

AUDIT & FINANCE STANDING COMMITTEE

MINUTES

December 14, 2011

PRESENT: Councillor Russell Walker, Chair
Councillor Barry Dalrymple, Vice-Chair
Deputy Mayor Bill Karsten
Councillor Sue Uteck
Councillor Linda Mosher
Councillor Tim Outhit

REGRETS: Councillor Steve Adams
Councillor Gloria McCluskey

STAFF: Mr. Jim Cooke, Director, Finance
Mr. Louis de Montbrun, Manager, Financial Reporting
Ms. Pam Caswill, Manager, Corporate Reporting and Financial Policy
Mr. Derek Tynski, Deputy Treasurer
Ms. Chris Newson, Legislative Assistant

OFFICE OF THE
AUDITOR GENERAL: Mr. Larry Munroe, Auditor General

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1. CALL TO ORDER

Councillor Walker, Chair, called the meeting to order at 10:08 a.m. in Halifax Hall, 2nd Floor City Hall, Halifax.

2. APPROVAL OF MINUTES – November 16, 2011

MOVED by Councillor Mosher, seconded by Deputy Mayor Karsten that the minutes of November 16, 2011, as presented, be approved. MOTION PUT AND PASSED.

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

Additions: 11.1 Investment Activities – Quarter Ending September 30, 2011
11.2 Update on RFP for External Auditor – Mr. Louis de Montbrun
9.2.1 Status Update on Procurement Report – Mr. Larry Munroe

Deletions: Item 9.1.1 Long Term Capital/Project Budget Pressure Review -Update

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

4. BUSINESS ARISING OUT OF THE MINUTES

This item was dealt with later in the meeting. See page 4.

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RESCISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS - NONE

8. CORRESPONDENCE, PETITIONS, DELEGATIONS - NONE

9. REPORTS

9.1 STAFF

9.1.1 Long Term Capital/Project Budget Pressures Review

This matter was deleted from the agenda during the approval of the order of business. See page 3. An update is expected for the January meeting.

9.2 OFFICE OF THE AUDITOR GENERAL

9.2.1 Status Update from the Auditor General on the Procurement Report

Mr. Larry Munroe, Auditor General, explained that the audit report on HRM's procurement process, including comment on the Request for Proposal (RFP) process, was submitted to management in early November for their response. Considering that no response has been received to date, Mr. Munroe encouraged management to provide their response as soon as possible in order for the report to be released.

Mr. Jim Cooke, Director, Finance, advised that the audit report was with him for review and that the Auditor General would be receiving management's response soon.

4. BUSINESS ARISING OUT OF THE MINUTES

Upon request of Mr. Jim Cooke, Director, Finance, the Standing Committee agreed to hear a verbal update from Mr. Louis de Montbrun, Manager, Financial Reporting, in regard to Item 5.1 (November 16, 2011 minutes) Review of Existing Polices for District Activity and District Capital Funds.

Mr. de Montbrun circulated a copy of the established HRM Community Grants Program Reporting Form for the Standing Committee's review. He requested clarification on whether or not the information contained on the form would be the type of reporting documentation the Standing Committee would want the municipality to receive from applicants/recipients of the Councillors' District Capital/District Activity Funds.

Discussion ensued with the following motion being placed:

MOVED by Councillor Mosher, seconded by Councillor Uteck that the Audit and Finance Standing Committee request that staff pursue formulating a document, similar to the HRM Community Grants Program Reporting Form, to tighten the Councillors District Capital and District Activity Fund guidelines by introducing a similar form that would include the following information:

1. **Proof that grant was spent (a photocopy of the invoice);**
2. **If a project cannot be completed and is to be carried forward, an explanation is to be provided;**
3. **If a balance is remaining from a grant awarded, that balance is to be returned to HRM;**
4. **Deadline for reporting will be March 31st, the end of the fiscal year;**
5. **Identify what Business Unit would receive the submitted documentation: Finance or the Manager of the Councillors' Support Office.**

Councillor Mosher noted that sections of the Grants Program Reporting Form, such as the progress report requirement, could be eliminated, however; if a project is not completed by fiscal year end a request for project extension is to be submitted. She noted that community groups should abide by the HRM Procurement Process and

submit at least three quotes to ensure that the best value for taxpayers' dollars has been obtained.

Deputy Mayor Karsten advised that he was not in support of the motion as there has not been thorough discussion by the Standing Committee on this matter and issues such as the staff time that would be required to implement/monitor the requested documentation requirements. He concurred that some tighter controls could have assisted in one instance, however; he did not want to create layers of bureaucracy and monitoring when the system, as it is, has worked well.

Councillor Dalrymple requested that the Reporting Form be kept to one page.

Mr. Jim Cooke, Director, Finance, explained that the Auditor General's report on Grants, Donations and Contributions referenced many failures in regard to documentation relating to the Councillors District Capital/District Activity Funds which is the reason this matter was brought forward.

MOTION PUT AND PASSED.

Mr. Louis de Montbrun noted that staff will also be reviewing the definition of "reasonable access" as discussed on November 16th as there have been varying interpretations of that term.

9.3 SUB-COMITTEES

9.3.1 Grants Committee

(i) Appointment of Chair

MOVED by Councillor Mosher, seconded by Deputy Mayor Karsten that Councillor Barry Dalrymple be appointed as Chair of the Grants Committee for the 2011/12 term. MOTION PUT AND PASSED.

9.3.2 Investment Policy Advisory Committee

(i) Presentation of Investment Policy

A copy of the presentation was before the Standing Committee.

Mr. Derek Tynski, Deputy Treasurer and Co-Chair of the Investment Policy Advisory Committee, presented to the Standing Committee on the HRM Investment Policy. He outlined proposed amendments to the policy.

Further discussion on the proposed amendments to the Investment Policy took place under Item (ii) below.

Councillor Walker thanked Mr. Tynski for his presentation.

(ii) Amended Investment Policy

The December 1, 2011 Investment Policy Advisory Committee report was before the Standing Committee.

Mr. Derek Tynski, Co-Chair, Investment Policy Advisory Committee, presented the proposed amendments to the HRM Investment Policy. He then responded to questions of clarification from Members of the Standing Committee.

Councillor Outhit, Co-Chair, Investment Policy Advisory Committee acknowledged the dedicated volunteers who serve on the Committee and their valued input in regard to monitoring the HRM Investment Policy.

MOVED by Councillor Outhit, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee recommend that Halifax Regional Council approve the amended Investment Policy as outlined in Attachment 1 of the December 1, 2011 Investment Policy Advisory Committee report. MOTION PUT AND PASSED.

(iii) Investment Activities - Quarter Ending September 30, 2011

The November 22, 2011 Investment Policy Advisory Committee report was before the Standing Committee.

MOVED by Councillor Mosher, seconded by Councillor Outhit that the Audit and Finance Standing Committee forward the November 22, 2011 Investment Policy Advisory Committee report to Halifax Regional Council as an Information Item. MOTION PUT AND PASSED.

9.3.3 Special Events Advisory Committee

(i) Appointment of Chair

MOVED by Councillor Dalrymple, seconded by Councillor Outhit that Councillor Sue Uteck be appointed Chair of the Special Events Advisory Committee for 2011/2012 term. MOTION PUT AND PASSED.

10. MOTIONS - NONE

11. ADDED ITEMS

11.1 Investment Activities – Quarter Ending September 30, 2011

The November 23, 2011 staff report on Investment Activities – Quarter Ending September 30, 2011 was before the Standing Committee.

MOVED by Councillor Dalrymple, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee forward the November 23, 2011 staff Information Report to Halifax Regional Council as an information item. MOTION PUT AND PASSED.

11.2 Status Update on RFP for External Auditors

Mr. Jim Cooke, Director, Finance, advised that the current contract for HRM's external Auditor expires this fiscal year. An external Auditor must be appointed prior to March 31, 2012. He then referred to Mr. Louis de Montbrun, Manager, Financial Reporting, to explain the RFP process.

Mr. de Montbrun explained that staff has consulted with HRM's Procurement group, in regard to the tender for an external Auditor, in efforts to include as many firms as possible with an emphasis on the cost component. A two step process was recommended as follows; 1. Request for Qualification: external Auditors would submit their qualifications with an outline of how they would approach the work. This information would then be scored with those obtaining 75% or higher moved to the next stage. 2. Submission of Cost Proposal: those candidates who score 75% or higher would be invited to submit a cost proposal.

Discussion ensued on staff's request for the Audit and Finance Standing Committee to appoint two or three members to assist staff with the External Auditor RFP and interview process. Staff noted that a review of the RFP, by those members of the Standing Committee appointed to assist staff, was required as soon as possible.

MOVED by Councillor Mosher, seconded by Councillor Outhit that the following three members of the Audit and Finance Standing Committee assist staff with the RFP and interview process for the External Auditor: Councillor Russell Walker, Councillor Gloria McCluskey and Deputy Mayor Bill Karsten. MOTION PUT AND PASSED.

12. NOTICES OF MOTION - NONE

13. DATE OF NEXT MEETING – January 18, 2012

14. ADJOURNMENT

The meeting was adjourned at 11:12 a.m.

Chris Newson
Legislative Assistant

IN CAMERA ITEMS - NONE

INFORMATION ITEMS

1. Upcoming Agenda Items
 - 1.1 Community Facilities Master Plan – Funding Strategies - **early spring 2012**
 - 1.2 Budget Presentations: GHP, DH, TCL – **January 2012**
 - 1.3 Review of Existing Policies for District Activity and District Capital Funds – Update – **January 2012**
 - 1.4 Revised Special Events Granting Framework – **January 2012**
2. Information Report - Concert on the North Commons Auditor General's Report - Status Update
3. Information Report – HRM Investment Custodian