

AUDIT & FINANCE STANDING COMMITTEE
MINUTES

NOVEMBER 16, 2011

PRESENT: Councillor Russell Walker, Chair
Councillor Barry Dalrymple, Vice-Chair
Deputy Mayor Bill Karsten
Councillor Gloria McCluskey
Councillor Steve Adams
Councillor Tim Outhit
Councillor Linda Mosher

REGRETS: Councillor Sue Uteck

STAFF: Mr. Jim Cooke, Chief Financial Officer
Mr. Louis de Montbrun, Manager, Financial Reporting
Ms. Chris Newson, Legislative Assistant

OFFICE OF THE
AUDITOR GENERAL: Mr. Larry Munroe, Auditor General
Ms. Madelaine Trider, Assistant

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1. CALL TO ORDER

Councillor McCluskey, Chair, called the meeting to order at 10:04 a.m. in the Council Chamber, 3rd Floor City Hall, 1841 Argyle Street, Halifax.

2. ELECTION OF CHAIR/VICE-CHAIR

The Legislative Assistant called for nominations for Chair of the Audit and Finance Standing Committee for 2011/12.

MOVED by Councillor Mosher, seconded by Deputy Mayor Karsten that Councillor Russell Walker be nominated as Chair of the Audit and Finance Standing Committee for 2011/12.

The Legislative Assistant gave the third call for any further nominations, hearing none; it was **MOVED by Councillor McCluskey, seconded by Councillor Adams that nominations cease. MOTION PUT AND PASSED.**

MOTION PUT AND PASSED.

Councillor Walker was elected Chair of the Audit and Finance Standing Committee for 2011/12.

MOVED by Deputy Mayor Karsten, seconded by Councillor McCluskey that Councillor Dalrymple be nominated as Vice Chair of the Audit and Finance Standing Committee for 2011/12.

The Legislative Assistant gave the third call for any further nominations, hearing none; it was **MOVED by Councillor McCluskey, seconded by Councillor Adams that nominations cease. MOTION PUT AND PASSED.**

MOTION PUT AND PASSED.

Councillor Dalrymple was elected Vice-Chair of the Audit and Finance Standing Committee for 2011/12.

Councillor Walker assumed the Chair at this time.

3. APPROVAL OF MINUTES – September 21st and October 19th, 2011

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that the minutes of September 21, 2011 and October 19, 2011 as presented, be approved. MOTION PUT AND PASSED.

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

Deletion: Item 10.3.2 Election of Chair for the Investment Policy Advisory Committee

Addition: Item 12.1 Personnel Matter: Appointment to Boards/Committees

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

5. BUSINESS ARISING OUT OF THE MINUTES

5.1 Review of Existing Policies for District Activity and District Capital Funds

A copy of the PowerPoint presentation was before the Standing Committee.

Mr. Louis de Montbrun, Manager Financial Reporting, gave a verbal presentation on staff's review of the existing policies for the District Activity and District Capital funds in response to recommendations outlined in the Auditor General's report. He then responded to questions of clarification from Members of the Committee.

In response to a question by Councillor Dalrymple, Mr. Larry Munroe, Auditor General, advised that he had reviewed the document and is pleased with Management's response.

Mr. de Montbrun advised that the one page application form would be the same for both policies (District Capital/District Activity) and will be submitted to the Manager of the Councillors' Support office for review.

Councillor Mosher requested that staff:

- reconsider her suggestion that receipts be required in order to ensure the best value for money has been obtained. She explained that some groups do not have available funding to purchase the item first then be reimbursed by HRM.
- advise how the excess funds could be retrieved and who would be responsible for retrieving those funds.
- prepare a written definition for the term "reasonable access" in regard to public accessibility for the item(s) requested.
- provide comment on how HRM could ensure funding is returned to HRM if not utilized for the project requested by the group.

In response to a question by Councillor McCluskey, Mr. Munroe advised that he would report back to the Standing Committee in regard to the Councillors' advertising budget as there is a report being prepared that will be available within two months.

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee request that the Auditor General provide an update to the Committee on the Advertising matter as soon as possible. MOTION PUT AND PASSED.

Councillor Outhit requested that the Auditor General provide comment on whether or not the Councillors District Activity and District Capital funds could in any way be considered discretionary or “slush” funds.

Councillor Outhit requested that staff review the current policy to provide more clarity / tighter guidelines concerning non community schools in regard to what would be a permitted use under the District Capital/District Activity Funds policy.

Councillor Walker thanked staff for their presentation.

6. MOTIONS OF RECONSIDERATION – NONE

7. MOTIONS OF RESCISSION – NONE

8. CONSIDERATION OF DEFERRED BUSINESS - NONE

9. CORRESPONDENCE, PETITIONS, DELEGATIONS - NONE

10. REPORTS

10.1 STAFF

10.1.1 Request For Proposal (RFP) for the Audit

A brief outline of the RFP for Audit Services process was before the Standing Committee.

Mr. de Montbrun, Manager, Financial Reporting, advised that the current contract with HRM’s external auditors, KPMG, expires this fiscal year. The RFP has been forwarded to HRM’s Chief Financial Officer and Auditor General for review and will be before the Standing Committee for review in December. The goal is to have the external auditors appointed by mid-March 2012.

Mr. Cooke, Chief Financial Officer, requested that the Audit and Finance Standing Committee appoint two members to assist staff with the interview process for the external auditors.

Councillor Dalrymple nominated Councillor McCluskey to assist with the interview process.

Councillor McCluskey nominated Deputy Mayor Karsten to assist with the interview process.

The Audit and Finance Standing Committee agreed to the nominations as noted above.

10.1.2 Forecast Update as of Q2 Year to Date

A copy of the PowerPoint presentation was before the Standing Committee. Information from the Second Quarter report was circulated to the Standing Committee at this time.

Mr. Louis de Montbrun, Manager, Financial Reporting, presented the second quarter forecast update for the Year to Date. He advised that there is an expected deficit from the following areas: Transportation and Public Works (TPW winter works) and Metro Transit (overtime and cost of running buses). There has been savings in the areas of Solid Waste, due to newly negotiated contracts, as well as from the process of vacancy management which has resulted in higher savings than projected.

Mr. de Montbrun requested direction from the Standing Committee as to what information they would like to receive and in what format; the full quarterly report being sent to Regional Council including information on projections, reserves and district/capital activity, or; a brief summary outline on a more regular basis.

Mr. Jim Cooke, Chief Financial Officer, explained that the TPW winter works deficit situation was due to the reduction in their budget of approximately \$6 million less than their average over the years. TPW is not dramatically over budget; they have done great work in achieving efficiencies.

Deputy Mayor Karsten requested that the Standing Committee receive a copy of the report for review/discussion prior to it being forwarded to Regional Council. He also requested that staff provide: the cost of fuel per barrel in regard to Metro Transit, clarification on the Metro Transit overtime matter, and; that the information be included in the report sent to Regional Council.

In response to a question by Deputy Mayor Karsten, Mr. Cooke advised that the cost increase for RCMP will be substantial.

In response to a question by Councillor Outhit, Mr. Cooke advised that an appropriate amount will be budgeted for TPW winter works in the upcoming budget.

Councillor McCluskey advised that she would prefer the reports be sent to Regional Council as part of the regular agenda rather than an Information Item as it is important information. If the report is ready to go forward to Regional Council prior to an Audit and Finance Standing Committee scheduled meeting then it should be forwarded to Regional Council without delay. She requested that more information be included in the

report on property tax appeals; has HRM appealed any, and; are the appeals mostly commercial properties.

Councillor Walker requested that the report be sent to the Audit and Finance Standing Committee for review/comment prior to it being sent to Regional Council, and; if required, the Audit and Finance Standing Committee will hold a special meeting to deal with the quarterly reports.

10.1.3 2012 Proposed Meeting Schedule

The 2012 Proposed Meeting Schedule was before the Standing Committee.

MOVED by Deputy Mayor Karsten, seconded by Councillor McCluskey that the Audit and Finance Standing Committee approve, as presented, the 2012 meeting schedule. MOTION PUT AND PASSED.

10.2 OFFICE OF THE AUDITOR GENERAL - NONE

10.3 SUB-COMITTEES

A Memorandum dated November 15, 2011 was circulated to the Standing Committee at this time.

The Memorandum explained that the Terms of Reference for the Audit and Finance Standing Committee, Section 3.6, states that the Audit and Finance Standing Committee is to appoint the Chair to the Special Events Advisory Committee and the Grants Committee from the membership of the Audit and Finance Standing Committee. Section 1.4 of the Terms of Reference for the Special Events Advisory Committee and Grants Committee requires an amendment to reflect that the Chair for the Advisory Committees would now be appointed by the Standing Committee.

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee recommend that Halifax Regional Council approve the proposed amendment to Section 1.4 of the Grants Committee and Special Events Advisory Committee Terms of References to now read as follows: *"The Audit and Finance Standing Committee will appoint a Chair to the Grants Committee/ Special Events Advisory Committee from its membership on an annual basis."* MOTION PUT AND PASSED.

10.3.1 Grants Committee

(i) Election of Chair

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that this matter be deferred to the December meeting pending approval by Regional

Council of the proposed amendment to the Grants Committee Terms of Reference. MOTION TO DEFER PUT AND PASSED.

10.3.2 Investment Policy Advisory Committee

(i) Election of Chair

This item was deleted from the agenda during the approval of the order of business, Item 4. Page 4. as the election of Chair to the Investment Policy Advisory Committee is not under the mandate of the Audit and Finance Standing Committee.

10.3.3 Special Events Advisory Committee

(i) Election of Chair

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that this matter be deferred to the December meeting pending approval by Regional Council of the proposed amendment to the Special Events Advisory Committee's Terms of Reference. MOTION TO DEFER PUT AND PASSED.

11. MOTIONS - NONE

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee move IN CAMERA at this time to deal with a Personnel Matter. MOTION PUT AND PASSED.

The Standing Committee moved In Camera at 11:20 a.m.

The Standing Committee reconvened its regular meeting at 11:23 a.m.

12. ADDED ITEMS

12.1 Personnel Matter: Appointment to Boards/Committees

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

MOVED by Deputy Mayor Karsten, seconded by Councillor McCluskey that the In Camera recommendation be ratified at this time and a report forwarded to Regional Council in regard to the nominations for the Citizen Representative to the Grants Committee. MOTION PUT AND PASSED.

13. NOTICES OF MOTION – NONE

14. DATE OF NEXT MEETING – December 14, 2011

15. ADJOURNMENT

The meeting was adjourned at 11:24 a.m.

Chris Newson
Legislative Assistant

IN CAMERA ITEMS

1. Personnel Matter: Appointments to Boards / Committees

INFORMATION ITEMS

1. Upcoming Agenda Items
 - 1.1 Community Facilities Master Plan – Funding Strategies - **early spring 2012**
 - 1.2 Investment Policy Presentation –**December**
 - 1.3 Revised Special Events Granting Framework – **December/January**
 - 1.4 Long Term Capital/Project Budget Pressures Review Update – **December**
 - 1.5 Budget Presentations: GHP, DH, TCL - **December**