



## INTRODUCTION

The Social Development Branch (SD) of the City of Edmonton (City) provides grants and funding to not-for-profit organizations in order to meet the City's strategic goals.

The City acknowledges that:

- Not all groups want to create a formal organization that is its own legal entity in order to access City funding;
- Many informal groups that are non-legal entities have excellent program/project ideas that, if financially supported, would advance the City's strategic goals;
- Many informal groups serve and support equity-deserving communities, and;
- Entering into a legal agreement with informal groups that are non-legal entities is not possible, nor permissible under the City's Municipal Funding Arrangements Policy A1476A.

As a result, SD has sought a mechanism to facilitate a more inclusive and equitable approach to funding distribution that reduces barriers for equity-deserving communities, while maintaining accountability and stewardship of public dollars, in the form of fiscal agents.

## What is a Fiscal Agent?

A fiscal agent is an organization that is a legal entity in good standing with the City of Edmonton meaning it:

- has no incomplete or outstanding accounting or reporting relating to any funding previously awarded by the City, and;
- is in a good financial position as determined by the City.

The fiscal agent must agree to receive, administer and report on the City funding on behalf of the informal group that has applied for the funding. Technically, the City is entering into a legal agreement solely with the fiscal agent in these instances so all expectations, terms and conditions set out in the funding agreement are the sole responsibility of the fiscal agent itself, including any potential legal consequences that may arise for defaulting on a term or condition of the agreement. Accordingly, it is strongly recommended that a potential fiscal agent seek independent legal advice prior to taking on a fiscal agent role.

## Why Use a Fiscal Agent?

When a non-legal, informal (or grassroots) group that does not meet the City funding program's established organizational eligibility criteria applies for funding, they are required to use a fiscal agent that does meet the eligibility criteria. It is the responsibility of the informal group itself to secure a suitable fiscal agent. It is strongly recommended that a Memorandum of Understanding, or other form of informal agreement, that clearly outlines the relationship and expectations between the fiscal agent and the informal group be created and agreed upon. Ideally, the informal group will have a pre-existing relationship with the fiscal agent.

If the informal group does not have a pre-existing relationship with an established organization, the Social Development Branch may be able to help facilitate the identification of a fiscal agent.

## What Does the City Expect of Fiscal Agents?

Before agreeing to act as a fiscal agent, it is important for organizations to understand the expectations and risks associated with agreeing to take on this role. A fiscal agent will be responsible for providing fiscal management services and being the legal agent in support of an informal group. The following are some of the expectations of the fiscal agent:

- **Fiscal Role:** Receive, administer and report on the grant funding being provided by the City (**City Funding**) on behalf of the informal group. The fiscal agent is liable for the full amount of the City Funding and, by signing a funding agreement with the City, is legally responsible for ensuring compliance with all of the terms and conditions outlined in the funding agreement.
- **Project Conformity:** Ensure the project receiving City Funding conforms to the specifications set out in the funding agreement and is carried out in a diligent and professional manner.
- **Financial Responsibility:** Be solely responsible for the project, including all related costs and potential overruns and assume full financial responsibility for its delivery.
- **Use of Funds:** Use the City Funding solely for the project and only for **eligible expenses** as outlined in the funding agreement and the applicable program **guide**.

## What Are the Expectations for the Informal Group?

The informal group will work closely with the fiscal agent and provide the required reporting while ensuring that the project/program is implemented as described in the City funding application. The informal group can also provide reporting directly to the City with a copy to the fiscal agent.