

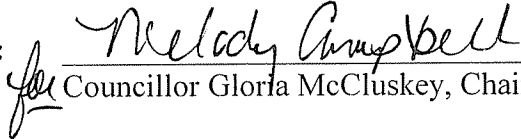


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 2

Halifax Regional Council
March 23, 2010

TO: Mayor Kelly and Members of the Halifax Regional Council

SUBMITTED BY: 
for Councillor Gloria McCluskey, Chair, Audit Committee

DATE: March 11, 2010

SUBJECT: Petition From ATU Local 508

INFORMATION REPORT

ORIGIN

The Audit Committee meeting of March 10, 2010.

BACKGROUND

At the March 10, 2010, Audit Committee meeting discussion was held on the Information Report - Petition from ATU Local 508. At the March 10, 2010 meeting a motion was passed to forward the Audit Committee Information Report, Petition from ATU Local 508 to Regional Council.

BUDGET IMPLICATIONS

There are none associated with this report.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

There are none associated with this report.

ATTACHMENT

1. Audit Committee Information Report, Petition From ATU Local 508, dated February 11, 2010.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208.

Report Prepared By: Melody Campbell, Legislative Assistant.

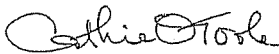


PO Box 1749
Halifax, Nova Scotia
B3J 3A5, Canada

Item No.

Audit Committee
February 17, 2010

TO: Councillor Gloria McClusky, Chair HRM Audit Committee

SUBMITTED BY: 
Cathie O'Toole, CGA, Director of Finance, CFO

DATE: February 11, 2010

SUBJECT: Petition From ATU Local 508

INFORMATION REPORT

ORIGIN

Petition tabled at Regional Council January 19, 2010 by Councillor Rankin from members of ATU local 508, regarding moving the Metro Transit Receiver's Office to the New Ragged Lake Transit Center.

BACKGROUND

The Receiver's Office is located at Metro Transit, 200 Ilse Avenue and is responsible for receiving, safeguarding and processing for deposits approximately 14 million in raw coin revenue from transit fares, parking meters, and ferry operations. The office is staffed with 3 full time employees and one part-time employee, which are part of the Revenue Division of Finance. The Receiver's Office is also currently responsible for the following non-treasury related functions:

- Transit lost and found items
- Pay stub distribution
- Wicket sales of transit passes and tickets
- Uniform issue
- Employee refunds

Receivers Office staff, up until May 2009, delivered transit passes and tickets to retail outlets. This practice has been stopped and contracted out to HRM's armoured courier provider. The Receivers Office only has camera surveillance in the vault area and not the counting/processing room, and employees and the public can approach and see into the counting room. In 2006 the Business Systems and Control Group (BSGC) embarked on an audit of HRM's cash controls and accounts receivable. The audit not only included the receivers office but also recreation centers, storefronts, agencies boards and commissions, parking meters, ferry operations, and libraries. The scope of the audit focused on cash handling, internal controls, business processes, safeguarding cash assets and staff safety. There was extensive field work conducted at the Receivers Office including tests of controls, review of business processes, observing staff and staff interviews.

The subsequent audit report, which has been tabled to the Audit Committee but not yet released to the public, recommended that the above-mentioned non-treasury related items be removed from the Receivers Office as they imposed an unnecessary breach of internal controls around cash handling, and that more security safeguards such as camera surveillance and industry standard access controls be implemented. The lack of these controls and safeguards were also viewed by management as a breach of staff safety and security.

DISCUSSION

Management received the first draft of the BSGC's audit report on cash controls and accounts receivable in early 2007 and agreed fully with the recommendations. Moving forward with acting on the recommendations Finance submitted 2 capital projects totaling \$150,000 to replace ageing coin processing equipment, renovate the Receivers Office and implement cameras and industry standard access controls. Finance also expected strong resistance by Receivers Office

staff and ATU to these changes and retained the services of Maritect Security to do an independent security audit of the Receivers Office that would:

- Reinforce the recommendations of the BSGC audit
- Provide a surveillance/security plan

Maritect conducted their audit in April 2008 and the recommendations provided in their report supported fully the recommendations of the BSCG's report and included a security/surveillance plan.

Finance procured new coin processing equipment in 2008 and were moving ahead with the plan to renovate the Receivers Office to industry standards. At this time TPW tabled the 5-year strategic transit plan to Council. This plan included a new transit center that would support future transit service expansion that would be located in Ragged Lake Business Park and would open in summer 2010. Finance saw this as a great opportunity for the Receivers Office and approached TPW with plan to include in the new transit center a "state of the art" Receivers Office that could be designed with all the security and safety features currently absent at 200 Ilsley and recommended by BSCG and Maritect Security. This idea made sense to TPW and the space that would be vacated at 200 Ilsley could be incorporated into operations offices or an exercise room for Metro Transit staff. Finance returned the \$90,000 capital budget that was to fund the renovation at 200 Ilsley.

Finance immediately moved forward with a concept design and a statement of requirements. Receivers Office staff were encouraged to participate in the planning process but rejected the opportunity and viewed the initiative very negatively. Over the past year and a half both Receivers Office staff and ATU have not been supportive or co-operative. Much of the resistance centers around the removal of non-treasury related tasks that pose a breach to internal controls, fear of change and moving to a new physical work location. The Director of Finance has even inserted herself into the change management process to try and get staff and ATU positively onboard with the project.

The new Transit Center at Ragged Lake will be an industry standard Transit facility that is very secure and has no access by the general public. The Receiver's Office has been physically designed to restrict access by Transit employees, and secure receiving of coin revenue and shipping of deposits. The new Receivers Office will be a more vibrant and ascetically pleasing work environment that fully supports staff safety and safeguarding HRM's coin revenue assets. The GFI coin receivers that will be installed at 200 Ilsley and Ragged Lake are industry standard and are not "dump bins" as articulated in the petition, but secure vaults with sophisticated housing and locking mechanisms and are a step forward not backward. GFI vaults are used extensively in the Transit industry. A GFI fare collection system has been in operation at the Thornhill Satellite Garage for 3 years. Receivers Office staff nor ATU has ever made or had a concern with this collection system. Security at 200 Ilsley has been improved somewhat but not to the corporate standard that HRM is striving for when it comes to security of staff and asset safeguarding.

The non-treasury related job functions that will be removed from the Receivers Office responsibility will be re-deployed to other transit departments with ATU members or new more efficient business processes will be put in place. Finance has committed to the Receivers Office staff and ATU that once the Receiver's Office is operating out of Ragged Lake under best coin processing practices, to approach some other public institutions such as the bridge commission to process their coin revenue for deposit. Revenues made from this new initiative could be allocated to transit operations or TDM reserve fund.

BUDGET IMPLICATIONS

This report has no budget implications.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

No attachments.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by:

 Jerry Blackwood, CGA, Manager of Revenue Operations, 490-6470