

## **REPORT: DIRA Executive/CVRD Meeting – December 7, 2009 – CVRD Office (Patti Willis)**

Present: **CVRD:** Debra Oakman (Chief Administrative Officer), Ian Smith (General Manager, Community Services Branch); **DIRA Executive:** Liz Johnston, Derek Hood, Moira Webster, Doug Wright, Patti Willis

**Background:** DIRA has a relationship with four CVRD tax-supported services/functions (Bill Mee Park Committee, DI Volunteer Fire Department, DI Community Economic Enhancement Committee, and Waste Management Committee). Currently, the DIRA membership reviews and approves annual budgets and financial reports for these services/functions. The DIRA Executive sought a meeting with CVRD in order to gain greater clarity on the nature of DIRA's fiduciary responsibility for these services/functions. The Executive submitted the following questions prior to the meeting and they are used as points of reference for this report.

1. **Question:** Is DIRA review/approval of budgets/reports simply a nominal formality or does CVRD require, for purposes of its own budgetary/report process, an on-island organization (e.g. DIRA) to give its "stamp of approval" to these documents? That is, does the DIRA role in this matter have actual significance?

**Answer:** CVRD and DIRA have no formal, legal relationship, unlike the Hornby Island Ratepayers & Residents Association (HIRRA), which has a contractual relationship. There is presently no formal requirement for tax-supported committees' budgets and/or financial reports to go through DIRA; however, CVRD has relied on DIRA to be its "eyes and ears" on the island. Debra suggested that the time has probably come to clarify and formalize roles and the relationship with CVRD in order to manage and provide oversight for the tax-supported services/functions. The Hornby model, among others, could be explored. It was noted that the relative costs and benefits of any arrangement would need to be weighed by DIRA and that it was not expected that a new arrangement would happen quickly. It is also noted that any new CVRD/DIRA arrangement may entail a tax increase. Debra said that the DIVFD might not be part of a future DIRA/CVRD agreement as the CVRD is moving in a different direction regarding rural fire services because of, among others, liability reasons. However, Debra suggested that the DIVFD could still be obligated to conduct consultation with DIRA under any CVRD/DIRA future agreement.

2. **Question:** Whether a formality or requirement, does DIRA have the authority to reject a budget/report in part or in whole? What is the effect on the CVRD process should DIRA reject a budget/report in part or in whole? Is it legal for DIRA to pass a deficit budget?

**Answer:** DIRA can pass a resolution to reject or approve a budget, in whole or in part. However, since DIRA does not have legal authority to actually approve/reject a budget for a tax-supported committee, CVRD would consider DIRA's position as a "recommendation" to be taken under serious advisement. The DIRA constitution would dictate whether a deficit budget can be approved by DIRA; however, Debra said that the CVRD cannot do this and suspects this would apply to DIRA as well.

3. **Question:** Whether a formality or requirement, what is the nature of DIRA's responsibility for the financial activities of the CVRD tax-supported services/functions? For example, what is DIRA's liability should a CVRD tax-supported service/function allocate funds contrary to an approved

budget? What is DIRA's responsibility for the appropriate financial controls being in place for the spending of funds by tax supported committees? What liability consequences would an Executive Board have regarding lack of financial oversight of committees operating under the umbrella of DIRA that would not be covered in Directors Liability Insurance?

**Answer:** As there is no formal, legal relationship between DIRA and CVRD, CVRD does not pass on any legal liability to DIRA for tax-based services/functions.

**4. Question:** Are CVRD tax-supported services/functions eligible to apply for grants from external funding sources such as other levels of government, foundations, etc?

**Answer:** Yes, but not directly. All such external grants would have to be applied for in the name of CVRD.

**5. Question:** DIRA has been developing a Purchasing Policy for its services/functions and committees so that tenders can be called and awarded in an accountable, transparent and fair market approach to ensure that the community receives good value for funds expended. (We attach Draft #2 of the policy dated April 9, 2009). To what degree can this policy apply to CVRD tax-supported services/functions? What is the distinction (and related DIRA responsibility) for on-island tendering (Waste Management) and CVRD-tendering as related to, for example, the DI Volunteer Fire Department (e.g. new ambulance station)?

**Answer:** Beth Dunlop will review the draft Purchasing Policy. The current draft may be more than DIRA needs and may be able to be streamlined. (It is assumed that this policy would apply to non-tax supported functions only until such time as any formal arrangement is agreed upon by CVRD/DIRA should this option be pursued.)

**6. Question:** Can we confirm that the CVRD requires that an annual DIRA-approved budget and financial report for the Bill Mee Park Committee be forwarded to the CVRD by DIRA as it currently does with the other three tax-supported functions?

**Answer:** Beth Dunlop will confirm whether budgets/reports have been submitted by the Bill Mee Park Committee. Debra notes that it is to the benefit of the committee to submit a budget to DIRA so that it can be passed on to CVRD and encapsulated into its budget.

**7. Question:** Subject to our current status as a long time established Community Registered Non Profit Association with an Elected Board of Directors acting as conduit for tax monies for services' deliverables (from CVRD as source provider for deliverables \$), what possible source for ongoing administration funds could be available for DIRA other than 'one time only specific grant-in-aid type funding' ? Moving toward the Hornby model of taking admin % from committees may not be possible as Denman committees do not have the cash flow for any added administration expenses. How do other small communities administer these types of services?

**Answer:** See answer #1. CVRD acknowledges that DIRA already assumes an informal administrative role in relation to tax-supported committees including reviewing and approving budgets and reports, as

well as tendering (e.g. garbage pickup). Part of formalizing the DIRA/CVRD relationship could include support for DIRA's administrative role.

8. **Question:** Could we have a general discussion on liability issues, especially for committees that are not covered by CVRD?

**Answer:** DIRA should carry third party general liability insurance. (It is noted that DIRA does currently carry general liability insurance). DIRA needs to identify its risk exposure (i.e. committees set out their activities and potential risks). Policies then need to be developed in relation to mitigating any risk – e.g. general liability insurance will be maintained, signs will be posted where risk is identified, regular inspection and maintenance will be performed, etc. Implementation and adherence to such policy becomes a defence in court should this ever be necessary. The Municipal Insurance Association conducts workshops on this subject and might be useful for DIRA and other groups on Denman.

**Background:** Taxation is among issues of greatest interest to the DIRA membership, particularly in relation to determining if taxpayers are receiving good value for taxes paid.

**Question:** Could the CVRD prepare a clear accounting of the amount and category of taxes remitted by Denman Island taxpayers and the dollar value of the services returned?

**Answer:** Ian noted that it would expend lots of administrative costs to figure out the dollar details, but will prepare some report. The CVRD will hold a meeting on Denman Island to explain the 2010 budget and clarify tax functions and explain fluctuations.

**Outstanding questions:**

1. Though the CVRD says there is no formal relationship (and thus no liability) between CVRD and DIRA, we were under the impression that DIRA may have some signed agreement with the CVRD related to Bill Mee Park, and thus, some implied liability. We note the accident at the Bill Mee Park (i.e. DIRA had to appear in court). We need clarity on this point.