

**Audit and Finance Standing Committee
June 19, 2013**

TO: Chair and Members of the Audit and Finance Standing Committee
Original Signed

SUBMITTED BY: _____
Richard Butts, Chief Administrative Officer

DATE: June 12, 2013

SUBJECT: Audit Coordination Update

INFORMATION REPORT

ORIGIN

Audit & Finance Standing Committee – August 17, 2011 – Information Report on Work Plan for the Implementation of Recommendations Resulting from the Auditor General’s Report on Concerts on the North Commons. The report included information on the newly created Audit Coordination Team and outlined the team’s role in addressing reports released by the Office of the Auditor General.

LEGISLATIVE AUTHORITY

This report relates to the HRM Charter Sections 49 to 54 regarding the appointment of a municipal Auditor General.

BACKGROUND

In July 2011, the Chief Administrative Officer established the Audit Coordination Team (ACT) to respond to and assist with implementation of recommendations made by the Municipal Auditor General (AG). The initial priority for ACT was to develop a work plan to implement recommendations from the AG’s Report on Concerts on the North Commons (Concert Report). In addition to the Concert Report, the team was tasked to create a framework to ensure that recommendations from all AG reports were appropriately answered and implemented. This report provides an update on changes to ACT, as well a summary of progress in cataloguing and implementing recommendations made by the AG.

DISCUSSION

Audit Coordination Team

When established, ACT consisted of three full-time staff members seconded from permanent positions, plus a Senior Financial Consultant. The team reported directly to the CAO and was assigned to carry out its work for a period of 12-18 months. Since that time, one team member has been reassigned to another area of the organization, and a second member of the team has retired from HRM.

Over the course of its term, the team has tracked all AG recommendations and created a template for each AG report to record management responses and updates on the implementation of individual recommendations. Monthly meetings have been held with CAO to report on the status of implementation and to discuss any associated issues.

The responsibilities of ACT vary with the complexity and frequency of AG reports, but the work load of the team stabilized once the backlog of released AG reports was addressed and standard templates and processes established. To ensure that these templates are maintained and implementation of recommendations is appropriately monitored and reported, the ACT function is being continued. However, the structure of the team has been adjusted. One staff person will maintain responsibility for this function as part of an existing position in Government Relations and External Affairs, and the support of the assigned Senior Financial Consultant will remain. The assigned staff will continue to report progress to the CAO monthly.

ACT will coordinate responses and monitor implementation of all future AG reports, and Business Unit accountabilities will be assigned when reports are released. In addition, ACT will continue to work on the standards, processes and assessment tools used to monitor audit reports; will regularly review completed recommendations to ensure implementation; and will assess recommendations to identify corporate themes, efficiencies and best use of resources.

Status of AG Reports

Prior to the establishment of ACT in July 2011, the AG had written eleven reports. Since that time, ten more have been released by the AG's office. The 21 reports to date have included 360 recommendations for management response and implementation. HRM Administration has responded to all of the recommendations, and completed the implementation of 262, or 73 percent, of these recommendations. All reports released prior to 2011 have been addressed, and work continues on the implementation of the remaining 98 recommendations. A summary of AG reports and implementation status for each is included with this report as Attachment A.

In regard to the Concert Report, which was released in June 2011 and became one of the main drivers leading to the creation of ACT, 40 of 54 recommendations have been addressed. Of the fourteen outstanding recommendations, twelve will be completed upon Council approval of an agreement with Trade Centre Limited (TCL) regarding operation of the Metro Centre. Finalization of this agreement has been affected by the 2012 release of a second AG report

specific to Ticket Atlantic operations, as well as ongoing work with the province on the governance structure for the new convention centre. A draft of this agreement has been completed and is being reviewed by Trade Centre Ltd., the Province, and relevant HRM staff. The other three outstanding recommendations from the Concert Report involve operationalizing the remaining results of an independent review of HRM Legal Services, which was suggested by the AG and completed by a consultant in 2012.

Aside from the Concert Report, the majority of outstanding recommendations are from recently released reports, or older reports that require longer term effort to effectively complete. Examples of these reports include the review of Grants and Contributions and review of Contribution to the Farmers Market, which are being addressed primarily through a comprehensive review of HRM's grants portfolio and development of a new corporate grants and contributions policy. Most of the outstanding recommendations in the Ticket Atlantic report referenced above relate to the above-noted agreement with TCL regarding operation of the Metro Centre, as well as addressing the results of an external review of Metro Centre operations, a course of action suggested by the AG that is currently being finalized.

Other older reports with outstanding recommendations, such as Area Rates and Consulting Services, require input from a variety of Business Units and/or substantial revision to policy and processes. Work on all outstanding recommendations is being actively carried out, but may take time if the solutions are complex and/or involve multiple stakeholders. A summary of reports with outstanding recommendations is included with this report as Attachment B.

FINANCIAL IMPLICATIONS

There are no financial implications directly related to the content of this report.

COMMUNITY ENGAGEMENT

N/A

ATTACHMENTS

Attachment A – AG Implementation Status Report (June 2013)

Attachment B – Status of AG Reports with Outstanding Recommendations (June 2013)

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

Report Prepared by: Paul Johnston, Audit Coordination Team, 490-6616

Report Approved by: Richard Butts, Chief Administrative Officer, 490-6430

ATTACHMENT A

AG Implementation Status Report (June 2013)				Recommendations		
Report Title	Release Date	Business Unit Lead	Supporting Business Units	Total	Complete	In Progress
2010						
Unsolicited E-mails	Apr	Fin & ICT	All	1	1	
Emergency Vehicle Lighting Tender and Supplementary Report	May	TPW	Fin & ICT	14	14	
Theft of Coin, Tickets – Metro Transit	Jul	Fin & ICT	Transit, TPW – Corp Security	4	4	
Theft of Coin – Parking Meters	Jul	Fin & ICT		2	2	
Automatic Forwarding of E-mail	Oct	Fin & ICT	All	1	1	
Purchase and Installation of Bus Wash	Oct	IAM	Fin & ICT	8	8	
Transit Cash Collection and Processing Fare Box	Oct	Fin & ICT	Transit, TPW – Corp Security	29	29	
Corporate Overtime	Nov	Fin & ICT	All	14	14	
Sub-total 2010 – 100% complete				73	73	
2011						
Recreation Area Rates	Jan	Fin & ICT	CRS	10	5	5
Corporate Grants, Donations and Contributions	Jan	Fin & ICT	CRS, TPW, Council Office	29	16	13
Concerts on the North Common	Jun	CAO	Fin & ICT, CRS, Legal, HR, TCL	54	40	14
Wireless Communication	Aug	Fin & ICT	All	27	27	
District Activity / District Capital	Aug	Fin & ICT	Council Office	14	14	
Sub-total 2011 – 76% complete				134	102	32
2012						
Review of RFP Process	Jan	Fin & ICT		19	19	
Benefits Budgeting and OT Drivers	Feb	Fin & ICT	Transit, Fire, HR	19	19	
Contribution to the Halifax Seaport Farmers' Market	Feb	Fin & ICT	CRS, Legal, HR	33	22	11
Use of External Consulting Services	April	Fin & ICT	HR, P&I, Legal, CAO	16	9	7
Ticket Atlantic Transfer	July	Fin & ICT	CRS, Legal	28	5	23
SAP Authorizations	Dec	Fin & ICT	HR	11		11
Care of Cultural Artifacts	Dec	CRS		6	2	4
Sub-total 2012 – 65% complete				132	86	46

AG Implementation Status Report (June 2013)				Recommendations		
Report Title	Release Date	Business Unit Lead	Supporting Business Units	Total	Complete	In Progress
2013						
Economic Development	Jan	GREa (CAO)	Legal	21	1	20
Sub-total 2012 – 5% complete				21	1	20
TOTAL ALL YEARS – 73% complete				360	262	98

ATTACHMENT B

AUDIT COORDINATION TEAM

Status of AG Reports with Outstanding Recommendations (June 2013)

Report	Release Date	Status of "In Progress" Recommendations (accountable Business Unit in brackets)
Recreation Area Rates <i>(5 of 10 recommendations outstanding)</i>	Jan 2011	The Policy and Procedures for Recreation Area Rates are being updated to ensure processes, roles and responsibilities are clearly documented and understood. A draft has been prepared which will address all five (5) outstanding recommendations, but is on hold pending a legal opinion on whether an "Agency" relationship exists between HRM and the various area rated recreation associations (Finance and ICT).
Grants, Donations, and Contributions <i>(13 of 29 recommendations outstanding)</i>	Jan 2011	One (1) recommendation is related to assessing a new practice of recording leases with the Registrar of Deeds (Planning and Infrastructure). One (1) involves a review of By-Law T-200, respecting tax exemptions (Finance and ICT). A work plan to address the remaining recommendations, which primarily includes development of a new corporate Grants Policy, has been developed (Finance and ICT).
Concerts on the North Common <i>(14 of 54 recommendations outstanding)</i>	June 2011	Twelve (12) recommendations will be addressed upon completion of an agreement with TCL regarding operation of the Metro Centre, which has been drafted and is currently under review (Community and Recreation Services). The remaining two (2) relate to ongoing work to implement the results of a Legal Services review (Legal Services).
Halifax Seaport Farmers' Market <i>(11 of 33 recommendations outstanding)</i>	Feb 2012	Seven (7) of the outstanding recommendations deal with future use of the <i>Community Facility Partnership Fund</i> , which has been used for one other project and is currently in suspension pending further work on a new corporate Grants framework (Finance and ICT). Three (3) relate to legal opinions regarding the relation of the funding provided to the content of the HRM Charter (Legal Services). The remaining one (1) recommendation will be addressed through the corporate Grants review and policy framework referenced above. (Finance and ICT)
External Consulting Services <i>(7 of 16 recommendations outstanding)</i>	April 2012	Four (4) of the recommendations address a policy for hiring consultants, for which draft guidelines have been developed (Finance and ICT); two (2) identify reporting of consulting costs, which is being addressed through a review of the Chart of Accounts (Finance and ICT); and one (1) discusses the need to determine skill sets available internally prior to contracting external services (Human Resources).
Ticket Atlantic Transfer <i>(13 of 28 recommendations outstanding)</i>	July 2012	Two (2) recommendations involve finalizing the results of a recently completed independent review of Metro Centre operations (Finance and ICT); nine (9) will be addressed through finalization of the agreement with TCL regarding operation of the Metro Centre, referenced in the Concert Report section above (Community and Recreation Services); and two (2) are part of a review of HRM's role in the board and governance structure of TCL (Legal Services).
SAP Authorizations <i>(11 of 11 recommendations outstanding)</i>	Dec 2012	A comprehensive work plan has been developed to address the recommendations. Five (5) will be addressed by the first phase of the <i>SAP Transition Project</i> , scheduled for completion by the end of fiscal Q2 (13/14) and six (6) will be addressed through a second phase, which is expected to complete by the end of 2013/14 (Finance and ICT).

Report	Release Date	Status of "In Progress" Recommendations (accountable Business Unit in brackets)
Cultural Artifacts <i>(4 of 6 recommendations outstanding)</i>	Dec 2012	The four (4) recommendations will be addressed when a municipal collections inventory is complete and two draft policies are finalized (Community and Recreation Services) .
Economic Development <i>(20 of 21 recommendations outstanding)</i>	Jan 2013	A work plan has been developed to address nineteen (19) of the recommendations, which has been presented to and approved by the Community Planning and Economic Development Standing Committee, and will be implemented throughout the 2013/14 fiscal year (Government Relations and External Affairs) . The remaining recommendation is related to an ongoing review of HRM governance responsibilities on external Boards. (Legal Services)