

AUDIT & FINANCE STANDING COMMITTEE
MINUTES

March 16, 2011

PRESENT: Councillors Gloria McCluskey
Steve Adams
Barry Dalrymple
Tim Outhit
Sue Uteck
Russell Walker

REGRETS: Councillors: Bill Karsten
Linda Mosher

STAFF: Ms. Cathie O'Toole, Director, Finance
Mr. Mike Labrecque, Deputy Chief Administrative Officer

OFFICE OF
THE AUDITOR
GENERAL:

Mr. Larry Munroe, Auditor General
Ms. Cathie Osborne, Deputy Auditor General
Ms. Pauline Boudreau, Coordinator

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1. CALL TO ORDER

Councillor Gloria McCluskey, Chair, called the meeting to order at 11:08 a.m. in Halifax Hall, 2nd Floor City Hall, 1841 Argyle Street, Halifax.

2. APPROVAL OF MINUTES – February 9, 2011

MOVED by Councillor Dalrymple, seconded by Councillor Walker that the minutes of February 9, 2011, as presented, be approved. MOTION PUT AND PASSED.

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

Addition: 11.1 Personnel Matter – Citizen Appointments to Boards/Committees

Deletion: Items 7.1 and 9.1.1 to be deleted from the agenda.

Item 9.3.1 to be dealt with immediately following Item 9.1.2.

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

4. BUSINESS ARISING OUT OF THE MINUTES - NONE

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RESCISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS

7.1 Proposed Civic Events Working Group

This matter was deleted from the agenda during the approval of the order of business. See Item 3, page 3.

8. CORRESPONDENCE - NONE

9. REPORTS

9.1 STAFF

9.1.1 Revised Special Events Granting Framework

This matter was deleted from the agenda during the approval of the order of business. See Item 3, page 3.

9.1.2 KPMG Audit Plan for 2011/12 Audit

Mr. Gordon Moore, KPMG, presented the KPMG Audit Plan for 2011/12.

Councillor Uteck entered the meeting at 11:15 a.m.

In response to a question of clarification by Councillor Uteck, Mr. Moore explained that the Halifax Water Commission has a stand alone audit done by the firm Grant Thornton. The only mention of any debt in the financial statements would be the quantity of debt disclosed to the operation. The effect on the credit rating would be outside the reporting of financial statements.

Ms. Cathie O'Toole, Director, Finance, noted that Standards and Poor recently rejected the debt filed by the Halifax Water Commission and directed them to consider a long term debt strategy; anything outside the debt cap would have to be guaranteed by the municipality.

In response to a question of clarification by Councillor Walker, Mr. Moore explained that HRM would take responsibility for revenue/expenditures of the Canada Games Centre (CGC) up to March 31, 2011; the CGC will then appoint their own Auditor with stand alone audits.

Ms. O'Toole explained that there are some costs attributable to HRM in regard to the Canada Games, however; a surplus is expected and HRM will not be responsible for any deficit. HRM's Finance Department is represented on the Canada Games Audit Committee and will ensure that costs are attributed correctly.

In response to a question raised by Councillor Walker in regard to financial reporting of Boards/Commissions, Mr. Moore explained that HRM transitioned to the Public Sector Accounting Standards format in 2005/06. An information package was circulated to Boards/Committees explaining some of the changes which were also mentioned in last year's and this year's reports.

Ms. O'Toole advised that the Managers of the Boards/Commissions have been aware of the proposed changes for approximately two years. She offered to draft a letter for the Chair of the Audit and Finance Standing Committee to the Managers in regard to the proposed changes.

The Audit and Finance Standing Committee requested that KPMG present the audited financial statements at their June 22nd meeting.

Councillor McCluskey thanked Mr. Moore for his presentation.

The committee agreed to deal with item 9.3.1 at this time.

9.3.1 Review of the Grants, Donations and Contributions

Mr. Larry Munroe, HRM's Auditor General, verbally presented his report on the ongoing review of HRM's Grants, Donations and Contributions.

In response to a question of clarification by Councillor Uteck, Mr. Munroe and Ms. O'Toole confirmed that a comprehensive report template has been drafted in regard to HRM grants, donations and contributions with the goal being to make it a benchmark as a management tool.

Councillor Uteck requested clarification on whether or not a Councillor could use their Discretionary / Capital Fund to top up an HRM grant.

In response to a question by Councillor McCluskey, Mr. Munroe confirmed that, as part of the review, consideration is being given to the special events grants, and; whether or not for profit groups may have been receiving grants.

Councillor McCluskey requested that the review include whether the funds were used to fill in for services that HRM does not provide and what the performance/event accomplished/brought to Nova Scotia.

Councillor Adams noted that all contributions or disbursements from the Councillors Capital/Discretionary Funds are cleared by the Manager based on the existing criteria. He inquired whether there would be new criteria concerning those funds.

In response to a concern raised by Councillor Uteck, Ms. O'Toole advised that a report will be prepared in regard to the mechanism in the procurement policy in regard to managing and tracking vendor performance issues.

Mr. Munroe noted that the goal of the review is to ensure consistency throughout HRM by working around effectiveness and efficiency in regard to what is called a grant / donation / contribution / sponsorship, and; to ensure that the HRM Charter provides for those four categories.

Ms. O'Toole clarified that consideration is being given to the elimination of the Councillors' District Activity Fund and a potential 15% reduction across the Board to HRM Grants/Contributions as well as other recommendations that will be outlined in the report.

In response to a question by Councillor McCluskey, Ms. O'Toole advised that out of town travel, conferences and conventions have not been included in this review.

Councillor Walker noted that rather than reducing the Grants budget by 15% it should grow by 15% as the number of requests increases each year.

Mr. Munroe explained that the review includes performance measures against HRM outcomes as there are many good causes, however; HRM must decide on a strategy and try to align the grants/donations/contributions/sponsorships back to HRM outcomes. There will be a clear savings once the criteria is in place as there will be no duplication / double dipping.

Councillor Adams noted that often Members of Council receive a generic e-mail from a group requesting assistance for a project which he forwards to other members of his Community Council to ensure there is no duplication.

Councillor Dalrymple commented that the review has a noble goal, however; he expressed concern with a proposed 15% reduction at the start prior to the study determining where efficiencies / savings may be found. He expects the review to find that HRM is helping groups which is HRM's goal.

Councillor Walker noted improvements that the Grants Committee has made such as follow up with those groups who receive grants and a request for the funds to be returned to HRM if not spent.

Councillor McCluskey thanked Mr. Munroe for his presentation and requested that a copy of the report be forwarded to the Committee.

The Committee agreed to deal with Item 9.1.3 at this time.

9.1.3 Budget and Business Planning Process

Mr. Brad Anguish, Director, Business Planning and Information Management, presented the proposed 2011 budget schedule.

Following discussion on the proposed schedule, it was **MOVED by Councillor Adams, seconded by Councillor Uteck that the Audit and Finance Standing Committee recommend that Halifax Regional Council approve:**

- 1. that the individual Business Unit presentations be held in a Committee of the Whole format in Council Chambers on April 26th , 27th and 28^h from 10:00 a.m. to 6:00 p.m. and;**
- 2. that the budget debate commence on Monday, May 9th**

MOTION PUT AND PASSED.

9.2 MEMBERS OF THE COMMITTEE

9.2.1 Councillor Uteck – Recreation Area Rates

Councillor Uteck advised that this item could be deleted from the agenda.

9.2.2 Councillor Uteck - Automatic Forwarding of E-mails

Councillor Uteck advised that this item could be deleted from the agenda.

9.2.3 Councillor Uteck - Transit Cash Collection

Councillor Uteck advised that this item could be deleted from the agenda.

9.3 OFFICE OF THE AUDITOR GENERAL

9.3.1 Review of the Grants, Donations and Contributions

This item was dealt with earlier in the meeting. See page 5.

10. MOTIONS - NONE

The Committee recessed at 12:48 p.m.

The Committee reconvened at 1:01 p.m.

11. ADDED ITEMS

11.1 PERSONNEL MATTER – Citizen Appointments to Boards / Committees / Commissions

This item was discussed during an earlier In Camera session and was before the Committee for ratification.

MOVED by Councillor Walker, seconded by Councillor Uteck that the citizen appointments to the Grants Committee, Investment Policy Advisory Committee and the Special Events Advisory Committee, as recommended by the Audit and Finance Standing Committee, be forwarded to Regional Council for approval. MOTION PUT AND PASSED.

12. NOTICES OF MOTION – NONE

13. DATE OF NEXT MEETING – April 20, 2011

14. ADJOURNMENT

The meeting was adjourned at 1:05 p.m.

Chris Newson
Legislative Assistant

IN CAMERA

1. PERSONNEL MATTER – Corporate Overtime Review (*Deferred from February 9, 2011*)
(*Deleted from agenda*).
 2. PERSONNEL MATTER – Citizen Appointments to Boards / Committees
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INFORMATION ITEMS

1. Memorandum dated March 1, 2011 re: Standing Offers – Supplementary Information (*January 19, 2011*)
2. Capital Cost Contribution Program (*February 9, 2011*)
3. Investment Activities – Quarter Ending September 30, 2010
4. Investment Policy Advisory Committee Report – Quarter Ending September 30, 2010