



**AUDIT & FINANCE STANDING COMMITTEE
MINUTES
November 26, 2014**

PRESENT: Councillor Bill Karsten, Chair
Councillor Russell Walker, Vice-Chair
Mayor Mike Savage
Deputy Mayor Lorelei Nicoll
Councillor Barry Dalrymple
Councillor Gloria McCluskey
Councillor Linda Mosher
Councillor Tim Outhit

REGRETS: Councillor Stephen Adams

STAFF: Mr. Richard Butts, Chief Administrative Officer
Mr. Greg Keefe, Chief Financial Officer
Mr. John Traves, Municipal Solicitor
Mr. Liam MacSween, Legislative Assistant

The following does not represent a verbatim record of the proceedings of this meeting.

The agenda, supporting documents, and information items circulated to the Audit & Finance Standing Committee are available online: <http://www.halifax.ca/boardscom/SCfinance/141126afsc-agenda.php>

The meeting was called to order at 10:00 a.m. The Standing Committee moved into an In Camera session at 11:31 and reconvened at 12:04 p.m. The Standing Committee adjourned at 12:08 p.m.

1. CALL TO ORDER

The Chair called the meeting to order in Council Chambers, 3rd Floor City Hall, 1841 Argyle Street, Halifax.

2. APPROVAL OF MINUTES – September 17 & October 15, 2014

MOVED by Councillor McCluskey, seconded by Councillor Walker that the minutes of September 17 & October 15, 2014 be approved as presented.

MOTION PUT AND PASSED.

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

Deletions: Item No. 9.1.3 - Halifax Transit Advanced Capital Funding

The Chair suggested that item 9.2.1 - TIPS Hotline– Taking Improvement and Performance Seriously: 2013 Annual Report be moved up on the agenda to the first item of business.

MOVED by Deputy Mayor Nicoll, seconded by Councillor Walker that the agenda be approved as amended.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RESCISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS – NONE

8. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE

9. REPORTS

9.2.1 TIPS Hotline– Taking Improvement and Performance Seriously: 2013 Annual Report

The following was before the committee:

- *A report from the Office of the Auditor General dated November 26, 2014.*
- *A presentation from the Office of the Auditor General dated November 26, 2014*

Mr. Larry Munroe, Auditor General, provided a presentation pertaining to the TIPS Hotline. Mr. Munroe introduced David Marr, Jordy Mann and Cindy Lee to the Audit and Finance Standing Committee and acknowledged their work on the presentation.

The Chair thanked Mr. Munroe for his presentation and asked for questions of clarification from the Committee.

9.1 STAFF

9.1.1 Second Quarter 2014-15 Financial Report

The following was before the Committee:

- *A staff recommendation report dated November 10, 2014*
- *A presentation pertaining to the Second Quarter 2014-15 Financial Report*

Mr. Louis De Montrbrun, Manager of Financial Reporting provided a presentation pertaining to the Second Quarter 2014-15 Financial Report.

The Chair thanked Mr. De Montbrun for his presentation and requested questions of clarification from members of the Committee.

Councillor McCluskey noted that she is troubled by the number of position vacancies outlined in the report. She inquired if staff is currently working on a vacancy management strategy.

Mr. Richard Butts, Chief Administrative Officer, commented that staff manages position vacancies very aggressively and noted that he constantly reviews the need for positions within the organization.

Deputy Mayor Nicoll inquired about succession planning and asked if staff has a strategy in place in this regard.

Mr. Butts commented that succession planning is very important to the organization and noted the average age of HRM employees is 47 years. He commented that a great deal of work is being undertaken in this regard.

Councillor Karsten inquired about the recent oil spill at the Halifax Transit garage. He inquired if staff is looking at getting some reprieve financially from insurance coverage.

Mr. Butts noted that staff is currently pursuing that avenue now and commented that nothing will be reflected in the financial statements until an insurance claim is settled.

In response to a follow up question, Mr. Mike Labrecque, Deputy Chief Administrative Officer, commented that the Fire and Emergency Services budget was built on the assumption that revenue would accrue due to inspections. He commented that some fundamental matters need to be addressed respecting Fire inspections and that staff are working on closing the budget gap.

MOVED by Councillor McCluskey, seconded by Deputy Mayor Nicoll that the Audit & Finance Standing Committee forward the staff report dated November 10, 2014 to Halifax Regional Council as an information item.

MOTION PUT AND PASSED.

9.1.2 Second Quarter 2014-15 Capital Budget Reporting

The following was before the Committee:

- *A staff recommendation report dated November 13, 2014*

MOVED by Deputy Mayor Nicoll, seconded by Councillor McCluskey that the Audit & Finance Standing Committee forward the staff report dated November 13, 2014 to Halifax Regional Council as an information item.

MOTION PUT AND PASSED.

9.1.3 Halifax Transit Advanced Capital Funding

The following was before the Committee:

- *A staff recommendation report dated November 13, 2014*

This item was removed from the agenda during the approval of the order of business. Please see page 2.

9.1.4 Provincial-Municipal Fiscal Review – HRM

The following was before the Committee:

- *A staff recommendation report dated November 13, 2014*

MOVED by Councillor Walker, seconded by Councillor Mosher that the Audit & Finance Standing Committee recommend that Halifax Regional Council send a submission to the Union of Nova Scotia Municipalities (UNSM) regarding the Provincial-Municipal Fiscal Review Consultative Report, accepting the recommendations as is, and seeking an active role in ongoing review and implementation.

Councillor Walker expressed his support for the staff recommendation and noted that it is positive to see that staff will be taking an active roll in the ongoing implementation of the Provincial-Municipal Fiscal Review.

Mayor Savage expressed his support for the staff recommendation and commented that staff have been working on this for quite some time. He noted that many municipalities across the province are facing difficulties and noted that HRM can play a strong role in providing leadership to other municipalities who are facing tough economic realities. He further commented that he believes that further discussions need to take place in this regard.

In response to a question from Councillor Dalrymple, Mr. Greg Keefe, Chief Financial Officer noted that the that the purpose of the report was to provide feedback from municipalities to assist a joint working group of senior staff and elected officials from the Union of Nova Scotia Municipalities and the Provincial Government. He commented that there is a particular interest in reviewing what is being done with the monies that municipalities are collecting for the province.

Deputy Mayor Nicoll noted that this is a very complicated matter outlined on three pieces of paper and noted that the report deals primarily with equalization.

Mr. Keefe commented that equalization is very complex and noted that the working group, which he is a part of, ran fourteen to seventeen different scenarios to improve upon equalization at the municipal level. He noted that the working group is collecting a great deal of data in this regard but forwarded the recommendation to freeze equalization payments on a per town or municipality basis until such time as the entire program can be reviewed.

Councillor Watts provided commentary respecting recommendation in the report for greater flexibility for municipalities in terms of taxation. In addition to this she also noted concern with the recommendation on page four relating to greater forms of autonomy for municipal units respecting emerging energy sectors. She commented that municipalities should be trying to promote business in the renewable energy sector and advised that many municipalities are currently not meeting provincial mandates respecting solid waste targets.

Mr. Keefe noted that HRM will be pursuing more flexibility respecting taxation during the upcoming Charter review project. He noted that there are great deal of existing tax arrangements with the province that have been in place for a very long time and that one of the legislative requests to the province will be for more flexibility in terms of taxation.

Further discussion ensued.

MOTION PUT AND PASSED.

9.2 OFFICE OF THE AUDITOR GENERAL

9.2.1 TIPS Hotline– Taking Improvement and Performance Seriously: 2013 Annual Report

This matter was dealt with earlier in the meeting. Please see page 2.

9.3 SPECIAL EVENTS ADVISORY COMMITTEE – NONE

9.4 GRANTS COMMITTEE – NONE

9.5 INVESTMENT POLICY ADVISORY COMMITTEE – NONE

10. MOTIONS – NONE

11. IN CAMERA

11.1 Approval of In Camera Minutes

11.1.1 Approval of In Camera Minutes – October 15, 2014

The following motion was passed in public session:

MOVED by Councillor Walker, seconded by Councillor McCluskey that the In Camera minutes of October 15, 2014 be approved as circulated.

MOTION PUT AND PASSED.

MOVED by Councillor McCluskey, seconded by Councillor Walker that the Audit & Finance Standing Committee convene to In Camera. MOTION PUT AND PASSED.

The Audit and Finance Standing Committee moved to an In Camera session at 11:31 a.m. and reconvened to public session at 12:04 p.m.

11.2 Property Matter

A matter pertaining to providing instruction and direction to officers and employees of the Municipality pertaining to the acquisition / sale of land in regard to

11.2.1 Property Acquisition – Fall River, NS

The Audit & Finance Standing Committee discussed this matter during an In Camera session and ratified the following motion in public session:

MOVED by Councillor Dalrymple, seconded by Deputy Mayor Nicoll that the Audit & Finance Standing Committee recommend that Regional Council:

- 1. Approve an increase to the Capital Budget Account CPX01149 Parkland Acquisition in the amount provided in Table 2 of the private and confidential staff report with funding from Q107 – Parkland Reserve Account with no net increase to the capital budget; and**
- 2. Authorize the Mayor and Municipal Clerk to enter into an agreement of purchase and sale as per the terms and conditions set out in Table 1 of the private and confidential staff report.**

It is further recommended that this report not be released to the public until the transaction has closed.

MOTION PUT AND PASSED.

11.3 Personnel Matter

A matter pertaining to an identifiable individual or group

11.3.1 Audit and Finance Sub-Committee – Private and Confidential Report

This matter was dealt with during an In Camera session. The following motion was ratified in public session:

MOVED by Councillor McCluskey, seconded by Councillor Dalrymple that the Private and Confidential staff report be forwarded to Regional Council as an In Camera Item.

MOTION PUT AND PASSED.

12. ADDED ITEMS

13. NOTICES OF MOTION - NONE

14. DATE OF NEXT MEETING – December 17, 2014

15. ADJOURNMENT

The meeting adjourned at 12:08 p.m.

Liam MacSween
Legislative Assistant