

AUDIT & FINANCE STANDING COMMITTEE  
MINUTES

September 21, 2011

PRESENT: Councillor Gloria McCluskey, Chair  
Councillor Barry Dalrymple  
Councillor Russell Walker  
Councillor Bill Karsten  
Councillor Sue Uteck  
Councillor Linda Mosher  
Councillor Steve Adams  
Councillor Tim Outhit

OFFICE OF THE  
AUDITOR GENERAL: Mr. Larry Munroe, Auditor General  
Ms. Pauline Boudreau, Coordinator

STAFF: Mr. Richard Butts, Chief Administrative Officer  
Mr. Mike Labrecque, Deputy Chief Administrative Officer  
Mr. Jim Cooke, Director, Finance  
Mr. Peter Duncan, Manager, Capital Cost Contributions Program  
Ms. Chris Newson, Legislative Assistant

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**1. CALL TO ORDER**

The Chair called the meeting to order at 11:04 a.m. in the Council Chamber, 3<sup>rd</sup> Floor City Hall, 1841 Argyle Street, Halifax.

**2. APPROVAL OF MINUTES – August 17, 2011**

**MOVED by Councillor Walker, seconded by Councillor Karsten that the Audit and Finance Standing Committee approve, as presented, the minutes of August 17, 2011. MOTION PUT AND PASSED.**

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

Addition: 11.1 Information Items 2 and 3 to be dealt with together - Quarter Ending June 30, 2011

**MOVED by Councillor Walker, seconded by Councillor Karsten that the agenda, as amended, be approved. MOTION PUT AND PASSED.**

**4. BUSINESS ARISING OUT OF THE MINUTES**

Councillor McCluskey requested an update on whether Destination Halifax, Greater Halifax Partnership and the Trade Centre Limited would be presenting budget information to the Audit and Finance Standing Committee.

Councillors Uteck and Dalrymple entered the meeting at 11:05 a.m.

**5. MOTIONS OF RECONSIDERATION – NONE**

**6. MOTIONS OF RESCISSION – NONE**

**7. CONSIDERATION OF DEFERRED BUSINESS**

**7.1 District Activity and District Capital Funds – Review of Auditor General's Report**

A copy of the Auditor General's report, presented to the Committee on August 17, 2011, was before the Standing Committee.

Councillors Mosher and Outhit entered the meeting at 11:07 a.m.

Mr. Larry Munroe, Auditor General, provided a brief overview of the report noting that it has been published on the Auditor General's website. He then responded to questions of clarification from members of the Committee.

**MOVED by Councillor Mosher, seconded by Councillor Uteck that the Audit and Finance Standing Committee request that the Auditor General and appropriate**

**Finance staff come forward with tighter guidelines for the distribution of Capital District Funds and Discretionary Funds and that the Capital District Funds be verifiable with documentation and receipts required, a consistent application form be devised, and that guidelines be included as to what the Discretionary Funds may be used for.**

Mr. Munroe clarified that ongoing discussions are being held between himself and Mr. Jim Cooke, Chief Financial Officer, in regard to the recommendations as outlined in his report.

Councillor Mosher suggested that if HRM provides capital funds to a non profit or community group that those groups follow the HRM Procurement policy and obtain three estimates.

Councillor Dalrymple noted that he would support a one page application form but would not want to see the process mired down in red tape.

Councillor Walker clarified that it is Finance staff not the Councillor who has final approval, based on the current criteria/policy, in regard to the awarding of the funds. He advised that he was in support of a straight forward application form.

In regard to the motion on the floor Councillor Karsten questioned whether it was the Auditor General's role to assist in creating policy.

Councillor Outhit requested that, during the review of the current processes, staff consider whether or not what is being done is rational and reasonable. He commented that Councillors should be able to mitigate Local Improvement Charges (LIC's) with their District Capital Fund in certain situations such as when residents lost water due to blasting in the area or tarring a street that was impassable. He also requested clarification/consideration on donations to public/community schools.

**MOVED by Councillor Karsten, seconded by Councillor Mosher that the motion be amended by removing the Auditor General and adding the Chief Financial Officer. MOTION TO AMEND PUT AND PASSED.**

Without a vote being taken on the motion on the floor, the following motion was placed: **MOVED by Councillor Mosher, seconded by Councillor Uteck that the Audit and Finance Standing Committee request that the Chief Administrative Officer and Chief Financial Officer/Finance Staff assess the existing policies with the Auditor General's report on District Capital, Discretionary and Advertising Funds to ensure that the District Capital, Discretionary and Advertising Funds are distributed in a manner consistent with generally accepted accounting principles.**

Councillor Mosher commented that explicit policies and procedures exist for the Capital District and Discretionary Funds and that work should continue with the community

groups/organizations to obtain funding requests in writing. A review by the CAO and Finance staff will help ensure that the policies reflect the best use of taxpayers' dollars.

Councillor Dalrymple commented that more discussion needs to occur in regard to funding school requests as circumstances have changed over the years.

In response to a question of clarification raised by Councillor Walker in regard to advertising, Mr. Butts explained that discussions will be held with the Manager of the Councillors Support Office and the HRM Communications Department in regard to advertising.

Discussion ensued on the motion with the Councillor Mosher agreeing to remove reference to the Advertising Funds.

The revised motion now reads as follows:

**MOVED by Councillor Mosher, seconded by Councillor Uteck that the Audit and Finance Standing Committee request that the Chief Administrative Officer and Chief Financial Officer/Finance staff assess the existing policies with the Auditor General's report on District Activity and District Capital Funds to ensure that the District Capital and Discretionary Funds are distributed in a manner consistent with generally accepted accounting principles. MOTION PUT AND PASSED.**

## **8. CORRESPONDENCE, PETITIONS, DELEGATIONS**

### **8.1 Correspondence**

#### **8.1.1 Resignation – Special Events Advisory Committee**

This matter was dealt with following the In Camera session later in the meeting. See page 9.

### **8.2 Petitions - NONE**

### **8.3 Delegations - NONE**

## **9. REPORTS**

### **9.1 STAFF**

#### **9.1.1 Review of the Business Park Reserve Policy**

An Information Report, dated September 1, 2011, update on the Reserve Policy Q121 Business Park Reserve was before the Committee.

Mr. Mike Labrecque, Deputy Chief Administrative Officer, commented that the report reflects the purpose of the reserve and how funds are distributed. He then responded to questions of clarification from Members of the Standing Committee.

In response to a question by Councillor Uteck, Mr. Butts and Mr. Labrecque provided clarification on the term “acting reasonably” explaining that for a certain property to be placed on the market certain deficiencies were required to be addressed which would then become part of the dialogue/negotiation which would be communicated to Council.

### **9.1.2 Long Term Capital/Project Budget Pressures Review**

A copy of the presentation, 2012/2013 Capital Budget Update, dated September 6, 2011 was circulated to the Committee at this time.

Mr. Peter Duncan, Manager, Capital Cost Contributions, presented a verbal update on the Long Term Capital/Project Budget Pressures. He noted that the proposed new stadium has not been included. Mr. Duncan explained that every effort is being made to place \$17 million back into the base budget, however; the full \$17 million may not be achieved for 2012. He then reviewed the draft table of contents for the draft budget document. Mr. Duncan explained that the capital budget will be presented in a format that will provide a better understanding to the public of why the work is being done and will include definitions.

Councillor Uteck noted that there is a demand for sidewalks/repairs and expressed concern with the current practice of patching with asphalt rather than replacing the sidewalk slab.

In response to concerns raised by Councillor Uteck, Mr. Richard Butts, Chief Administrative Officer, and Mr. Phil Townsend, Director, Infrastructure and Asset Management, explained that a strategy is being developing for urban pedestrian centres to set aside a certain amount in the budget per year for matters such as sidewalk repair/replacement. In regard to the streetscape projects, meetings are held on a regular basis with key stakeholders, staff and other levels of government to determine the areas for investment. A more cohesive plan to better focus those funds is being developed. A review is also being done to determine what projects have not been completed and why.

Councillor Karsten expressed support for finding the right balance in regard to project capabilities and budgeting however he questioned whether the proposed \$17 million amount would be sufficient and whether it would be obtainable. He noted that Council may wish to have more discussion on this matter prior to the budget. He inquired how the proposed approach would impact prioritizing capital projects.

In response to Councillor Karsten’s inquiry, Mr. Townsend explained that discussion on this matter began during the last budget session whereupon it was agreed that the matter would be directed to the Audit and Finance Standing Committee who would be the “focus group” for Council. Regular updates are being provided to the Standing Committee in regard to the efforts to protect base funding and halt the decline of assets. There is a Capital Projects Committee comprised of major program spenders who

determine their priorities and whether or not those projects could be postponed, however; all decisions rest with Council.  
The meeting recessed at 12:31 p.m.

The meeting reconvened at 12:45 p.m.

The Committee agreed to deal with Items 9.1.4, 9.1.5 and Added Item 11.1 at this time.

#### **9.1.4 Write-off of Uncollectible Accounts**

A revised copy of the August 17, 2011 Information Item 4 – Write-Off of Uncollectible Accounts was before the Committee.

Councillor McCluskey advised that due to time constraints, this matter may be removed from the agenda.

#### **9.1.5 2011 Assessment Roll Appeals**

The August 17, 2011 Information Item 5 – 2011 Assessment Roll Appeals was before the Committee.

Councillor McCluskey noted that due to time constraints this matter could be removed from the agenda and she would contact staff with her concerns.

#### **11.1 Information Item – Quarter Ending June 30, 2011**

The Information Reports on Quarter Ending June 30, 2011 dated September 26, 2011 was before the Committee.

**MOVED by Councillor Outhit, seconded by Councillor Karsten that the Audit and Finance Standing Committee recommend that the Information Reports from the Investment Policy Advisory Committee – Treasurer’s Report - Quarter Ending June 30, 2011 and Investment Activities – Quarter Ending June 30, 2011 be forwarded to Regional Council. MOTION PUT AND PASSED.**

The Committee dealt with Item 9.1.3 at this time.

#### **9.1.3 Multi-District & Event Facilities**

The report dated August 29, 2011 was before the Standing Committee.

Mr. Mike Labrecque, Deputy Chief Administrative Officer, presented the report. He explained the two phase approach outlined in the report noting that the accountability and reporting matter, Phase 1, must be addressed prior to any significant investments in facilities being recommended to Council. Mr. Labrecque then responded to questions of clarification from members of the Standing Committee.

In response to a question by Councillor Mosher in regard to the process for acquiring the external consultants who contributed to the report, Mr. Labrecque explained that the authorship of the report was a collective work done by staff and the Consultant. The HRM procurement policy was followed in regard to engaging SDALE Contract & Consulting Services Inc.

In response to a question by Councillor Uteck in regard to Recommendation 1 that “*no new facilities be constructed...*” and how that would impact the stadium under consideration, Mr. Labrecque explained that the stadium matter would be dealt with separately on its own merit once a report comes back to Council. The report before the Committee refers to existing facilities and that prior to investment being made the reporting and accountability issue be addressed.

Due to time constraints it was **MOVED by Councillor Karsten, seconded by Councillor Walker that the matter be deferred to the October meeting. MOTION TO DEFER PUT AND PASSED.**

#### **9.1.4 Write-off of Uncollectible Accounts**

This item was dealt with earlier in the meeting. See page 7.

#### **9.1.5 2011 Assessment Roll Appeals**

This item was dealt with earlier in the meeting. See page 7.

### **9.2 OFFICE OF THE AUDITOR GENERAL - NONE**

### **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 Information Items 2 and 3 – Treasurer’s Report / Investment Activities - Quarter Ending June 30, 2011**

This item was dealt with earlier in the meeting. See page 7.

### **12. NOTICES OF MOTION - NONE**

### **13. DATE OF NEXT MEETING – October 19, 2011**



The Standing Committee moved In Camera at 1:06 p.m.

The Committee reconvened its regular session at 1:53 pm.

The Committee dealt with Item 8.1.1 at this time.

#### **8.1.1 Resignation – Special Events Advisory Committee**

This matter was dealt with during the In Camera session and was now before the Committee for ratification.

An e-mail dated August 12, 2011 from Deputy Mayor Smith was before the Standing Committee.

**MOVED by Councillor Walker, seconded by Councillor Uteck that the Audit and Finance Standing Committee recommend that Regional Council amend the composition of the Special Events Advisory Committee to four (4) Councillors from five (5). MOTION PUT AND PASSED.**

#### **14. ADJOURNMENT**

The meeting was adjourned at 1:54 p.m.

Chris Newson  
Legislative Assistant

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**INFORMATION ITEMS**

1. Upcoming Agenda Items
  - 1.1 Community Facilities Master Plan – Funding Strategies - **early spring 2012**
  - 1.2 Investment Policy Presentation – **November/December 2011**
  - 1.3 Implementation of Auditor General’s Recommendations – Grants, Contributions and Sponsors Update– **October 2011**
  - 1.4 Revised Special Events Granting Framework – **October 2011**
2. Information Report from the Investment Policy Advisory Committee – Treasurer’s Report - Quarter Ending June 30, 2011.
3. Information Report – Investment Activities – Quarter Ending June 30, 2011
4. Information Report - Auditor General’s Report on Concerts on the North Commons – Request for Proposals for Review of Legal Services