

APPENDIX A - OAG REVIEW OF CONCERNS ON THE COMMONS - REPORT RECOMMENDATIONS AND RESPONSES

#	Theme	AG Report Recommendation	Work Plan Area (Lead)	HRM Response Detail	Status
1	Events Strategy	With respect to any future concerts or events where HRM is involved in any way with respect to contracts, the OAG recommends the practice of issuing cash advances not be allowed or supported by HRM. We believe they are in violation of the HRM Charter or the spirit of the Charter and go beyond the instructions given by Council regarding funding: "provided that any funding of municipal costs associated with the concerts be funded through the Civic Events Reserve". Reference #8.1.3.7.1	Service Agreement (Community & Recreation Services) Internal Business Practice Review and Revision (Community & Recreation Services)	<p>HRM supports not issuing cash advances and will include a provision to this effect in event funding guidelines and future agreements with TCL. In this case, it appears that actions taken were contrary to both the spirit of the HRM Charter and to Council's instructions.</p> <p>Although the practice of issuing cash advances is not specifically noted in the HRM Charter, section 71(2) does prohibit "tax concessions or other form of direct financial assistance to a business or industry", and the practice is not specifically noted in section 79 - Power to Expend Money. In addition, Section 35(2)(d)(i) deals with the responsibilities of the Chief Administrative Officer and states that the CAO may," subject to policies adopted by the Council, make or authorize expenditures, and enter into contracts on behalf of the Municipality, for anything required for the Municipality where the amount of the expenditure is budgeted or within the amount determined by the Council by policy, and may delegate this authority to employees of the Municipality".</p> <p>TCL has developed a board approved policy and protocols regarding advances to event organizers which are now in effect (attached).</p>	Complete
2	Contract Administration	HRM Administration should review and identify all potential work processes where legal advice should be sought; develop and implement a mechanism to ensure all issues requiring legal assistance are adequately captured and followed up on. Reference # 8.1.4.1.1	Legal RFP – Legal Process (Legal)	An RFP is being developed to be advertised in October 2011 to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified.	In Progress
3	Contract Administration	The OAG would recommend Regional Council obtain independent advice as to the review standard expected of Legal Services in the review of documents. Reference #8.1.4.1.2	Legal RFP – Legal Process (Legal)	An RFP is being developed to be advertised in October 2011 to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified. A secondary goal of the project is to obtain an independent review and guidance to ensure that the business processes which support the preparation, approval, and control of legal contracts reflects the best government business practice.	In Progress
4a	Contract Administration	The OAG would recommend HRM develop and adopt policies and business practices	Legal RFP – Legal Process	An RFP is being developed to be advertised in October 2011 to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is	In Progress

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		which require control of all legal contracts be vested in Legal Services. The timing and level of involvement should be at the discretion of Legal Services and not the business units.	(Legal)	required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified. A secondary goal of the project is to obtain an independent review and guidance to ensure that the business processes which support the preparation, approval, and control of legal contracts reflects the best government business practice.	
4b	Contract Administration	HRM may wish to establish legal review criteria using, for example, a financial threshold which recognizes the signing authority of certain positions within the organization. For example, Legal Services could approve a standard procurement contract but only need to review the terms of a particular purchase if the conditions appear to fall outside of the standard (most likely to occur with an RFP versus a Tender) or where the value of the purchase is above a dollar threshold. Legal Services should review and approve all cases of sole source contracts or contracts entered into through use of the Province of Nova Scotia procurement process. Reference #8.1.4.1.3	Legal RFP – Legal Process (Legal) Internal Business Practice Review and Revision (Legal)	An RFP is being developed to be advertised in October to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified. A secondary goal of the project is to obtain an independent review and guidance to ensure that the business processes which support the preparation, approval, and control of legal contracts reflects the best government business practice.	In Progress
5	Contract Administration	HRM Administration should complete, in conjunction with Legal Services, an immediate review of staffing levels and performance measurements within Legal Services to determine if appropriate staffing is in place to support the total needs of HRM business units. Reference #8.1.4.1.4	Legal RFP – Legal Process (Legal)	An RFP is being developed to be advertised in October to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified.	In Progress
6	Contract Administration	The OAG recommends the policy and business practices developed by Legal Services include a discussion with the	Legal RFP – Legal Process (Legal)	An RFP is being developed to be advertised in October to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as	In Progress

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		Clerk’s Office and include clear direction around who can affix signatures to which contracts and where the storage of these legal documents should occur. Reference #8.1.4.1.5	Internal Business Practice Review and Revision (Legal)	performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified. A secondary goal of the project is to obtain an independent review and guidance to ensure that the business processes which support the preparation, approval, and control of legal contracts reflects the best government business practice. Once the review is completed, the Clerk’s Office will participate fully with Legal Services in discussions regarding business practices in relation to affixing signatures and storage of legal documents.	
7	Contract Administration	HRM Legal Services should develop and implement a policy and business practice which highlights the importance of and addresses the risks around ownership and version control of developing and final contracts. There appears to be an unofficial policy respecting contracts whereby Legal Services are involved in the initial drafting of a contract with some business units, which often then use the original as a template and make changes themselves. This should be carefully reviewed to ensure the interests of HRM are adequately protected. Reference #8.1.4.1.6	Legal RFP – Legal Process (Legal)	An RFP is being developed to be advertised in October to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified. A secondary goal of the project is to obtain an independent review and guidance to ensure that the business processes which support the preparation, approval, and control of legal contracts reflects the best government business practice.	In Progress
8	Contract Administration	With recommendation 8.1.4.1.6 in mind, the OAG would recommend a report be prepared immediately for review by Executive Management Committee outlining to what degree the practice appears to take place and what level of risk may potentially exist. Reference #8.1.4.1.7	Legal RFP – Legal Process (Legal)	An RFP is being developed to be advertised in October to initiate a review of HRM legal structure and processes. The review will identify all work processes where legal advice or action is required. Recommendations will address the recommended organization, staffing and tools, as well as performance measures to ensure goals are met. Once this work is completed, the appropriate resources to fulfill this requirement can be identified. A secondary goal of the project is to obtain an independent review and guidance to ensure that the business processes which support the preparation, approval, and control of legal contracts reflects the best government business practice. The outcome of the review and associated recommendations for action will be presented to the CAO and shared with the Executive Management Team.	In Progress
9	Events	The contract with the promoter should be	Service	Previous contracts articulated the municipality’s role in providing services to support the events, and	In

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	Strategy	written in a way that limits HRM's contribution to the maximum approved by Council. Reference #8.2.1.1	Agreement (Community & Recreation Services)	<p>identified projected expenditures and/or limits associated with some, but not all, categories of municipal service (i.e. police services, waste management, first aid, etc.).</p> <p>In the event of future concerts, TCL will be asked to ensure this wording is included in any contracts negotiated with promoters. This requirement will be included in a new service agreement between HRM and TCL, which will clearly outline each partner's respective roles in relation to concerts and major events, as well as HRM's maximum financial contribution toward event attraction. A draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification. Any future concerts or major events will be organized and delivered according to the contents of this agreement.</p>	Progress
10	Events Strategy	The cost of services provided should be coordinated and planned with one central contact point so that all costs can be collected, monitored and reported. Reference #8.2.1.2	Internal Business Practice Review and Revision (Community & Recreation Services)	Each major event that is organized in HRM is vetted through the municipality's Special Events Task Force (SETF). The SETF consists of representatives from all internal HRM service providers with a role in supporting events (i.e. Police, Fire, Transit, Streets and Roads, etc.). Each provider considers the impact of the potential event and estimates the cost of services required. The Civic Events section of the Community and Recreation Services business unit chairs this group, acts as the central contact point for the collection of information from the respective service providers, and monitors costs within an established budget. All previous concerts were coordinated and planned using this model and a similar approach will be employed for any future concerts.	Complete
11	Events Strategy	Staff should undertake a regular review of the expenses as they are incurred to ensure HRM is staying within budget and to provide time to work with the promoter on any cost overruns. Reference #8.2.1.3	Internal Business Practice Review and Revision (Community & Recreation Services)	<p>Each major event that is organized in HRM is vetted through the municipality's Special Events Task Force (SETF). The SETF consists of representatives from all internal HRM service providers with a role in supporting events (i.e. Police, Fire, Transit, Streets and Roads, etc.). Each provider considers the impact of the potential event and estimates the cost of services required. The Civic Events section of the Community and Recreation Services business unit chairs this group, acts as the central contact point for the collection of information from the respective service providers, and monitors costs within an established budget. Costs for all previous concerts were tracked using this model, and a similar approach will be employed for any future concerts.</p> <p>In some instances, depending upon circumstances beyond HRM's direct control, costs change as events evolve. It should be noted that, in the case of major concerts, costs are tracked as they are incurred but the majority of costs are incurred in a short time period (immediately prior to, during, and immediately after the event). As a result, it may be more appropriate to develop systems to</p>	Complete

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				better project potential costs prior to major events.	
12	Events Strategy	HRM staff should provide an Information Report to Council once the event has been held, identifying the total spent compared to that authorized, as well as identifying areas of success and areas for improvement. Reference #8.2.1.4	Internal Business Practice Review and Revision (Community & Recreation Services)	A very detailed information report covering all of the areas referenced in the recommendation was provided to Council after the 2006 Rolling Stones concert on the Common. However, this practice did not continue for subsequent concerts. Staff will ensure that it is standard practice to provide this type of report to Council following any future concerts or “major events” (to be defined in a service agreement with TCL). It should be noted that the financial information in future follow-up reports regarding concerts or major events will be specific to the HRM portion of the event budget, costs for municipal services, direct HRM costs compared to projected costs for the event, etc.	Complete
13	Management Agreement	It is recommended any money deposited into, withdrawn or paid from the Halifax Metro Centre bank account should be specifically related to the operations of the Halifax Metro Centre only. Should use of Halifax Metro Centre funds be proposed for purposes other than for the operations of the Halifax Metro Centre, pre-approval should be sought and received from HRM Regional Council. Reference #8.2.4.1	Management Agreement – Development (Finance)	<p>The relationship between HRM and TCL in relation to operation and oversight of the Metro Centre will be clearly outlined in a new management agreement between the two parties. This agreement will establish specific levels of authority for all parties, outline reporting requirements, detail the basis for transfer of funding to the Trade Centre to manage the Metro Centre on behalf of the Municipality, define performance measures, and document clear expectations of each party. The draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification.</p> <p>TCL supports that the HMC bank account should reflect HMC operations only. TCL recommends that the revised management agreement clarify permitted use of HMC funds and authorities capable of directing such funds.</p>	In Progress
14	Management Agreement	On the basis TCL is authorized to loan funds on behalf of Halifax Metro Centre, it is recommended HRM review and approve on a yearly basis the types of loans or advances which can be extended, the terms, and what due diligence is required around repayment or recovery, should the need arise. Reference #8.2.4.2	Management Agreement – Development (Finance)	<p>HRM does not support the use of HRM funds to issue cash advances for or on behalf of the Halifax Metro Centre. This is being addressed in the new management agreement.</p> <p>TCL recommends, if necessary, a scheduled review of loans and advances could be included as part of a revised management agreement for HMC. TCL has developed a board approved policy and protocols regarding advances to event organizers which are now in effect (attached).</p>	Complete
15	Management Agreement	The appointment of the external auditor for the Halifax Metro Centre should be made through the HRM Audit and Finance	Management Agreement – Development	HRM will review the legal status and governance structure of the Halifax Metro Centre as part of the development of the revised management agreement. This review will determine the feasibility of an external auditor for HMC being appointed by a committee of HRM Council. HRM will need to	In Progress

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		Committee, to assist with governance. Reference #8.2.9.1	(Finance)	consider this recommendation in relation to the potential operational impact on all other HRM Management Agreements. TCL is receptive to recommendations from HRM Audit and Finance committee with respect to appointment of the external auditor for HMC with the selection process administered by TCL Audit committee and ratified annually by TCL Board.	
16	Management Agreement	HRM Administration (through Finance) with respect to the Halifax Metro Centre should be engaged in the audit planning process, and be made aware of any matters as would normally be expected to be brought to the attention of an audit committee. The HRM Audit and Finance Committee should also retain the right of final approval of the financial statements prior to their being incorporated into the consolidated financial statements of HRM. Reference #8.2.9.2	Management Agreement – Development (Finance)	HRM will review the legal status and governance structure of the Halifax Metro Centre as part of the development of the revised management agreement. As part of the process, HRM Finance staff will work with TCL to determine the most appropriate reporting, audit planning, and oversight roles for the municipality. HRM will need to consider this recommendation in relation to the potential operational impact on all other HRM Management Agreements. TCL will work collaboratively with HRM Finance and Audit to establish protocols for the annual review of HMC financial statements.	In Progress
17	Management Agreement	HRM should request clarification from TCL on the inclusion of advance tickets on the Halifax Metro Centre financial statements. Reference #8.2.9.3	Management Agreement – Immediate Action (Finance)	TCL in consultation with its external auditors has determined that the liability associated with advance ticket sales is better reflected in the accounts of TCL. This change in financial presentation has been reflected in 2010-11 audited financial statements for TCL and HMC.	Complete
18	Management Agreement	The on-going use of inter-corporate accounts be immediately eliminated. Any balance due between the two separate organizations should be eliminated on a regular basis and any balance be kept to a minimum. Reference #8.2.9.4	Management Agreement – Immediate Action (Finance)	HRM Finance staff are working with TCL Finance staff on this issue. TCL will move to develop processes to ensure that the use of inter-corporate accounts is minimized. In addition, while timely reconciliation of all due to/from accounts currently takes place, TCL is committed to ensure that a monthly process is implemented.	In Progress
19	Management Agreement	The balance in the advance ticket sales currently reported in the HMC accounting records, which relate to the activities of	Management Agreement – Immediate	HRM Finance staff are working with TCL Finance staff on this issue. TCL management have established GL and bank accounts in TCL and have determined balances for	In Progress

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		Ticket Atlantic, be immediately removed along with the appropriate cash, transferred to the Trade Centre accounts and represented on that organization's balance sheet. Reference #8.2.9.5	Action (Finance)	transfer. Balances to be reviewed and processes to transfer funds to be implemented in consultation with HRM Finance.	
20	Management Agreement	The management agreement between the Province of Nova Scotia, Halifax Regional Municipality, and the Trade Centre Limited for the Halifax Metro Centre should be updated to include numerous matters such as the specific levels of authority of all parties, performance measures, reporting requirements, and details of the basis for the compensation of TCL as the management company. Reference #8.2.10.1	Management Agreement - Development (Community & Recreation Services and Finance)	<p>The relationship between HRM and TCL in relation to operation and oversight of the Metro Centre will be clearly outlined in a new management agreement between the two parties. This agreement will establish specific levels of authority for all parties, outline reporting requirements, detail the basis for transfer of funding to the Trade Centre to manage the Metro Centre on behalf of the Municipality, define performance measures, and document clear expectations of each party. The draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification.</p> <p>It should be noted that HRM, in collaboration with the Auditor General, is undertaking a review of economic development governance. The outcome of this review may impact how HRM would proceed with respect to this recommendation.</p> <p>TCL will work collaboratively with HRM to develop an updated management agreement for HMC. TCL has included this review of the current agreement as a key outcome in its approved 2011-12 business plan.</p>	In Progress
21	Management Agreement	<p>After Recommendation 8.2.10.1 is completed, HRM Administration should establish and document clear expectations of what it expects from its relationship with TCL. This documentation might include:</p> <ul style="list-style-type: none"> • what exactly do both parties expect from the relationship; • with respect to the management of the Halifax Metro Centre, what is the common definition of operated and managed? Is the Halifax Metro 	Management Agreement - Development (Community & Recreation Services and Finance)	<p>The relationship between HRM and TCL in relation to operation and oversight of the Metro Centre will be clearly outlined in a new management agreement between the two parties. This agreement will establish specific levels of authority for all parties, outline reporting requirements, detail the basis for transfer of funding to the Trade Centre to manage the Metro Centre on behalf of the Municipality, define performance measures, and document clear expectations of each party. The draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification.</p> <p>TCL will work collaboratively with HRM Administration to identify and develop mutual expectations for the operations of HMC to be incorporated in an updated management agreement.</p>	In Progress

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		<p>Centre operated essentially in a “blind trust “ or is there a presumption of HRM expecting to be able to exert some on-going managerial influence;</p> <ul style="list-style-type: none"> • what types of returns does HRM expect from the use of its asset; • what industry benchmarks should be used for performance measures; • what actions might HRM consider should performance not meet budgeted expectations. • Reference #8.2.10.2 			
22	Management Agreement	<p>Once the recommendation in 8.2.10.2 is undertaken and in order to ensure adequate and appropriate levels of oversight take place for the Halifax Metro Centre, HRM Administration, likely with the lead of Finance, should develop stated and approved guidelines to govern where and under what methods they feel it appropriate to engage the TCL Board. The OAG might suggest as a starting point a review of the following items:</p> <ul style="list-style-type: none"> • what written correspondence and regular reporting should take place; • what the content of various reports which may be requested should be and the format; • how should requests for information be submitted to the 	Management Agreement - Development (Community & Recreation Services and Finance)	<p>The relationship between HRM and TCL in relation to operation and oversight of the Metro Centre will be clearly outlined in a new management agreement between the two parties. This agreement will establish specific levels of authority for all parties, outline reporting requirements, detail the basis for transfer of funding to the Trade Centre to manage the Metro Centre on behalf of the Municipality, define performance measures, and document clear expectations of each party. The draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification.</p> <p>TCL commits to supporting HRM in the fulfillment of this recommendation.</p>	In Progress

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		<p>board;</p> <ul style="list-style-type: none"> • what the relationship with and responsibilities of the TCL Audit Committee might be as they relate to Halifax Metro Centre; • what ongoing dialogue should take place between HRM Audit and Finance Committee and the Audit Committee of TCL; • what oversight capacity should HRM Finance undertake with respect to internal controls; • what mechanisms does TCL have in place to ensure its Board is made promptly and thoroughly aware of potentially troublesome issues which may require analysis and on-going discussion; in other words, what “exception” reporting process should be in place; • what mechanisms does TCL Board use to refer matters as described above to its Audit Committee; • under what circumstances would the TCL Audit Committee refer a matter with respect to the Halifax Metro Centre to the HRM Audit and Finance Committee; • HRM Administration should ensure it is satisfied there is appropriate role clarity around positions 			

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		<p>influencing the operations and reporting around Metro Centre; this should include all levels of management including financial positions, as well as Halifax Regional Council and TCL Board of Directors;</p> <ul style="list-style-type: none"> • yearly, HRM Administration should review and prepare a report to Regional Council outlining the proposed business plan and budget for Halifax Metro Centre for the upcoming year; the proposed service lines and product lines should be clearly set out; • once an annual business plan is in place, HRM Administration should satisfy itself TCL has the appropriate structures and controls in place to achieve the objectives; • yearly, HRM Finance should likely satisfy itself, TCL has appropriate policies and controls in place to minimize unintended risks; and • HRM Administration should consider the viability of retaining the Manager of the Halifax Metro Centre as an HRM employee. <p>Reference #8.2.10.3</p>			
23	Management Agreement	To provide specific direction around earlier recommendations, the OAG strongly believes HRM Administration should	Management Agreement – Monitoring	The relationship between HRM and TCL in relation to operation and oversight of the Metro Centre will be clearly outlined in a new management agreement between the two parties. This agreement will establish specific levels of authority for all parties, outline reporting requirements, detail the	In Progress

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		<p>increase the oversight of the operation of Halifax Metro Centre through the review of quarterly operating results. This review should include the financial statements, details of all costs split between TCL and the Halifax Metro Centre, the calculations supporting the commission received from TA, a profitability analysis for events held, and other items deemed appropriate. Formal and scheduled meetings with TCL staff should be held on at least a quarterly basis, or more frequently when appropriate.</p> <p>HRM Finance should regularly review, for example, the reconciled bank balance account and transactions, and make-up of the accounts receivable and deferred liability accounts. Reference #8.2.10.4</p>	(Finance)	<p>basis for transfer of funding to the Trade Centre to manage the Metro Centre on behalf of the Municipality, define performance measures, and document clear expectations of each party. The draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification.</p> <p>This agreement will include HRM’s expectation for ongoing reporting, monitoring and oversight of HMC operations. HRM will need to consider this recommendation in relation to the potential operational impact on all other HRM Management Agreements.</p> <p>TCL commits to working with HRM Administration and Finance in the development of financial reporting and accounting protocols.</p>	
24	Management Agreement	HRM Administration should clearly define what is expected of HRM staff in their quarterly review of the HMC results, so that the oversight of both the operational and financial aspects of the management of the Halifax Metro Centre is reviewed. Reference #8.2.10.5	Management Agreement – Monitoring (Finance and Community & Recreation Services)	HRM will review and analyze options during the development of the new management agreement with TCL. The creation of internal business processes and the assignment of accountabilities will be documented, approved, and implemented after the signing of the management agreement between HRM and TCL, as the process will be dependent on the content of the agreement. HRM will need to consider this recommendation in relation to the potential operational impact on all other HRM Management Agreements.	Pending the signing of mgt agreement
25	Management Agreement	Where Trade Centre Limited has an interest in Halifax Metro Centre activities, TCL, in consultation with HRM, should develop and implement clear delineations between the operations and goals of TCL from those of the Halifax Metro Centre in order to avoid a	Management Agreement – Development (Community & Recreation Services and	HRM will review and analyze options during the development of the new management agreement with TCL. TCL will work collaboratively with HRM to clarify expectations with respect to the recommendation as part of a revised management agreement.	In Progress

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		potential conflict of interest. Reference #8.2.10.6	Finance)		
26	Management Agreement	HRM Administration, in consultation with TCL, should implement a clear, documented approval process for significant changes in the Halifax Metro Centre operations (i.e. the move of Ticket Atlantic from Halifax Metro Centre to TCL, or the change in the basis for calculation of the management fee). Reference #8.2.10.7	Management Agreement – Development (Community & Recreation Services)	HRM will review and analyze options during the development of the new management agreement with TCL. TCL will work collaboratively with HRM in developing approval protocols associated with significant operational changes of HMC which will be included in a revised management agreement.	In Progress
27	Management Agreement	TCL, in consultation with HRM, should immediately implement a formal risk assessment policy and process for Halifax Metro Centre operations, including specifically the assessment and mechanism of transactions or processes outside of normal business practice. Reference #8.2.10.8	Management Agreement – Immediate Action (Finance and Legal)	HRM will discuss and review the risk assessment with TCL in relation to the development of the management agreement. TCL has begun a risk assessment and will include HRM in elements that are specific to HMC.	In Progress
28	Management Agreement	HRM Administration should immediately instruct TCL to update the banking arrangements so cash transactions for each entity (TCL/TA, HMC) take place in separate bank accounts. This would be in keeping with normal business practices. Reference #8.2.10.9	Management Agreement – Immediate Action (Finance)	A separate bank account has been established for Ticket Atlantic under TCL and will begin transition to be complete by Fall 2011.	Complete
29	Management Agreement	A formal agreement should be developed between the HRM Halifax Metro Centre and TCL, Ticket Atlantic, verifying the terms of use and cost of the space occupied by Ticket Atlantic for use of the Halifax Metro Centre facility, as well as the commission to be	Management Agreement – Development (Community & Recreation Services)	HRM will review and analyze options during the development of the new management agreement with TCL. TCL supports developing a formal agreement detailing all terms with respect to HMC and Ticket Atlantic.	In Progress

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		received by the Halifax Metro Centre. This agreement and any subsequent changes to it should be approved by both TCL and HRM before they are implemented. Reference #8.2.10.10			
30	Management Agreement	TCL, in consultation with HRM, should update the Halifax Metro Centre events contracts so it is clear which organization is being contracted with, including the specifics of the Ticket Atlantic agreement and details specifying when advance ticket monies will be released. Reference #8.2.10.11	Management Agreement – Development (Community & Recreation Services)	HRM will review and analyze options during the development of the new management agreement with TCL. TCL supports reviewing standard contracts for HMC updating as appropriate. TCL will review proposed updated contract templates with HRM to ensure they are compliant with standards and requirements.	In Progress
31	Management Agreement	Bank signatories on the Halifax Metro Centre account should be updated and maintained on a regular basis by TCL. At the time of our review, the former CEO of TCL was still a signatory on the Halifax Metro Centre account. These bank signatories should be reviewed and confirmed on an annual basis. To enhance direct control over the HMC bank account and assist with oversight, HRM Administration may wish to retain some level of signing authority over the account. As an example, the CAO may be required to co-sign all cheques over a pre-determined amount. Reference #8.2.10.12	Management Agreement – Immediate Action (Finance)	Signatories on the HMC account have been updated by TCL. TCL will implement an annual review process as part of the TCL AGM activities to ensure account information remains current. TCL will work with HRM Administration and Finance to develop appropriate HRM oversight processes as it relates to HMC banking practises. Clarification on these issues will be included in the new management agreement with TCL and addressed in any associated ongoing reporting requirements. HRM will need to consider this recommendation in relation to the potential operational impact on all other HRM Management Agreements.	Complete
32	Management Agreement	HRM Administration should ensure the assigned staff in HRM have the	Management Agreement –	HRM will review and analyze options during the development of the new management agreement with TCL. The creation of internal business processes and the assignment of accountabilities will be	Pending signing of

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		responsibility and recourse to follow up if/when they see changes or actions that do not appear to be in Halifax Metro Centre and HRM's best interests. Reference #8.2.10.13	Monitoring (Community & Recreation Services and CAO)	documented, approved, and implemented after the signing of the of the management agreement between HRM and TCL, as the process will be dependent on the content of the agreement. HRM staff responsibility in regard to the implementation and monitoring of the revised management agreement will be clearly communicated.	Mgt agreement
33	Management Agreement	HRM Administration should include the financial results for the Halifax Metro Centre in the quarterly financial reports currently submitted to Regional Council. Reference #8.2.10.14	Management Agreement - Development and Monitoring (Finance)	HRM will review and analyze options during the development of the new management agreement with TCL. The creation of internal business processes and the assignment of accountabilities will be documented, approved, and implemented after the signing of the of the management agreement between HRM and TCL, as the process will be dependant on the content of the agreement. HRM will need to consider this recommendation in relation to the potential operational impact on all other HRM Management Agreements. TCL will work collaboratively with HRM Administration to ensure required information is provided to meet Regional Council timelines.	Pending signing of Mgt agreement
34	Management Agreement	TCL, in consultation with HRM, should prepare the annual budget and initiate the development of an operating plan for the Halifax Metro Centre which is separate and apart from the TCL plan. These plans should be included in the annual HRM budget process, including approval by Council. The documentation provided to support the budget submission should include separate and clear identification of the costs split between TCL and the Halifax Metro Centre in the annual budget. Reference #8.2.10.15	Management Agreement - Development and Monitoring (Finance)	TCL currently prepares an annual budget specific to HMC operations which is approved by the TCL Board of Directors and reviewed with HRM Finance. TCL will submit a business plan including budget for review and approval to HRM Administration commencing with 2012/13 fiscal year.	Complete
35	Management Agreement	TCL should document the process for items such as the timing of event settlement rather than assuming all parties understand and accept the general "industry norms".	Management Agreement – Immediate Action	TCL will provide the policy and protocols to HRM.	In Progress

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		Reference #8.2.10.16	(Community & Recreation Services)		
36	Management Agreement	HRM should consider conducting an assessment of whether they should continue to hold the ownership and operating responsibility of the Halifax Metro Centre. Reference #8.2.10.17	Management Agreement – Immediate Action (CAO and Community & Recreation Services)	<p>HRM, in collaboration with the Office of the Auditor General, is undertaking a review of economic development governance. HRM staff are also researching facility governance models in other jurisdictions. The outcome of these activities may impact how HRM proceeds with respect to this recommendation. This recommendation will also need to be considered in the context of the development of the new convention centre project and any associated changes in governance models.</p> <p>TCL will provide advice to HRM as requested on ownership and operating models for similar venues and work collaboratively with HRM as it pertains to HMC.</p>	In Progress
37	Management Agreement	As management of risk is one of the focal points of this report, it is recommended at least yearly, HRM Administration engage the Trade Centre Limited Board in a structured discussion around risk. Reference #8.2.10.18	Management Agreement – Monitoring (Community & Recreation Services and Legal)	<p>A new management agreement, once completed, will clearly identify HRM’s role in the operation of the Metro Centre and governance of TCL. When the agreement is completed, an appropriate assessment can be conducted to ensure that HRM interests are protected.</p> <p>TCL endorses management of risk and will work with HRM Administration specific to HMC.</p>	Pending signing of mgt agreement
38	Management Agreement	HRM Administration should consider creating internal standards to guide their expectations around the quality of reporting. They may wish to engage in discussions around the quality and quantity of disclosures around activities, governance, risk oversight and on-going areas of operational risk including, for example, collectability of accounts receivable. Reference #8.2.10.19	Management Agreement – Monitoring (Finance and Community & Recreation Services)	<p>HRM will review and analyze options during the development of the new management agreement with TCL. The creation of internal business processes and the assignment of accountabilities will be documented, approved, and implemented after the signing of the management agreement between HRM and TCL, as the process will be dependant on the content of the agreement.</p> <p>HRM staff responsibility in regard to the implementation and monitoring of the management agreement will be clearly communicated.</p>	Pending signing of mgt agreement
39	Other	The OAG would recommend Regional Council seek legal advice on the validity and	Other (Legal)	Legal advice to Council is ongoing on this subject.	In Progress

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		necessity of paying the \$359,550 invoice. We believe the funds likely became direct financial assistance at the point Mr. Anstey offered his assurance on repayment of the funds and Mr. Ferguson accepted it. However, the transactions were likely not legal under the HRM Charter. Reference #8.3.7.1			
40	Internal Business Practices	The HRM Audit and Finance Committee should adopt as part of its terms of reference an appropriate level of responsibility with respect to soft controls in addition to those controls normally thought of as more measurable or definable. Reference #8.4.1.1.1	Internal Business Practice Review and Revision (CAO)	Council has set overall expectations for the behaviours they expect of staff and has influenced the general direction of organizational behaviour through policy. Examples include the corporate Values and Ethics guide, Administrative Order 40 – Illegal and Irregular Conduct, and Administrative Order 41 – Ethical Conduct Policy. The responsibility to ensure these policies are implemented and administered, and that appropriate soft controls are in place, lies primarily with HRM Administration.	Complete
41	Internal Business Practices	The OAG, as a result of this work and the perceived impact of the likely lack of soft controls, has concluded a specific project around soft controls is warranted. As it may be some time before this work can be completed, it is recommended HRM Administration be briefed on the need for and importance of soft controls, and this concept become part of the ongoing work of the Administrative Committee of Council. Reference #8.4.1.1.2	Internal Business Practice Review and Revision (CAO)	Council has set overall expectations for the behaviours they expect of staff and has influenced the general direction of organizational behaviour through policy. Administration will engage the Executive Standing Committee of Council when necessary to review current soft control policies and measures (i.e. corporate Values and Ethics guide, Administrative Order 40 – Illegal and Irregular Conduct, Administrative Order 41 – Ethical Conduct Policy, etc.), suggest any necessary updates or revisions, and re-confirm / update where necessary. However, the responsibility to ensure these policies are implemented and administered, and that appropriate soft controls are in place, lies primarily with HRM Administration.	In Progress
42	Risk Management	The OAG believes the full utilization of a risk management tool should take place in the immediate future and encourages the	Legal RFP – Risk Management	HRM is in the process of developing a risk management model for organizational decision-making, and some of the tools are already in place. In addition to the review of legal services and the contract administration process noted in responses to other recommendations, a follow-up RFP	In Progress

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		continued development by HRM Administration. Reference #8.4.2.1	(Legal)	process will be developed to review the organization’s current tools and approach to risk management.	
43	Risk Management	As part of the risk management priority project as suggested above, the OAG also recommends an emphasis be placed on the development of KRIs, or key risk indicators, with a corresponding “appetite for risk” identified for each KRI. Reference #8.4.2.2	Legal RFP – Risk Management (Legal)	HRM is in the process of developing a risk management model for organizational decision-making, and some of the tools are already in place. In addition to the review of legal services and the contract administration process noted in responses to other recommendations, a follow-up RFP process will be developed to review the organization’s current tools and approach to risk management.	In Progress
44	Risk Management	The HRM culture around risk management should be reviewed and modified to reflect the established appetite for risk, as recommended above. HRM Administration should see, as a priority, the installation of a formal risk management process at all levels of the organization. Reference # 8.4.2.3	Legal RFP – Risk Management (Legal)	HRM is in the process of developing a risk management model for organizational decision-making, and some of the tools are already in place. In addition to the review of legal services and the contract administration process noted in responses to other recommendations, a follow-up RFP process will be developed to review the organization’s current tools and approach to risk management.	In Progress
45	Events Strategy	The OAG recommends Regional Council and HRM Administration work together to more accurately define roles in future events and how decisions should be made and by whom. Reference #8.4.2.4	Service Agreement (Community & Recreation Services)	<p>The relationship between HRM and TCL in relation to events will be clearly outlined in a new service agreement between the two parties. A draft agreement will be negotiated and brought to HRM Council for debate, potential amendment and ratification. Any future concerts or major events will be organized and delivered according to the contents of this agreement.</p> <p>The respective roles of elected officials, staff, Council, and committees of Council will be reinforced within the service agreement. Essentially, Council’s oversight role will be confirmed and the decision-making framework for major events will be clearly articulated.</p>	In Progress
46	Internal Business Practices	The OAG recommends it be made clear to the current CAO and future CAOs through performance management, that a delegated task is still one where the CAO has full oversight and outcome responsibilities. Reference #8.4.2.5	Internal Business Practice Review and Revision (Council and CAO)	The role of the CAO is well defined in the HRM Charter - Part II - Administration, Section 34 - Council and CAO Relationship. This role is reinforced in the job offer agreement to the current CAO, which states: <i>“Subject to the objectives and policies set by Halifax Regional Council, the Chief Administrative Officer (CAO) will be responsible for providing leadership and direction in all aspects of delivering and implementing Council priorities. The CAO agrees to diligently perform all of his responsibilities in conformity with all legal requirements, including but not limited to the Halifax Regional Municipality Charter, The Municipal Government Act and to diligently promote the interests</i>	Complete

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47	Risk Management	The OAG recommends HRM Administration immediately review the process in place to enable individual business units and their management to understand HRM’s overall risk profile and those which would be specific to a particular future project, so that ALL risks are managed and risk management becomes more engrained in the HRM organizational culture. Reference #8.4.2.6	Legal RFP – Risk Management (Legal) Internal Business Practice Review and Revision (Legal)	<i>of the Halifax Regional Municipality."</i> HRM is in the process of developing a risk management model for organizational decision-making, and some of the tools are already in place. In addition to the review of legal services and the contract administration process noted in responses to other recommendations, a follow-up RFP process will be developed to review the organization’s current tools and approach to risk management.	In Progress
48	Internal Business Practices	In keeping with the evolving trend in both the public and private sectors around strong and accepted governance models and codes of conduct, the OAG recommends senior management develop a formal written policy regarding ethics training which would include the mandatory requirement for all staff and elected officials to participate in ethics training on a regular, recurring basis. We understand there is an intended business practice that would see all staff receive ethics and values training as they join the organization; however, we feel the requirements should be formalized, given higher priority, and should be more than a one-time event. In order to reinforce its importance and set the “tone from the top”, we also suggest	Internal Business Practice Review and Revision (Human Resources)	HRM has an existing Ethical Conduct policy (Administrative Order 41), as well as a Values and Ethics handbook that has been provided to all staff. As per the recommendation, HRM will review and/or reconfirm these policies and associated business practices, and examine options for a more comprehensive training program. Human Resources is currently reviewing its corporate training calendar to determine which programs should be mandatory for all employees and which should be mandatory for the leadership group. Ethics training will be included as a mandatory part of the program. Administration will ensure that senior management are the first group to participate in ethics training. The delivery of this component of the training will be done in collaboration with an external trainer. A similar approach will be taken in regard to the Council training component. In addition, a more robust program of ethics and values training will also be included as part of the package for post-election Council orientation in 2012. For the remainder of the organization, the current internally delivered values and ethics training program will be enhanced and made mandatory for all staff.	In Progress

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		the senior management and the Regional Council of HRM, lead by example and be the first to participate in the training. Reference #8.4.2.7			
49	Internal Business Practices	The OAG would suggest there may be benefit to a discussion around the need for a clear and strong delineation between oversight on the part of Regional Council and its representatives and day-to-day active management. Reference #8.4.2.8	Internal Business Practice Review and Revision (CAO)	The HRM Charter - Part II - Administration, Section 34 - Council and CAO Relationship - clearly delineates the respective roles of Council and the Chief Administrative Officer. A more detailed discussion of this material will also be included as part of the post-election Council orientation in 2012.	In Progress
50	Risk Management	The OAG recommends HRM Administration and Regional Council work together to create a more vigorous overall risk analysis for HRM as a whole, as clearly the quality and quantity of current information is not leading to the most effective decision making. In other words, the OAG sees a deficiency in the relationship between the quality of risk information and the effectiveness of management's risk decisions. Reference #8.4.2.9	Legal RFP – Risk Management (Legal)	HRM is in the process of developing a risk management model for organizational decision-making, and some of the tools are already in place. In addition to the review of legal services and the contract administration process noted in responses to other recommendations, a follow-up RFP process will be developed to review the organization's current tools and approach to risk management.	In Progress
51	Risk Management	It is recommended in the future, as these types of matters are contemplated, a strong set of assumptions around strategies and financial involvement be prepared and these assumptions be immediately "stress tested" by a person or group not directly involved with their preparation; as negotiations continue, potential courses of action are continually measured against these assumptions. Any changes to	Internal Business Practice Review and Revision (Community & Recreation Services)	The decision-making framework for major events will be outlined in the service agreement developed and signed between TCL and HRM.	In Progress

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		assumptions should be immediately subjected to further stress tests. Reference #8.4.2.10			
52	Risk Management	<p>Given the enormous complexities which exist in today’s modern public sector, it may be appropriate at this time to consider the overall roles and responsibilities of risk management. To effectively manage all aspects of risk is clearly a significant undertaking. With the implementation of a new risk management tool, this role in the organization will undoubtedly grow and achieve a certain level of independence.</p> <p>Given worldwide historical events in recent years, the development of the role of Chief Risk Officer was clearly seen as needed and beneficial to the management of organizational risks of all types including financial, reputational and operational.</p> <p>The OAG recommends HRM should acknowledge the specialized knowledge required around all aspects of risk and consider the establishment of the responsibilities within a separate role. Reference #8.4.2.11</p>	Legal RFP – Risk Management (Legal)	HRM is in the process of developing a risk management model for organizational decision-making, and some of the tools are already in place. In addition to the review of legal services and the contract administration process noted in responses to other recommendations, a follow-up RFP process will be developed to review the organization’s current tools and approach to risk management. The need for this role will be determined upon completion of this project.	In Progress