBOURHOOD, CHILDREN & FIRE SERVICES
SUBJECT:	NEIGHBOURHOOD WATCH LONDON

RECOMMENDATION

That, on the recommendation of the Managing Director of Neighbourhood, Children and Fire Services and with the concurrence of the Managing Director, Corporate Services, City Treasurer and Chief Financial Officer:

- a) Civic Administration **BE DIRECTED** to allocate the 3rd instalment of funds to Neighbourhood Watch London for the 2013 budget year pending the satisfactory review of the midyear outcomes report;
- b) Civic Administration **BE DIRECTED** to report back to Council subsequent to the receipt and review of the 3rd quarter financial monitoring reports from Neighbourhood Watch London and prior to the allocation of the 4th and final payment for the 2013 budget year; and,
- c) Civic Administration **BE DIRECTED** to report back to Council should any further information be provided by Neighbourhood Watch London Board of Directors that materially impacts their current funding agreement with the City of London.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Strategic Funding Framework: City Council Directed Funding to Non-Profit Organizations (April 30, 2012)

BACKGROUND

City's Role and Processes as a Funder of Non-Profit Organizations

The City's role as a funder in supporting various community organizations is to provide financial support to meet identified outcomes. Through the Strategic Funding Framework, each year Council endorses the organizations to deliver the outcomes for which they are funded as part of the annual budget process.

The City then enters into an annual Standard Grant Agreement with each core funded non-profit organization. In April 2012, City Council endorsed the Standard Grant Agreement as part of the Strategic Funding Framework. It was developed in order to bring consistency and standardization to the process of allocating annual operational and/or capital funding to non-profit organizations. The Agreement meets the needs of the Framework and its community partners while protecting the interest of the Corporation.

The use of a Standard Grant Agreement allows for:

- consistency and accountability to all Council directed funding to non-profit organizations;
- mitigation of potential risk;
- corporate insurance requirements; and,
- clear financial and outcome reporting expectations.

The Standard Grant Agreement states that the Grant is to be used solely for the purpose of the paying the eligible expenditures (those listed in their funded activity budget as part of the agreement) in connection with the funded activity and for no other purpose. The Agreement also outlines the terms and conditions for receiving funds, including reporting requirements etc. These terms and conditions vary slightly according to the size of the grant.



For example, if an organization is receiving a grant >\$75,000, four reports are required:

1. Midyear report – due 6 months after funded activity start date (this year that date is 2013/01/01)
 - a. Outcome reporting – midyear report highlighting the first 6 months
 - b. Financial reporting – midyear financial monitoring report includes a 6 month revenue and expenditure statements, signed by the Board Chair and a (CA/CMA/CGA)
2. 3rd quarter financial monitoring report – due 9 months after funded activity start date
 - a. Financial reporting – 3rd quarter financial monitoring includes a 9 month revenue and expenditure statement, to be signed by the Board Chair and a (CA/CMA/CGA)
3. Annual report – due 60 days after funded activity end date to include:
 - a. Outcome reporting – yearly activity plan, and highlighting full year’s outcomes
 - b. Financial reporting – year-end financial monitoring includes a final revenue and expenditure statement; to be signed by the Board Chair and a (CA/CMA/CGA)
4. Audited Financial Statement – due within 120 days of the end of the Term; to be signed by authorized Board member and auditor.

In terms of flowing funds to the approved organizations, the following is the process that is generally followed:

There are 4 installments of grant payments, generally equal:

1. First payment within 30 days of execution of agreement
2. Second payment within 60 days of execution of agreement
3. Third payment within 30 days of receipt of mid-year reports satisfactory to the City
4. Fourth payment within 30 days of receipt of 3rd quarter financial monitoring report satisfactory to the City

It is important to note that the third and fourth installments are only made if the required reports are satisfactory to the City. That is, City staff undertakes a review of the reports prior to flowing the third and fourth installments.

Finally, the governance and oversight of non-profit organizations is the responsibility of their Board of Directors. Boards are accountable to City for the municipal grant funding they receive and the outcomes associated with that funding. Civic Administration is responsible for monitoring that outcomes are being met on an annual basis.

Funding Relationship with Neighbourhood Watch London

The City of London has provided annual core funding to Neighbourhood Watch London (NWL) since its' inception in 1983. In 2013, the total amount of core funding approved for the organization is \$96,417. Through the NWL annual service plan, these funds are allocated to accomplish the following:

1. Increase awareness of crime issues and prevention across London through education, promotion and forming/maintaining Watches (designated geographic areas in a neighbourhood);
2. Increase community safety through active Watches to disseminate and record incidents to residents; and,
3. Decrease the opportunity for crime through active resident participation in area Watches.

For the last several years, Civic Administration has been working with Neighbourhood Watch London to help build organizational capacity in order to develop clear measurable outcomes that best meet the needs of the community and demonstrate an effective use of resources. In addition, in 2012, Civic Administration met with Board members and the full Board to make sure they clearly understood their accountability with respect to the City of London funding they receive.

Civic Administration received and reviewed the 2012 yearend report and audited statements for Neighbourhood Watch London. The audited financial statements provide assurance that the financial information is not materially misstated. Based on this review, Civic Administration was satisfied at that time with the information.



For 2013, as noted above, NWL was approved for \$96,417 through the 2013 budget process. Thus far, according to the Standard Grant Agreement, the City has flowed \$48,209 through the first two installments of funding. The City has received and reviewed the required midyear financial report from NWL. Civic Administration is satisfied with this report and the information provided. The City is awaiting the outcomes report from NWL outlining the progress in the first 6 months including results, highlights and trends the organization is experiencing.

The purpose of this report is to outline options regarding City of London funding for Neighbourhood Watch London per our standard grant agreement.

Funding Options

Below are three options identified though the Standard Grant Agreement based on the City’s role as funder to non-profit organizations:

A. Continue to Allocate Funding

Given the current Grant Agreement with Neighbourhood Watch London, Civic Administration can continue to allocate the approved upon core funding to the organization based upon the financial and outcome reporting outlined in this Agreement.

Under this option, Civic Administration would continue to work to support and help build the capacity of the organization to deliver identified outcomes and manage City funds appropriately. In addition, they will support and encourage Neighbourhood Watch London staff and Board members to participate in educational opportunities offered by Pillar Nonprofit Network.

Council could require a further report back from staff upon receipt of the 3rd quarter financial monitoring report from NWL and prior to flowing the fourth and final installment of funds for 2013.

Further, as part of the Strategic Funding Framework, Council could review its commitment to NWL for the 2014 year through the 2014 budget process. This could include a complete assessment of the current and future contributions of NWL and the level of funding support allocated by the City of London.

B. Withhold any Payment due to the Recipient:

According to section 6.3 of Schedule B of the Standard Grant Agreement, “the City may withhold any payment due to the Recipient under this Agreement pending the completion of an audit of the Recipient’s books and records, should the City decide to undertake such an audit.”

The Right of Audit is also outlined in section 7 of the Standard Grant Agreement. The audit is in relationship to the grant provided by the city.

It is worth noting that the City has received the 2012 audited statements from NWL. The audited financial statements provide assurance that the financial information is not materially misstated. As well, the City has received the midyear financial monitoring report. This report is signed by the auditor for NWL.

The City has reviewed the required midyear financial report from NWL. Civic Administration is satisfied with this report and the information provided.

C. Termination Without Default:

According to section 10.1 of the Standard Grant Agreement, “despite any other provisions in this Agreement, the City may terminate this Agreement for any reason, effective upon the giving of fifteen (15) days’ prior written notice to the Recipient.”

Neighbourhood Watch London has been allocated funding to support activities up until June 30, 2013. Termination of their current Grant Agreement means the organization would not receive the second half of the annual allocation. The organization could reapply for operational funding through the Strategic Funding Framework process and be considered as part of the 2014 budget deliberation process.

It is important to note that the City of London is the largest funder of Neighbourhood Watch London and the termination of this Agreement would greatly impact the organization’s day to day operations.

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Recommendation

Based on our review of the options available, the receipt and review of the 2012 audited statements and the 2013 midyear financial monitoring report from NWL, Civic Administration therefore, recommends that:

- Civic Administration **BE DIRECTED** to allocate the 3rd instalment of funds to Neighbourhood Watch London for the 2013 budget year pending the satisfactory review of the midyear outcomes report;
- Civic Administration **BE DIRECTED** to report back to Council subsequent to the receipt and review of the 3rd quarter financial monitoring reports from Neighbourhood Watch London and prior to the allocation of the 4th and final payment for the 2013 budget year; and,
- Civic Administration **BE DIRECTED** to report back to Council should any further information be provided by the Neighbourhood Watch London Board of Directors that materially impacts their current funding agreement with the City of London.

FINANCIAL IMPACT

Through the 2013 budget process, City Council endorsed core funding in the amount of \$96,417. To date, \$48,209 has been allocated to Neighbourhood Watch London to support agreed upon activities.

The funding allocation for the 3rd and 4th payments is \$24,104 respectively.

PREPARED BY:	
CHERYL SMITH MANAGER, COMMUNITY DEVELOPMENT & FUNDING	
RECOMMENDED BY:	CONCURRED BY:
LYNNE LIVINGSTONE, MANAGING DIRECTOR, NEIGHBOURHOOD, CHILDREN & FIRE SERVICES	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES, CITY TREASURER AND CHIEF FINANCIAL OFFICER

- C. L. Marshall, Solicitor II
 A.L. Barbon, Manager, Financial & Business Services
 Neighbourhood Watch London, Board of Directors