

AUDIT & FINANCE STANDING COMMITTEE

MINUTES

January 18, 2012

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

REGRETS: Councillor Tim Outhit

OFFICE OF THE

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

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

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1. CALL TO ORDER

Councillor Walker, Chair, called the meeting to order at 10:04 a.m. in Halifax Hall, 2nd Floor City Hall, Halifax.

2. APPROVAL OF MINUTES – December 14, 2011

MOVED by Councillor Dalrymple, seconded by Deputy Mayor Karsten that the minutes of December 14, 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 Third Quarter Update – *Mr. Jim Cooke*

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten 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 - NONE

8. CORRESPONDENCE, PETITIONS, DELEGATIONS

8.1 Correspondence – NONE

8.2 Delegations

8.2.1 Budget Presentation: Greater Halifax Partnership

A copy of the Greater Halifax Partnership presentation was before the Standing Committee.

Mr. Paul Kent, President and Chief Executive Officer, Greater Halifax Partnership (GHP), presented an overview of the organization including funding model/expenditures of the 2011GHP budget based upon actual results as of March 31, 2011. He then responded to questions of clarification from members of the Standing Committee.

Councillor Adams requested specific examples of how the GHP handles business retention in HRM including examples of businesses that GHP has met with who then decided to locate in HRM.

In response to Councillor Adams, Mr. Kent and Ms. Jennifer Church, HRM Managing Director External and Corporate Affairs, explained the GHP's role as part of a group that meets with perspective businesses which in turn increases the likelihood of those businesses locating within HRM. On an annual basis HRM and GHP negotiate a service level agreement where specifics are set out in regard to what the GHP will do. The Connector Program is a recent tangible example of how GHP measures outcome. The program showed what the outcome measures would be and showed the number of new members / establishments to the HRM community created as a result of the program.

Councillor McCluskey requested information on how much per square footage the GHP pays for their office space in the Purdy's Wharf tower.

Councillor Mosher suggested that the GHP Board pursue the issue of funding of the Regional Development Authorities (RDA's) as HRM has 50% of the population yet receives only \$165,000 in funding.

Councillor Uteck retired from the meeting at 10:05 a.m.

Councillor Adams requested clarification on the benefit of the Atlantic Gateway to the port of Halifax when the east coast of North America experienced growth with the exception of Halifax. Mr. Kent responded that GHP works along with the Atlantic Gateway Council to actively respond to that issue.

In response to concerns raised by Councillor McCluskey in regard to Fishermen's Cove in Eastern Passage, Mr. Kent explained that the area has tremendous potential and GHP will continue to work with the local community.

Councillor Walker thanked Mr. Kent for his presentation.

The meeting recessed at 11:05 a.m.

The meeting reconvened at 11:13 a.m.

8.2.2 Destination Halifax

A copy of the Destination Halifax presentation was before the Standing Committee.

Ms. Patricia Lyall, President and Chief Executive Officer, Destination Halifax, provided a verbal presentation on Destination Halifax including an overview of the organization,

and budget from 2009 to 2011. She then responded to questions of clarification from Members of the Standing Committee.

In response to a question by Councillor McCluskey, Ms. Lyall confirmed that some accommodations have been lost such as a Bed & Breakfast and major hotel(s) such as the Citadel Halifax.

In response to a question by Councillor Mosher, Ms. Lyall explained that there are no organizations throughout Nova Scotia similar in structure to Destination Halifax.

Councillor Mosher commented that the municipality does not have Tourism as its mandate and expressed concern that the province was not providing more funding.

In response to questions of clarification by Councillors Dalrymple and McCluskey, Ms. Lyall confirmed that the hotel market levy is for those accommodations with twenty rooms or more in HRM and does not apply to operators outside the HRM boundaries, however; there is a levy in Yarmouth and Cape Breton that is specific to those districts. The agreement between HRM and the Hotel Association of Nova Scotia (HANS) is 60% to HRM and destination marketing (DH), and 40% to the HRM special events reserve.

Councillor Uteck entered the meeting at 11:28 a.m.

In response to questions by Councillor Uteck and Adams, Ms. Lyall advised that Destination Halifax does work with the Atlantic Gateway Council which has five corridor strategies including the port and roadways. Halifax is positioned as the port of call on the New England coast. The Disney Cruise Line has included Halifax as a port of call for 2012. Destination Halifax also works with Moncton, NB in regard to synergies and spin off for events held in that area due to the proximity and the ability of visitors to visit Halifax for a day/night while in the area.

Councillor Walker thanked Ms. Lyall for her presentation.

9. REPORTS

9.1 STAFF

9.1.1 Review of Existing Polices for District Activity/District Capital Funds (i) One Page Reporting Form

Mr. Louis de Montbrun, Manager, Financial Reporting, circulated a one page form entitled, *Request for Support – District Capital Funds/District Activity Funds*, for the Committee's review.

MOVED by Councillor Mosher, seconded by Councillor Adams that the Audit and Finance Standing Committee request that staff meet with the Manager of the

Councillors' Support Office to review the document and then report back to the Committee.

Councillor Uteck requested that the form include notice that if an applicant applies for a District Capital Grant from a Councillor then they are not eligible to apply for any other HRM grant from the special events reserve nor Tax and Grants program. She requested that this matter be discussed with the Manager of the Councillors' Support Office.

Councillor Dalrymple suggested that the matter of only one grant be discussed at a full Council session prior to more detailed work being done on that issue at this time.

MOTION PUT AND PASSED.

9.1.2 RFP for External Auditor

Mr. de Montbrun advised that the RFP closes on January 25, 2012. A Committee has been formed, including representatives from the Audit and Finance Standing Committee, to review/evaluate applicants.

9.2 MEMBERS OF THE STANDING COMMITTEE

9.2.1 Events Nova Scotia Funding – Councillor Uteck

MOVED by Councillor Uteck, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee request a report from the CAO/DCAO in regard to the value of the Events Nova Scotia organization and how HRM could find alternative funding of \$150,000 for that group.

Councillor Uteck explained that her request was as a result of the potential for federal funding to Events Nova Scotia being halted as of March 31, 2012. She requested that this report be made a priority.

MOTION PUT AND PASSED.

9.3 OFFICE OF THE AUDITOR GENERAL

9.3.1 Review of Request for Proposal (RFP) Process – Procurement

The following documents were distributed to the Standing Committee at this time:

- Auditor General's report entitled *Review of Request for Proposal (RFP) Process – Procurement* dated November 2011
- A copy of the Auditor General's presentation on the *Review of Request for Proposal (RFP) Process – Procurement* report dated January 18, 2012

Councillor Uteck exited the meeting at 12:03 p.m.

Mr. Larry Munroe, Auditor General, presented an overview of his report entitled *Review of Request for Proposal (RFP) Process – Procurement*. He noted that the report would be published that afternoon on the Auditor General's website. Mr. Munroe advised that to date management's response to the recommendations has been 100% in agreement.

Mr. Jim Cooke, Director of Finance, advised that management's responses, in regard to the recommendations, will be ready within one week.

In response to questions raised by Councillor McCluskey, Mr. Munroe, assisted by Ms. Anne Feist, Operations Manager, Procurement, explained that standard practice is that research is done on bidders to a tender. Ms. Feist explained that at times the scoring is done by the same group of people in consulting services. In regard to the issue of cost versus technical and the range of percentages, the more standard a project the less risk involved therefore a greater value may be placed toward costing. Mr. Munroe highlighted recommendation 2.3.2 that outlines the technical component and the suggestion that the RFP's be more specific in regard to what exactly is being requested and what is the potential tender's specific project experience in relation to that need so that the technical proposal evaluation stage be simplified to focus on sector and functional expertise of the proponent.

In response to a question by Deputy Mayor Karsten, Mr. Cooke explained that the implementation work plan process in regard to the Auditor General's recommendations is in draft format with a proposed timeline. The plan will be distributed to the Standing Committee within one week.

9.3.2 TIPS Line 2011 Annual Report

A copy of the Auditor General's 2011 Annual Report on the *T.I.P.S. *Line *Taking Improvement and Performance Seriously*, was circulated to the Standing Committee at this time.

Mr. Larry Munroe, Auditor General, presented the 2011 Annual Report for the T.I.P.S. Hotline. He advised that he would not be taking any questions in regard to the report due to the need to maintain confidentiality.

9.3 SUB-COMITTEES

9.3.1 Grants Committee - NONE

9.3.2 Investment Policy Advisory Committee - NONE

9.3.3 Special Events Advisory Committee - NONE

10. MOTIONS - NONE

11. ADDED ITEMS

11.1 Third Quarter Update

Mr. Jim Cooke, Director of Finance, provided a verbal update on the Third Quarter advising that HRM is in great financial shape with a surplus of \$3.7 million. The detailed report will be distributed by the end of the week.

12. NOTICES OF MOTION - NONE

13. DATE OF NEXT MEETING – February 15, 2012

14. ADJOURNMENT

The meeting was adjourned at 12:52 p.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 Presentation - TCL – March 2012
 - 1.3 Revised Special Events Granting Framework – February/March 2012
 - 1.4 Long Term Capital/Project Budget Pressures Review – Potential Verbal Update for January 2012

2. Information Report: Work Plan – Corporate Grants, Donations and Contributions Audit