



COMMUNITY AND GOVERNMENT SERVICES

Municipal Capital Block Funding Policy

POLICY STATEMENT

The Government of Nunavut (GN), Department of Community and Government Services (the Department), may provide financial support to Municipal Corporations for community-determined capital infrastructure priorities.

The Department is committed to the provision of capital block funding that is accountable, fair, transparent and reflective of municipal needs and Inuit societal values.

PRINCIPLES

1. The *Municipal Capital Block Funding* program has been developed in the spirit of Inuit Qaujimajatuqangit concepts of:
 - Piliqatigiiniq (working together for a common cause)
 - Qanuqtuurniq (being innovative and resourceful).
2. The Department is committed to supporting Municipal Corporations to develop autonomy in identifying, prioritizing and delivering on capital infrastructure projects that improve the lives of Nunavummiut.

APPLICATION

This Policy applies to the Department of Community and Government Services and provides the process for contributing capital block funding to Municipal Corporations.

DEFINITIONS

Audited Financial Statements - A financial statement prepared by an accountant with an audit designation registered under the *Chartered Professional Accountants Act (Nunavut)*.

Audited Schedule of Revenue and Expenses - A Schedule of Revenue and Expenses prepared by an accountant registered under either the *Chartered Professional Accountants Act (Nunavut)* that is attached to the audited financial statement.

Block Funding - An unconditional transfer payment made to a recipient for whom the Government of Nunavut will receive no goods or services. Block funding payments are subject to audit or other reporting requirements.

Capital Plan - The plan developed by the Municipal Corporation to identify and prioritize capital infrastructure needs.

Contribution – A conditional transfer payment made to a recipient for which the GN will not receive any goods or services. Contribution payments are conditional on performance or achievement and are subject to audit or other reporting requirements.

Infrastructure – The physical assets required by a community to support social and economic activities.



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Municipal Corporation – A governing body incorporated under the *Cities, Towns and Villages Act* or the *Hamlets Act*.

Municipal Corporation Staff - The Senior Administrative Officer (SAO) or Chief Executive Officer (CEO) of a Municipal Corporation or designated replacement.

Municipal Elected Official - The current Mayor or designate of a Municipal Corporation.

Schedule of Revenue and Expenses - An un-audited financial report of revenue and expenditures pertaining to a project that is signed by the funding recipient.

AUTHORITY AND ACCOUNTABILITY

Legislative Assembly

The Legislative Assembly approves capital block funding as part of the Department's capital estimates.

Executive Council

The Executive Council approves program provisions and any exceptions to this Policy.

ROLES AND RESPONSIBILITIES

Minister

The Minister of the Department:

- a) is accountable to the Executive Council for the implementation of this Policy; and
- b) may delegate authority to approve provisions of this Policy to the Deputy Minister.

Deputy Minister

The Deputy Minister of the Department:

- a) is responsible for the administration of all provisions pursuant to this Policy; and
- b) may delegate the authority to approve contributions to an Assistant Deputy Minister or Director(s) of the Department.

Assistant Deputy Minister, Local Government Branch

The Assistant Deputy Minister:

- a) may approve capital block funding contributions under this Policy; and
- b) may delegate the authority to approve capital block funding contributions to a Director.

Director, Community Infrastructure Division

The Director



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- a) may approve capital block funding contributions under this Policy;
- b) is responsible for the financial administration and policy renewal cycle of the capital block funding programs described in this Policy; and
- c) is responsible for ensuring the contribution agreements are signed, payments are issued in a timely manner and the deliverables and reporting identified in the contribution agreements is received by the Department.

PROVISIONS

Eligibility

Eligible recipients for funding under this Policy are restricted to Municipal Corporations in Nunavut incorporated under the *Cities, Towns and Villages Act* or the *Hamlets Act*.

Eligible Expenditures

- a) Eligible expenditures under the capital block funding include costs considered by the Department to be direct and necessary for the implementation of the project.
- b) Projects which are eligible for funding under the Municipal Capital Block Funding include tangible capital assets owned by the Municipal Corporation primarily for public use or benefit.

Financial Conditions

- (a) All provisions contained in Directive 801 of the *Financial Administration Act* and the Government of Nunavut Financial Administration Manual, shall apply to the administration of all capital block funding contributions issued by the Department.
- (b) Prior to the issue of payment, the recipients of a contribution shall sign a conditional Contribution Agreement which contains guidelines for allowable expenditures, completion timeline and reporting and accounting requirements.
- (c) Recipients of a capital block funding contribution are required to submit annual audited financial statements, which include a schedule of capital revenues and expenses, any transfers into the municipal Capital Reserve and a list of projects undertaken, within 120 days of the Government of Nunavut's fiscal year.
- (d) The Municipal Corporation may retain any surplus funding from the Municipal Capital Block Funding in a Capital Block Funding Fund and Reserve that is reported separately in the financial systems and annual audits.
- (e) In an instance where the required financial reporting is not submitted, the recipient will not be eligible for further funding until the required financial statements are submitted, or any amount unaccounted for is repaid.
- (f) Funding in one fiscal year does not guarantee funding in subsequent years.



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- (g) Under the terms of this Policy, the Government's liability is limited to the amount of funding authorized. The Government will not be responsible for any shortfalls or deficits incurred by the funding recipient.
- (h) The Government of Nunavut reserves the right to conduct an audit of any recipient receiving funding through this capital block funding contribution program.
- (i) The annual amount of capital block funding available is to a maximum of \$4M per Municipal Corporation per fiscal year contingent on approval of the Capital Estimates.
- (j) Funding levels for capital block funding will be published in the Department's Capital Estimates as approved by the Legislative Assembly. The Financial Management Board must approve any amount exceeding the amount established in the Capital Estimates. Funding levels depend on available funding, up to a maximum of \$4,000,000 per Municipal Corporation per year.
- (k) The Department will monitor the reporting submitted by the Municipal Corporation and ensure the deliverables identified in the contribution agreement are submitted and approved. Deliverables include annual financial reporting, the submission of a revised Capital Plan/Integrated Community Sustainability Plan and a status update on implementation of asset management plans.

General Conditions

- a) Municipal Corporations will request the capital block funding contributions from the Department through the submission of Capital Plans or integrated community sustainability plans (ICSP), confirmed by a resolution of Council.
- b) The disbursement of the annual capital block funding by the Department is contingent on acceptance by the Department of annual Capital Plan or ICSP or revised 5-year Capital Plan submitted by the Municipal Corporation.
- c) The allocation of capital block funding for Municipal Corporations is determined by the Department after assessing the factors that influence the cost of delivering capital infrastructure projects, the priorities of the Municipal Corporation and the Department and available financial resources approved in the Capital Estimates.
- d) The Municipal Capital Block Funding may be approved for 5-year terms, based on the acceptance by the Department of a 5-year Capital Plan submitted by the Municipal Corporation and contingent on the submission and approval of the deliverables identified in the contribution agreement.
- e) Where applicable, projects funded under this Policy must meet the necessary approvals required by regulatory, municipal and other authorities.
- f) Recipients must acknowledge the financial support provided by the Department in any publication or media coverage arising from their project or activity.
- g) All information or material supplied to or obtained by the recipient as a result of the agreement with the Government must be treated confidentially.



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- h) The Government may terminate, suspend or reduce the scope of the agreement if the recipient fails to comply with the terms of the agreement.

FINANCIAL RESOURCES

Financial resources required under this Policy are conditional on approval by the Legislative Assembly and on the availability of funds in the appropriate budget.

PEROGATIVE OF CABINET

Nothing in this Policy shall in any way be construed to limit the prerogative of Cabinet to make decisions or take action respecting Municipal Capital Block Funding outside the provisions of this Policy.

SUNSET CLAUSE

This Policy shall be in effect from the date of the signature until October 2025.

Hon. Joe Savikataaq, MLA
Premier



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SCHEDULE 1

Capital Block Funding – Tax-based Municipal Corporations

Purpose

To provide capital block funding to Tax-Based Municipal Corporations in Nunavut.

The Department is committed to supporting Municipal Corporations to develop autonomy in identifying, prioritizing and delivering on capital infrastructure projects.

Eligibility

Eligible expenditures under the capital block funding include all costs considered by the Department to be direct and necessary for the implementation of the project.

Projects which are eligible for funding under the Municipal Capital Block Funding include tangible capital assets owned by the Municipal Corporation primarily for public use or benefit.

Review

Prior to issuing funding, Community Infrastructure Division shall review the eligibility of supporting data from the Municipal Corporation.

Supporting Data

Tax-based Municipal Corporations will request the capital block funding contributions from the Department through the submission of a 5 year Capital Plan revised annually and confirmed by a resolution of Council.

Accountability Requirements

- a) Prior to the Department issuing payment, the Tax-Based Municipal Corporation shall sign a conditional Contribution Agreement which contains guidelines for allowable expenditures, completion timeline and reporting and accounting requirements.
- b) The Tax Based Municipal Corporation that is provided a capital block funding contribution is required to submit annual audited financial statements within 120 days of the Government of Nunavut's fiscal year. including a schedule of capital revenues and expenses, the amount of any transfers into the municipal Capital Reserve and a list of projects undertaken,
- c) The Tax-based Municipal Corporation may retain any surplus funding from the Municipal Capital Block Funding in a Capital Reserve that is reported separately in the financial systems and annual audits.
- d) In an instance where the required financial reporting is not submitted, the Tax Based Municipal Corporation will not be eligible for further funding until the required financial statements are submitted, or any amount unaccounted for is repaid.



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- e) The Tax Based Municipal Corporation must acknowledge the financial support provided by the Department in any publication or media coverage arising from the project or activity.

Amount

The annual amount of capital block funding available tax-based Municipal Corporations in Nunavut is to a maximum of \$4M per fiscal year over a 5 year term contingent on approval of the Capital Estimates and the submission and approval of a Capital Plan and reporting as defined in the contribution agreement.

Method of Payment

The method of payment is an annual lump-sum payment issued to the Tax Based Municipal Corporation contingent upon the submission and acceptance of the required deliverables defined in the contribution agreement.

Term

The term of the contribution agreement is 5 years, contingent on the acceptance of the Department of a 5 year Capital Plan, revised annually, submitted by the Tax-Based Municipal Corporation and the acceptance of deliverables defined in the agreement.



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SCHEDULE 2

Capital Block Funding – Non-Tax-based Municipal Corporations

Purpose

To provide capital block funding for Non-Tax-Based municipalities in Nunavut.

The Department is committed to supporting Municipal Corporations to develop autonomy in identifying, prioritizing and delivering on capital infrastructure projects.

Eligibility

Eligible expenditures under the capital block funding include all costs considered by the Department to be direct and necessary for the implementation of the project.

Projects which are eligible for funding under the Municipal Capital Block Funding include tangible capital assets owned by the Municipal Corporation primarily for public use or benefit.

Review

Prior to issuing funding, Community Infrastructure Division shall review the eligibility of supporting data from the Non-taxed-based Municipal Corporations.

Supporting Data

Non-taxed-based Municipal Corporations will request the capital block funding contributions from the Department through the submission of Capital Plans or integrated community sustainability plans (ICSP), confirmed by resolutions of Council.

The disbursement of the capital block funding by the Department is contingent on acceptance by the Department of a Capital Plan or Integrated Community Sustainability Plan

Accountability Requirements

- a) Prior to the Department issuing payment, the Non-Tax-Based Municipal Corporations shall sign conditional Contribution Agreements which contains guidelines for allowable expenditures, completion timeline and reporting and accounting requirements.
- b) The Non-Tax Based Municipal Corporations that are provided capital block funding contributions are required to submit annual audited financial statements within 120 days of the Government of Nunavut's fiscal year. including a schedule of capital revenues and expenses, the amount of any transfers into the municipal Capital Reserve and a list of projects undertaken,
- c) The Non-Tax-based Municipal Corporations may retain any surplus funding from the Municipal Capital Block Funding in Capital Reserves that are reported separately in the financial systems and annual audits.



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- d) In an instance where the required financial reporting is not submitted, the Non-Tax Based Municipal Corporations will not be eligible for further funding until the required financial statements are submitted, or any amount unaccounted for is repaid.
- e) The Non-Tax-Based Municipal Corporation must acknowledge the financial support provided by the Department in any publication or media coverage arising from the project or activity.

Amount

The allocation of capital block funding for Non-Tax-Based Municipal Corporations is determined by the Department after assessing the factors that influence the cost of delivering capital infrastructure projects, the priorities of the Municipal Corporation and the Department and available financial resources approved in the Capital Estimates.

Method of Payment

The method of payment is an annual lump-sum payment issued to the Non-Tax Based Municipal Corporation contingent upon the submission and acceptance of the required deliverables defined in the contribution agreement.

Term

The term of the contribution agreement is based on fiscal years and may be

- a) Annual from April 1 to March 31, contingent on the acceptance by the Department of annual Capital Plan or ICSP; or
- b) 5-year, contingent on the acceptance of the Department of a 5 year Capital Plan submitted by the Municipal Corporation.