

City of Helsinki General Guidelines on Allowances

City Board 28 October 2019

The logo consists of the word "Helsinki" in a bold, sans-serif font, centered within a white rectangular box with rounded corners and a thin black border. The bottom edge of the box is slightly curved downwards.

Helsinki

The City of Helsinki General Guidelines on Allowances

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1. INTRODUCTION

1.1. The content and purpose of the guidelines

The allowances granted by the City of Helsinki are discretionary and provided from public funds. The determination of allowances is guided by national and EU-level legislation and additionally by the annual budget of the City of Helsinki and by these general guidelines on allowances. Furthermore, the City of Helsinki's divisions and central administration may set, for instance, points of focus and criteria that are in line with the city strategy and that guide the allowance policy of the divisions and the central administration.

These guidelines define the general *principles and procedures* that the City of Helsinki adheres to, as it determines allowances. The purpose of the guidelines is to unify the procedures that the City of Helsinki adheres to in determining allowances and to aid in the review of allowance applications.

Section 2.2 of the allowance guidelines includes separate *allowance terms* that the recipients of allowances specifically will agree to as they apply for allowances. Hence, the allowance terms are binding on the applicants in their capacity of general terms of agreement.

1.2. Scope of application

These guidelines will apply to all allowances granted by the City of Helsinki, be they allowances whose availability is announced separately or allowances that are being granted based on applications. The guidelines do not apply to other kinds of allowances granted by the City of Helsinki. As allowances are determined, in addition to always adhering to the general guidelines and the allowance terms, the municipal body shall also adhere to the possible specific guidelines and specifications issued by the division that determines allowances.

The guidelines are to be applied by the City of Helsinki to the review of allowance applications, the determining of applications and the disbursement of allowances as well as to the oversight of the use of allowances and the claim for recovery.

2. GENERAL ALLOWANCE PRINCIPLES AND TERMS THAT ARE TO BE APPLIED TO THE DETERMINATION OF ALLOWANCES

The general principles on allowances of the allowance guidelines have been compiled with the municipal office-holders that consider applications in mind. Based on these principles, the office-holder tasked with considering allowances shall evaluate whether the preconditions for granting an allowance have been met. In addition, the said office-holder shall check those preconditions against the guidelines and criteria adopted by the division and against other possible points of focus.

The *allowance terms* are meant to serve as general terms of agreement that determine the granting of allowances by the City. The allowance terms have not been compiled to serve the municipal office-holders tasked with considering allowances, but with the recipients of allowances in mind. The allowance terms are binding on the recipients of allowances. Those applying for allowances are to agree to the allowance terms ahead of handing in the allowance application to the City of Helsinki. The allowance terms are included in the allowance application form.

2.1. General principles on allowances

The City of Helsinki may grant allowances to support operations that are in accordance with Section 7 of the Local Government Act, unless special legislation warrants otherwise. Furthermore, the determination of allowances shall entail assessing whether granting the allowance would distort competition and the market. Granting allowances must not violate current state aid regulations.

The City of Helsinki shall apply the following principles as it determines allowances:

1. The City of Helsinki may grant allowances to juridical persons, such as registered associations, foundations and limited companies, whose operations can be considered to be of public utility. Juridical persons are required to be recorded in the register relevant to the particular type of body corporate (e.g. the register of associations). Moreover, proof of the operations of the body corporate covering at least one year is required. This has to be demonstrated either by means of minutes or financial statements. The City committees and divisions may at their discretion make reasoned exceptions to this provision in their own allowance guidelines.

The City may also grant allowances to nonregistered associations, private individuals and activity groups, provided that the authority to do so has been given in the allowance guidelines of the City committee or section specifically.

2. The operations to be supported through allowances shall mainly focus on Helsinkians. Moreover, the City puts emphasis on the number of Helsinkians that the operations of the body corporate affects.

The operations to be provided allowances are expected to support and complement the operations of the division that determines allowances as well as the division's efforts to meet its goals. The allowances shall support operations that lead to the diversification of the City's provision of services. As the City determines allowances, it shall give weight, where applicable, to the orderliness, extent and results of the operations that are to be provided allowances. It shall also give weight to the quality of the services and the expertise of the body corporate, the applicant's own financial contribution, the participation of the inhabitants and the efforts to strengthen the community spirit and to how well the applicant has been able to realise the purpose of use of allowances granted by the City in the preceding years.

3. The operations to be provided allowances are required to have a financing plan that is admissible. Concerning the economy, weight shall be given to adapting expenditures to the disposable earnings. Earnings comprise, among other things, the applicant's own funds, earnings from the operations that are to be provided allowances as well as external financial resources such as subsidies from public funds. The recipients of allowances are required to be in compliance with the law as to the management of their finances and their bookkeeping and their other operations. Their operations are required to be organised properly considering the character and extent of the operations.
4. The allowances must not be used to fund fixed assets, unless reasons of expediency make it necessary to provide municipal reimbursement in the form of an allowance.
5. The recipients of allowances must not use municipal allowances provided to support certain operations to benefit their fundraising or to cover expenditures caused by business or investment operations. Neither must they use the allowances to increase their financial assets or other kinds of long-term investments.
6. The City shall not grant allowances to be redistributed; neither does it grant allowances to central organisations.

However, in case a central organisation maintains operations that benefit the Helsinki residents and that the City finds expedient to support, the City may in a special case grant an allowance to a particular central organisation in order that the allowance be redistributed.

7. The City does not grant allowances for external operations outside of the Helsinki City Group provided to the City through outsourcing.
8. The City does not grant allowances for the same purpose to be paid from two or several budgetary appropriations that have been reserved for allowances.

2.2 Allowance Terms

The City of Helsinki shall apply the following allowance terms to allowances that it has granted.

Use of allowances

1. The allowance may be used only for the purpose mentioned in the allowance decision. If the allowance decision does not specify the purpose of use, the allowance must be used for the purpose mentioned in the application.
2. The recipients of allowances must not use allowances to benefit their fundraising or to cover expenditures caused by business or investment operations.

Neither must they use the allowances to increase their financial assets or other kinds of long-term investments.

The operations of recipients of allowances

3. The recipients of allowances are required to maintain accounting and auditing procedures as prescribed by law and in a way that enables the City to monitor the use of the allowance. The recipients of allowances are required to maintain auditing procedures as prescribed by the Finnish Auditing Act.

The recipients of allowances are required to carry out an audit even in cases where it is not prescribed in the Auditing Act. In such a case the audit may be conducted also by a so-called lay auditor. The report that is issued after the lay auditor has carried out an audit is called a performance audit report.

4. The recipients of allowances are required promptly to let the City of Helsinki know about substantial changes that will affect the use of the allowance.

The right to obtain information; oversight

5. The recipients of allowances are required to provide the City of Helsinki free of charge with facts that the City deems necessary for reviewing an allowance application, for determining the allowance and for overseeing its use. The body that has granted the allowance is entitled to audit the accounts and the administration of the applicants/recipients of allowances and, when necessary, carry out audits concerning other parts of the operations as well.
6. As recipients of allowances apply for new allowances from the City of Helsinki, the applicants are required to give an account of the use of allowances that the City may have granted them previously. The extent of the account must be as required by the City.

Granting and disbursement of allowances

7. The prerequisite for granting and disbursement of allowances is that there have not occurred any unclarities regarding allowances that the City in previous years has granted the applicant.
8. The City is entitled to suspend the disbursement of an allowance already granted for the duration of clarifying the matter. The City may do so if it is justified to suspect that the preconditions for a claim for recovery have been met in accordance with paragraph 10 of the allowance terms.
9. The City is entitled to settle a collectible receivable by completely or partially offsetting it against an allowance that has been granted.

Claim for recovery

10. An allowance that has been granted must be returned to the City of Helsinki, if:

- a) the allowance is being used for other purposes than it was intended for or than it was permitted to be used for;
- b) the recipient of the allowance has not followed the conditions set down in the allowance decision, and the importance of this state of affairs shall be deemed to surpass what is minor.
- c) the recipient of the allowance has provided false or inadequate information to the City of Helsinki with regard to the allowance:
- d) the recipient of the allowance has not in due time or in a reasonable time since the request provided information mentioned in paragraph 5 or does not cooperate with City as to carrying out an audit;
- e) the allowance has not been used within the period as set down in the allowance decision.

11. The recipient of the allowance must promptly and on its own accord make contact with the City of Helsinki to return the allowance after having noticed the existence of grounds for a claim for recovery in accordance with the aforementioned paragraph 10. However, in cases where the grounds as mentioned in paragraph 10 have been met, the City of Helsinki is always entitled to demand that the allowance be returned.

Contractor's Responsibilities

12. The recipients of allowances are required to commit to clarifying their suppliers' background and to make procurements from responsible suppliers that make good on their obligations towards society.

3. APPLICATION PROCEDURE

3.1. Joint notice

Allowances granted by the City of Helsinki are as a rule announced through a joint call-for-applications notice that is published once a year after the budget has been approved but before the turn of the year. The joint notice shall be published in newspapers with wide circulation that are issued in Helsinki. The notice shall also be published on the municipal website, and through other means at discretion.

The division that determines allowances shall not later than 15 November annually provide the following information to the City Executive Office with the joint notice in mind:

1. the body that determines allowances,
2. the year of operations that allowances are granted for,
3. purpose of use; who is entitled to submit applications,
4. submission date for applications,
5. contact details for enquiries,
6. other necessary information relevant to the notice.

On special grounds, there can be a call for applications outside the purview of the joint notice.

3.2. The operations of those applying for allowances

The body corporate that applies for allowances is required to conduct its administrative and financial affairs as required by law. Moreover, the body corporate is required to have an administration that meets the requirements as set by the character and the extent of the operations.

Those applying for allowances are required to promptly let the City of Helsinki know about substantial changes that will affect the use of the allowance.

Those applying for allowances are required to commit to clarifying their suppliers' background and to make procurements from responsible suppliers that make good on their obligations towards society.

3.3. Submitting applications

Applications for allowances that are granted out the City of Helsinki's budgetary appropriations are primarily to be submitted through the municipal e-service. The e-service should be used to hand in applications for allowances, including relevant enclosures. The City of Helsinki's all application forms relevant to allowances can be found in the e-service. In addition, descriptions of what purpose of use a specific application form is intended for can also be found.

In exceptional situations, applications for allowances may also be handed in using the municipal form template. In such a case, the application together with enclosures should be sent to the City of Helsinki Registry:

*City of Helsinki Registry
The division in charge of reviewing the application
P.O.B. 10, 00099 CITY OF HELSINKI
Visiting address: City Hall | Pohjoisesplanadi 11–13
E-mail: helsinki.kirjaamo@hel.fi*

If the recipient of the allowance is a juridical person (limited company, association or foundation), the application that has been sent to the registry must be signed by the person who has authority to sign on behalf of the body corporate that has submitted the application for an allowance.

In the application and its enclosures, the applicant is required to present correct and sufficient facts about the purpose of use of the allowance and about other matters that are relevant to determining the allowance.

The body and office-holders that determine allowances may set down elaborated and, vis-à-vis the aforementioned, diverging conditions concerning the form and content of the application.

4. REVIEW OF APPLICATIONS

4.1. Operations to be supported

In reviewing applications for allowances and in determining allowances, the relevant municipal body shall bear in mind the general principles for granting allowances, as defined in the aforementioned section 2.1, and the usefulness for the division of the operations conducted by the body corporate. The City starts with the premise that the operations that are to be supported shall be of assistance to or complementary to the operations conducted by the municipal body that determines allowances as well as the same body's efforts to realise its goals. Furthermore, the municipal body shall examine the usefulness and necessity of the allowance applicant for the division that grants allowances.

According to the general principles, the body that considers the granting of allowances shall examine the number of Helsinkians that are affected by the operations of the body corporate and assess the results and extent of the operations to be supported as well as the quality of the services and the body corporate's expertise.

4.2. Transfer of applications

In case the application for an allowance has been submitted to a body not mentioned in the notice as the body determining allowances, the application shall promptly be transferred *ex officio* to the right division that is to review the matter.

4.3. Supplementing an application

In case the application is inadequate, the municipal body shall ask the applicant to complement the application. It shall also prescribe when the complementary information is to be submitted at the latest. If the application has not been complemented within the deadline, the application will be reviewed based on the facts that have been submitted. The body that is tasked with determining the application shall reject the application, if the preconditions for granting an allowance have not been met.

4.4. Applications that are late or untruthful

If an application has not been submitted before the deadline, it is regarded as late. Applications that are late shall be rejected. The body tasked with determining allowances shall make the decision of rejection.

The determining body may refuse the allowance, if the applicant is found to have presented untruthful arguments for the application.

The allowance may be refused if the applicant is found in previous years not to have adhered to the general and specific conditions set down for allowances granted by the City of Helsinki

4.5. State aid evaluation of allowances

Allowances granted by the City to the applicants comprise aid granted from public funds. If allowances are granted to applicants that do business on a market where there is competition (e.g. trading in services or goods), the City shall ahead of determining the allowances clarify and assess whether granting allowances is appropriate in view of state aid regulations. In such a case, the allowance decision's statement of reason shall include the grounds for why the allowance is permissible.

Aid in any form provided by the public sector that distorts or is liable to distort competition, that favours a particular company or branch of industry and that affects trade between EU member states is considered prohibited state aid. Allowances may also meet the criteria for prohibited state aid. That being the case, allowances shall not be granted.

5. ALLOWANCE DECISIONS

5.1. General

The body or the office-holder that determine allowances shall, within their powers, set down in the allowance decision the purpose of the allowance and the conditions for the use and oversight of the allowance, and possibly other conditions.

5.2. Minimal content of allowance decisions

Decisions to grant allowances shall state:

1. the size of the allowance that possibly was granted the previous year;
2. the size of the allowance that each applicant applied for;
3. the size and purpose of the allowance granted to each applicant;
4. as for allowances that are granted on an annual basis, an account of the oversight of the use of allowances that had been granted the previous year;
5. the applications that were rejected and the reasons for the rejection;
6. the fact that the City of Helsinki's general allowance terms apply to the allowances.

5.3. Decision notice

The City shall send a notice on the allowance decision including appeal instructions to everyone that had applied for an allowance.

Unless the facts appear unequivocally already in the allowance decision, the City shall send the applicant a separate notice together with the decision. The notice shall at a minimum state:

- a) the purpose and size of the allowance that has been granted as well as the conditions for the allowance and how the use of the allowance will be monitored, or
- b) the grounds for refusing the allowance, and
- c) facts about next year's application procedure.

6. DISBURSEMENT OF ALLOWANCES

6.1. Prerequisites for disbursement of allowances

The prerequisite for granting and disbursement of allowances is that there have not occurred any unclarities regarding the use of allowances that the City previously has granted the applicant.

The allowance shall be disbursed in accordance with the allowance decision and transferred to the bank account in accordance with the details provided by the recipient of the allowance. In case the recipient of the allowance does not hold a bank account, the recipient is required to open a bank account. The City of Helsinki will transfer allowances only to a bank account that is held in the name of the recipient of the allowance.

In order to verify the bank account details that have been provided, the application must include an enclosure (new applicant or change of bank account details) containing bank statements or a certificate from the bank stating the identity of the account holder. Without aforementioned verification, allowances shall not be disbursed.

Municipal allowances may also be transferred to the bank account provided by an unregistered association or an activity group, provided that the authority to do so has specifically been stipulated in the separate guidelines of the City committee or division. Such disbursements shall be made to offset admissible invoices and/or receipts.

An allowance must not be disbursed before the conditions that had been set down for the allowance have been met.

The prerequisite for the disbursement of allowances is that the body tasked with determining allowances has received an admissible report concerning the use of the previous year's possible allowances or the previous allowances. However, the body or the office-holder tasked with determining the disbursement of allowances may when necessary decide to make an advance payment of an allowance on the condition that the allowance may be claimed for recovery unless the body corporate that has received the allowance provides an admissible account of the use of the previous year's allowance.

In case of allowances disbursed prior to non-appealability, the recipients are required to commit in writing to refund the allowance that has already been transferred, were the decision to be revised due to an appeal and/or due to the fact that the preconditions for the allowance have not been met.

6.2. Instalments

The allowance decision may set down prerequisites for the disbursement of the allowance or define the size of the instalments. The allowance decision may, for instance, stipulate that the allowance be paid on the basis of realised expenditures after an account of the use of the allowance has been provided.

If the allowance decision does not stipulate the disbursement terms, the allowances shall be disbursed as follows:

- a) less than 8,000 euros, in one instalment;
- b) 8,000–40,000 euros, in two instalments; and
- c) more than 40,000 euros, in four instalments.

The competent body or office-holder in the division may in accordance with a possible decision on delegation of authority change the date of transferring the instalment and the amount to be transferred in the instalment.

6.3. Offsetting the City of Helsinki's receivables

In case the recipient of an allowance is in debt to the City, the municipality shall settle a collectible receivable by offsetting it against an allowance that has been granted. On special grounds, the City may waive its right to settle the debt through offsetting. In settling debts through offsetting, the municipality shall adhere to the City of Helsinki's current guidelines on billing and collecting receivables.

7. OVERSIGHT AND CLAIMS FOR RECOVERY

7.1. Oversight of the use of allowances

The City committee or division or an office-holder that grant allowances shall oversee the use of allowances. As for allowances that have been granted by the City Council or the City Board, the oversight of the use of the allowances shall be carried out by the City committee or division that has proposed granting the allowance.

The aim of overseeing the use of the allowances is to make sure that the allowances are being used in accordance with the allowance decision and for the purpose that they were granted for. Bearing in mind this, the municipality oversees the operations and the finances of body corporates that have received allowances. The oversight shall be scaled to provide sufficient confidence as to the use of the allowance in accordance with the allowance decision given the size and character of the allowance.

In accordance with the general allowance terms, the allowance applicant is required to free of charge provide the City of Helsinki with facts that the City deems necessary for reviewing the allowance application, for granting the allowance and for overseeing its use. The body that has granted the allowance is

entitled to audit the accounts and the administration of the applicants/recipients of allowances and, when necessary, carry out audits concerning other parts of the operations as well.

Moreover, the City of Helsinki's Audit Committee and Audit Department are entitled to obtain facts from the municipal authorities on the operations, which are needed for conducting assessment tasks in accordance with Section 121 of the Local Government Act. This also applies to documents including enclosures in connection with the allowances, the oversight of the allowances and facts relevant to additional monitoring. The Audit Committee and the Audit Department are duty-bound to adhere to their obligation of professional secrecy in accordance with the Act on the Openness of Government Activities, which applies to the performance of an inspection or monitoring task.

With regard to allowances that are granted annually, the oversight of the use of the allowances shall be conducted also in connection with the review of the subsequent year's allowance applications by means of the new allowance applications including enclosures. The City shall give an account of the oversight that has been conducted in connection with the review of allowance applications. The account shall be given in the allowance decisions or in the opinions given by municipal bodies on the applications.

As an allowance applicant applies for a new allowance from the City of Helsinki, the applicant is required to provide an account of the use of allowances that the City may have granted it previously. The extent of the account is to be as required by the City.

The City committees and divisions and office-holders tasked with determining allowances may within the scope of their authority set down additional detailed guidelines as to the granting and use of allowances as well as the oversight of the use of allowances, and set special conditions on the use of allowances.

The City is entitled to suspend the disbursement of an allowance already granted for the duration of clarifying the matter. The City may do so if it is justified to suspect that the preconditions for a claim for recovery have been met in accordance with section 7.2.

7.2. Claim for recovery

A recipient of an allowance must return the allowance received, if any of the grounds for a claim for recovery are being met in accordance with section 2.2, paragraph 10.

If there are grounds to suspect that any of the aforementioned grounds for recovery are present, the body that determines allowances or that oversees the use of allowances shall take action to clarify the matter and when necessary to rectify it.

According to the allowance terms for determining allowances, the City is entitled to suspend the disbursement of an allowance for the duration of clarifying the

matter, when there are grounds to suspect that the preconditions for a claim for recovery are being met. The City may e.g. set down a deadline for the recipient of the allowance to rectify the matter.

In case the recipient of the allowance does not rectify the matter or if it is evident that it is not possible to rectify the matter in the current situation or that it will not take place, the disbursement of the allowance shall be suspended, unless it has already been so. Furthermore, action shall be taken to recover the part of the allowance that had already been transferred.

The body or the office-holder that has granted the allowance is competent to determine the claim for recovery of the allowance, unless they have delegated their authority pertaining to oversight and claims for recovery in accordance with the administrative regulations.

8. DISQUALIFICATION DUE TO A CONFLICT OF INTEREST

A municipal office-holder or employee must not participate in the consideration (preparation or determination) of an allowance matter if he or she is disqualified. Instead, the matter shall be referred to another officer. The office-holder or the employee who considers the allowance matter shall himself or herself weigh and make the decision on disqualification. However, a decision on the disqualification of a member or a presenting officer of a multi-member body shall be made by the body. A multi-member body shall also decide on the disqualification of any other persons entitled to attend.

The matter of disqualification is regulated in Sections 27–29 of the Administrative Procedure Act.

An office-holder or employee considering an allowance matter is disqualified if:

- 1) he or she or a person close to him or her is a party to the matter;
- 2) he or she or a person close to him or her serves as counsel for or represents a party or a person who can be expected to experience a particular gain or loss from the decision on the matter;
- 3) he or she or a person close to him or her as referred to in paragraph A of the subsection below can be expected to experience a particular gain or loss from the decision on the matter;
- 4) he or she is employed by, or, in relation to the matter under consideration, works on the commission of, a party or a person who can be expected to experience a particular gain or loss from the decision on the matter;
- 5) he or she or a person close to him or her as referred to in paragraph A of the subsection below is a member of the board of directors, board of administration or a comparable body, or is the managing director or holds an

equivalent position, in a corporation, foundation, unincorporated state enterprise or public body which is a party or can be expected to experience a particular gain or loss from the decision on the matter;

- 6) he or she or a person close to him or her as referred to in paragraph A of the subsection below is a member of the board of management or a comparable body of an agency or public body and the matter in question relates to the guidance or oversight of the agency or public body; or
- 7) confidence in his or her impartiality is endangered for another particular reason.

The concept of a person close to the office-holder or employee is defined rather broadly. In assessing the disqualification, a person close to the office-holder or employee signifies, in addition to:

- A. the office-holder's or employee's spouse, a child, grandchild, sibling, parent or grandparent of the office-holder or employee, or a person who is otherwise particularly close to the office-holder or employee, or the spouse of any of these; also
- B. a sibling of a parent of the office-holder or employee and the spouse of such a sibling or a child of a sibling of the office-holder or employee, a former spouse of the office-holder or employee; and
- C. a child, grandchild, sibling, parent or grandparent of the office-holder's or employee's spouse, the spouse of such a person, or a child of a sibling of the office-holder's or employee's spouse.

A corresponding step-relative is also considered to be a person close to the office-holder or employee. The term 'spouse' refers to a marriage partner or a person living in marriage-like circumstances or in a registered partnership with the person concerned.

Helsinki

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