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1. CALL TO ORDER

The Chair called the meeting to order at 11:04 a.m. in Halifax Hall, 2nd Floor City Hall, 1841 Argyle Street, Halifax.

2. APPROVAL OF MINUTES – January 10, 2011

MOVED by Councillor Karsten, seconded by Councillor Walker that the minutes of January 10, 2011, as presented, be approved. MOTION PUT AND PASSED.

3. APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

Additions: 8.1 Budget Update – Cathie O’Toole
8.2 Discussion Item – Auditor General

MOVED by Councillor Karsten, seconded by Councillor Dalrymple that the agenda, as amended, be approved. MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES - NONE

5. CONSIDERATION OF DEFERRED BUSINESS

5.1 Draft Terms of Reference

Ms. Cathy Mellett, Municipal Clerk, presented the Terms of Reference as revised on January 10, 2011 then responded to questions of clarification from the Committee.

Discussion ensued on the proposed removal of Section 3.2.5.

MOVED by Councillor Walker, seconded by Councillor Karsten that the Audit and Finance Standing Committee include Section 3.2.5 in their Terms of Reference and that the wording be as follows:

“Enterprise risk management identifying any risk management that falls out of overall risk management.”

Ms. O’Toole offered to provide a list including such areas as operations, human resource, environmental and others to be noted in the proposed list and included in Section 3.2.5.

MOTION PUT AND PASSED.

Discussion ensued on the proposal to revise the Composition of the Audit and Finance Standing Committee to include two citizen representatives.

Ms. O'Toole proposed that while the municipality was transitioning to a Standing Committee structure that the issue of citizen representation be deferred for one year.

MOVED BY Councillor Karsten, seconded by Councillor Walker that the Audit and Finance Standing Committee retain the Composition as directed by Regional Council, and; that the issue of two citizen appointments to the Audit and Finance Standing Committee be deferred for one year. MOTION PUT AND PASSED.

Discussion ensued on the staggering of terms for Audit and Finance Standing Committee members to ensure continuity.

Mr. Munroe suggested that the Members at Large have a term of one year and the Community Council representatives have a two year term.

Councillor Karsten agreed that a more staggered approach to the appointment terms, for good governance, was needed considering there would be an election in 2012.

Councillor McCluskey commented that there were too many unknowns at this time, such as the result of the 2012 election and what decision the Nova Scotia Utility and Review Board may make in regard to the number of districts, therefore; she proposed that the length of terms remain as presented.

MOVED by Councillor Karsten, seconded by Councillor Walker that staff prepare a final draft of the Terms of Reference incorporating the revisions as noted on January 19, 2011 and return to the Standing Committee for final review. MOTION PUT AND PASSED.

5.2 Auditor General

5.2.1 Recreation Area Rates, Automatic Forwarding of E-mail: Data Sovereignty, Corporate Overtime

Recreation Area Rates

Mr. Larry Munroe, Auditor General, provided a verbal update on the Recreation Area Rates.

Councilor Outhit entered the meeting at 11:33 a.m.

In response to questions of clarification by Members of the Audit and Finance Standing Committee, staff provided the following information.

- the annual review required by the Area Rate Policy has not been done, therefore; the information presented covers the years from 2003 to 2009
- the municipality collects approximately \$3 million from Recreation Area Rates
- most area rates are pre-amalgamation from the former County areas.

- there are problematic tax structure issues between urban and rural recreation area rates that would require review. The issue of sidewalk area rates also has to be reviewed.

Councillor Karsten advised that he would like to diminish area rates and phase them out completely to bring a more uniformed standard to the municipality.

Mr. Munroe suggested that there be a vigorous debate on how Recreation Area Rates are operating and whether or not the municipality is comfortable with the use of Recreation Area Rates; are they fair to the constituents; is the administrative cost associated with the Recreation Area Rates viable considering the amount is only \$3 million.

In response to a concern raised by Councillor Walker on who would oversee the disbursement of the funds, Ms. O'Toole advised that Administration would work with the HRM Finance, Community Development and Recreation staff as well as the Rate Payers Associations to ensure the roles and responsibilities are clear.

Councillor Dalrymple noted that his district has thirteen to fifteen area rates that do work well from an HRM perspective but have been problematic at the community level although they are currently, vitally important for the areas in which they have been implemented. He supported delegating the issue of area rates to the Community Councils as area rates are usually for a specific area and would be more of a community perspective rather than a Regional Council perspective. He requested that information on the issues that were successfully dealt with at the Windsor Junction Community Centre be brought forward for the Committee's consideration for incorporation into the area rate policy.

Councillor McCluskey advised that she was not in support of area rates as they lead to a build when HRM should only be doing what it can afford and spreading the projects so that each district gets something as some areas can afford to pay an area rate while some areas cannot. It is time to do something in the rural areas and HRM should have a plan and also ensure that the community group is able to manage the facility.

Councillor Walker noted that area rates are beneficial in obtaining something for a community more expeditiously and therefore he would not suggest doing away with area rates altogether.

MOVED by Councillor Walker, seconded by Councillor Dalrymple that the Audit and Finance Standing Committee recommend that staff follow through on the direction presented in regard to Recreation Area Rates. MOTION PUT AND PASSED.

Automatic Forwarding of E-mails/Data Sovereignty

Mr. Munroe provided a verbal update on Automatic Forwarding of

E-mails / Data Sovereignty

In response to questions of clarification from the Committee, Mr. Munroe advised that there was no wrong doing discovered other than the lack of understanding of the risks such as losing access to that information if it is sent to an external server.

Corporate Overtime

Mr. Munroe advised that the issue of Corporate Overtime was not ready at this time, therefore; a verbal update on the issue of Transit Cash Collection – Fare Box Processing would be provided.

Transit Cash Collection – Fare Box Processing

Mr. Munroe provided a verbal update on the issue of Transit Cash Collection – Fare Box Processing.

Councillor McCluskey requested that a copy of the reports be provided to the Standing Committee.

5.2.2 List of Standing Offers by Vendor

Ms. O'Toole advised that this information had previously been before the Committee and was requested to be re-circulated.

Councillor Karsten noted that it was good to see none of the maximum values had been exceeded. He advised that he would follow-up with staff on isolated concerns in regard to “usage under review” for some standing offers such as the middle of Page 1 in regard to asphalt patching.

In response to Councillor Walker’s concern on whether or not all pieces of equipment were on retainer (Pages 17 & 18 under Snow and Ice), Ms. O'Toole advised that she would look into this matter. Councillor Walker expressed concern that if they are on retainer and HRM is not using them, they may go over the maximum values if there is a lot of snow.

Councillor Dalrymple requested that the information be provided to every Councillor.

In response to a question by Councillor McCluskey concerning page 1 of the 1/22 page document in regard to “length of review”, Ms. O'Toole advised that she would follow up on this and provide details. She explained that there is now a staff person dedicated to monitoring standing offers and the ones listed “for review” are: within a schedule; nearing their date; or there is a concern with how it is operating. She noted that the contracts do include performance management penalties or the ability to cancel the contract.

6. CORRESPONDENCE, PETITIONS & DELEGATIONS - NONE

7. REPORTS/DISCUSSION

7.1 Auditor General

7.1.1 Projects Underway

Mr. Munroe noted that he is working on the following projects and would be providing updates to the Standing Committee at a later date:

- RFP (Request for Proposal), in regard to procurement: a joint project under the leadership of Ms. Cathie Osborne, Deputy Auditor General, and Finance.
- Use of Consultants by HRM.
- Ongoing work with the Chief Administrative Officer to obtain a better understanding of the Greater Halifax Partnership, Destination Halifax and the Trade Centre Limited.
- The compliance review of Mayor/Councillor expenses is nearing completion.
- Grants Donations and Contributions – Project status: late stages of field work.
- District Capital Funds – the report is completed.
- Corporate Overtime –waiting for response from management in regard to proposed ongoing recommendations.

The Chair thanked Mr. Munroe for the update on his work in progress.

MOVED by Councillor Walker, seconded by Councillor Karsten that the Audit and Finance Standing Committee move In Camera at this time. MOTION PUT AND PASSED.

The meeting recessed at 12:52 p.m.

The meeting reconvened at 1:17 p.m.

7.2 Grants Committee

7.2.1 Update from Councillor Walker

Councillor Walker, Chair, Grants Committee, provided a verbal update on the work of the Grants Committee. He noted that a meeting was held on January 17, 2011 with one report being forwarded to Regional Council on Re-assigning Capital Grant Funding to Village Green. A Sub-Committee is to be formed in regard to a review of the Property Tax Exemption Program that is expected to be a one year project. The 2011 Grants Committee meeting schedule was adopted.

7.2.2 Councillor Appointments to the Grants Committee

This matter was discussed at an earlier In Camera meeting and was now before the

Committee for ratification.

MOVED by Councillor Walker, seconded by Councillor Outhit that the Audit and Finance Standing Committee recommend that the Councillor appointments to the Grants Committee be done by the Community Councils. MOTION PUT AND PASSED.

7.3 Investment Policy Advisory Committee

7.3.1 Update from Councillor Outhit

Councillor Outhit advised that Mr. Derek Tynski, Co-Chair of the Investment Policy Advisory Committee, had forwarded a Memorandum to the Audit and Finance Standing Committee explaining HRM's Investment Policy and offering to present to the Committee on this matter.

7.4 Special Events Advisory Committee

7.4.1 Update from Councillor Uteck

No update was available at this time.

7.4.2 Councillor Appointments to the Special Events Advisory Committee

This matter was discussed at an earlier In Camera session and was now before the Committee for ratification.

MOVED by Councillor Walker, seconded by Councillor Karsten that the Audit and Finance Standing Committee recommend that Regional Council approve the following appointments:

- 1. Appoint Councillor Sue Uteck for a two year term on the Special Events Advisory Committee to run from February 1, 2011 to November 30, 2013.**
- 2. Appoint Councillor Linda Mosher for a three year term on the Special Events Advisory Committee to run from August 1, 2011 to November 30, 2014.**
- 3. Appoint Councillor Barry Dalrymple for a three year term on the Special Events Advisory Committee to run from August 1, 2011 to November 30, 2014.**
- 4. Appoint Deputy Mayor Jim Smith for a two year term on the Special Events Advisory Committee to run from February 1, 2011 to November 30, 2013.**
- 5. Appoint Councillor Gloria McCluskey for a two year term on the Special Events Advisory Committee to run from February 1, 2011 to November 30, 2013.**

MOTION PUT AND PASSED.

8. ADDED ITEMS

8.1 Budget Update

Ms. Cathie O'Toole, Director, Finance, advised that Regional Council had provided direction in regard to the budget and business plan at the December 14, 2010 Council session with a motion passed directing staff to develop a budget with expenditures falling within CPI and that staff consult with the Audit and Finance Standing Committee prior to tabling. Staff were to consider tax rate alternatives and find \$3 million in service reductions. Since that time, the Assessment Role information has been received and the revenue generated is better than the previous forecast. Finance has requested that other business units advise as to what their costs increases would be.

Ms. O'Toole noted that the work is nearing completion and staff propose to present to the Audit and Finance Standing Committee an alternative, not requested by Council, in regard to a Tax Rate Decrease following review of the assessment role information. Due to the expansion of transit services, the issue of rate increase in regard to transit will be considered.

Councillor Karsten emphasized the importance of making it clear to the public that the increased assessment does not automatically mean increased taxes.

Ms. O'Toole advised that a further update would be provided at the next meeting.

Councillor Outhit retired from the meeting at 1:35 p.m.

9. NEXT MEETING DATE – February 9, 2011

10. ADJOURNMENT

The meeting was adjourned at 1:40 p.m.

Chris Newson
Legislative Assistant