

AUDIT & FINANCE STANDING COMMITTEE
MINUTES

July 18, 2012

PRESENT: Councillors: Russell Walker, Chair
Barry Dalrymple
Deputy Mayor Karsten
Gloria McCluskey
Linda Mosher
Sue Uteck

REGRETS: Councillors: Stephen Adams
Tim Outhit

STAFF: Mr. Greg Keefe, Acting Director of Finance and Information,
Communications & Technology/CFO
Ms. Chris Newson, Legislative Assistant

OFFICE OF THE
AUDITOR GENERAL: Mr. Larry Munroe, Auditor General
Ms. Cathie Osborne, Deputy Auditor General
Ms. Pauline Boudreau, Administrative Officer

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1. CALL TO ORDER

Councillor Walker, Chair, called the meeting to order at 10:01 a.m. in the Dartmouth Council Chamber, 90 Alderney Drive, Dartmouth.

2. APPROVAL OF MINUTES – June 20, 2012

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that the minutes of June 20, 2012, as presented, be approved. MOTION PUT AND PASSED.

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

Additions: 11.1 Unbudgeted Items – Deputy Mayor Karsten
11.2 Consolidating the Budget Process – Deputy Mayor Karsten

Move: Items 11.1 and 11.2 to be dealt with first on the agenda

MOVED by Deputy Mayor Karsten, seconded by Councillor McCluskey 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, DELEGATIONS

8.1 Correspondence - NONE

8.2 Delegations - NONE

During the approval of the agenda, it was agreed that the Standing Committee would deal with Items 11. 1 Unbudgeted Items and 11.2 Consolidating the Budget Process, at this time.

11.1 Unbudgeted Items

MOVED by Deputy Mayor Karsten, seconded by Councillor McCluskey that the Audit and Finance Standing Committee direct staff to present the following to the Audit and Finance Standing Committee for recommendation prior to forwarding to Halifax Regional Council:

Any proposal to Regional Council, outside of the annual budget or tender process, that recommends:

- **New programs or services not yet approved or funded**
- **Programs or services that are being substantially altered**
- **Proposed changes in any operating or capital budget items, except for changes resulting from increased external funding**
- **Committing of funds where there is insufficient approved budget, or,**
- **New or increased capital projects not included in the approved budget**
- **Increases in project budget due to cost sharing**
- **Creation or modification of reserves and withdrawals not approved in the approved budget).**

Deputy Mayor Karsten clarified that this process is for items that are being recommended to Council. If an item is not subject to a Council recommendation it would be unaffected.

MOTION PUT AND PASSED.

11.2 Consolidating the Budget Process

MOVED by Councillor McCluskey, seconded by Deputy Mayor Karsten that the Audit and Finance Standing Committee recommend that Halifax Regional Council:

- 1. Direct staff to include in the annual HRM Budget process all Entities in the Consolidated Financial Statements for HRM, with revenues greater than \$600,000 and the Business Improvement Districts (BIDs), adhering to the same deadlines for budget submission, and;**
- 2. That this be effective with the next budget cycle of Fiscal 2013-14.**
- 3. That this matter be forwarded to Halifax Regional Council as an Information Item.**

Discussion ensued on the proposed motion.

MOVED by Councillor Uteck, seconded by Councillor Dalrymple that the matter be deferred for one month in order to provide time for staff to notify the Business Improvement Districts (BIDs) of the following proposal:

That the Audit and Finance Standing Committee recommend that Halifax Regional Council:

- 1. Direct staff to include in the annual HRM Budget process all Entities in the Consolidated Financial Statements for HRM, with revenues greater than**

\$600,000 and the Business Improvement Districts (BIDs), adhering to the same deadlines for budget submission, and;

- 2. That this be effective with the next budget cycle of Fiscal 2013-14.**
- 3. That this matter be forwarded to Halifax Regional Council as an Information Item.**

MOTION TO DEFER PUT AND PASSED.

9. REPORTS

9.1 STAFF - NONE

9.2 MEMBERS OF THE STANDING COMMITTEE – NONE

9.3 OFFICE OF THE AUDITOR GENERAL

9.3.1 Review of the Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

A summation of the Auditor General's recommendations in regard to the review of the transfer of Box Office operations from the Halifax Metro Centre to Trade Centre Limited was circulated to the Members of the Standing Committee at this time.

Mr. Larry Munroe, Auditor General, presented the report on the review of the transfer of Box Office operations from the Halifax Metro Centre to Trade Centre Limited. He then responded to questions of clarification from Members of the Standing Committee. Mr. Munroe introduced his Audit Team acknowledging the contribution of the following in regard to this review: Cathie Osborne, Deputy Auditor General, David Marr, Auditor, Kate Wall, Senior Associate, Madelaine Trider, Associate, Jordie Mann, Associate, Pauline Boudreau, Administrative Officer, Office of the Auditor General.

Discussion ensued on the presentation.

Councillor Mosher requested that the full report/study be circulated to the Members.

Councillor Mosher inquired how HRM could ensure the Trade Centre Limited followed the HRM Procurement Policy.

Councillor Dalrymple questioned whether there was any reason why HRM could not take back management of the Metro Centre operations and what would be the advantages/disadvantages of HRM taking over the Metro Centre.

MOVED by Deputy Mayor Karsten, seconded by Councillor Mosher that the Audit and Finance Standing Committee recommend that Halifax Regional Council authorize staff to:

- 1. Undertake a comprehensive review of the operations of the Halifax Metro Centre, including a specific review of the box office operations, the commission structure and the cost allocation process in place.**
- 2. Issue and award an RFP for portions of this work as necessary.**
- 3. Carry out this review, and any necessary follow-up, under the direction of HRM's Chief Financial Officer with quarterly updates provided to the Audit and Finance Standing Committee.**

Discussion ensued on the proposed motion.

Councillor Uteck commented that a forensic audit was needed.

Councillor McCluskey commented that consideration must be given to ensuring the representatives appointed to the TCL Board have the expertise required.

Councillor Mosher concurred that the Board structure should be reviewed and suggested that elected officials be non-voting members and that representatives from HRM's Legal Services be included as more accountability was required. She suggested a full detailed financial review back to 2005 to determine whether any monies could be recouped. In regard to future governance, she inquired whether the Metro Centre's relationship with HRM would become more similar to the relationship HRM has with the Halifax Regional Water Commission or whether the Metro Centre would become a line item fully integrated in the HRM budget.

Councillor Uteck expressed concern with not having an elected official on the Board as decisions would be made at the management level. She inquired who would ensure there would be a reporting mechanism for Regional Council to be made aware of matters.

In response to a question raised by Deputy Mayor Karsten, Mr. Munroe clarified that the issues outlined in the report would not be matters that an External Auditor would discover as the external audit's focus is the financial audit: the External Auditors would adhere to the standards of the profession.

MOTION PUT AND PASSED.

9.4 SUB-COMITTEES

9.4.1 Grants Committee – NONE

9.4.2 Investment Policy Advisory Committee - NONE

9.4.3 Special Events Advisory Committee – NONE

10. MOTIONS – NONE

11. ADDED ITEMS

11.1 Unbudgeted Items

This matter was dealt with earlier in the meeting. See page 3.

11.2 Consolidating the Budget Process

This matter was dealt with earlier in the meeting. See page 4.

12. NOTICES OF MOTION - NONE

13. IN CAMERA - NONE

14. DATE OF NEXT MEETING – August 15, 2012

15. ADJOURNMENT

The meeting was adjourned at 12:09 p.m.

Chris Newson
Legislative Assistant

INFORMATION ITEMS

1. Upcoming Agenda Items
 - 1.1 Community Facilities Master Plan – Funding Strategies - *2012*
 - 1.2 Revised Special Events Granting Framework – *2012*
 - 1.3 Multi District Facility Expansion Reserve – *November 2012*
2. Information Report - HRM Community Facilities Partnership Fund Update