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**Audit & Finance Standing Committee
March 21, 2012**

TO: Councillor Russell Walker, Chair and Members of the Audit & Finance Standing Committee

SUBMITTED BY: 
Richard Butts, Chief Administrative Officer

DATE: March 3, 2011

SUBJECT: **Work Plan for the Implementation of Recommendations Resulting from the Auditor General's Report on Concerts on the North Commons**

INFORMATION REPORT

ORIGIN

The Auditor General's Report: "A Review of Concerts Held on the North Commons – January 2006 to March 2011" (Concert Report) was presented to Regional Council on June 7, 2011 and referred to the CAO and Audit & Finance Standing Committee for review and implementation.

Audit & Finance Standing Committee – August 17, 2011 – Action Summary for Agenda Item 9.1.1 – The CAO will provide updates to the committee every two months on the work plan to implement Auditor General's Recommendations resulting from the Review of the Concerts on the North Common (the Concert Report). This was subsequently changed to quarterly reporting. The last update was provided to the Committee at its December 14, 2011 meeting.

BACKGROUND

As identified in previous reports to the Audit and Finance Standing Committee, the Audit Coordination Team (ACT) coordinates the response to and implementation of recommendations made by the Auditor General (AG). One of the main priorities for ACT has been to establish and monitor an implementation plan for the recommendations from the AG's Report on Concerts on the North Commons (Concert Report). An initial update on the status of this plan was provided to the Audit and Finance committee on October 19, 2011. The CAO initially indicated that progress reports would be provided to the committee bi-monthly, but it has since been determined that reporting on a quarterly basis is more appropriate.

The discussion section of this report provides the most recent updates on progress in responding to and implementing the recommendations from the Concert Report.

DISCUSSION

Concert Report

The report includes 54 recommendations, which are organized into five general themes within the work plan. Of the recommendations, 18 have been completed and 36 are in the process of being implemented.

Theme	Total Recommendations	Implemented/ Completed	In Progress	Not Yet Initiated
Events Strategy	6	4	2	
Contract Administration	8	1	7	
Management Agreement with TCL	26	9	17	
Risk Management	7		7	
Internal Business Practices	7	4	3	
TOTAL	54	18	36	

1. Events Strategy (AG Recommendations 1, 9 through 12, and 45)

The Events Strategy theme focuses on the aspects of the AG’s report that recommend process improvements for future concerts. The initial update report to the committee outlined that each major event organized in HRM is vetted through the Special Events Task Force (SETF). The existing SETF model of coordinating municipal services has been reinforced and will be utilized for future major outdoor concerts in HRM.

Other recommendations in this theme relate to setting limits on HRM’s contribution to events, enhancing role clarity and better documenting decision-making processes. These are being addressed in a Service Agreement between Trade Centre Limited (TCL) and HRM. A draft agreement has been prepared and is being reviewed by Legal Services, Community and Recreation Services, and Trade Centre Ltd. Upon legal review of the draft agreement and determination of funding options, it will be presented to the Community Planning and Economic Development Standing Committee by staff of TCL and HRM. Pending the Standing Committee’s review and discussion, the draft agreement will be brought forward to Regional Council for debate, potential amendment and ratification.

2. Contract Administration (AG Recommendations 2 through 8)

The Contract Administration theme focuses on recommended improvements to HRM’s contract development and approval process. Recommendations under this theme fall into two general areas. The first is identifying all work processes within HRM where legal advice

should be sought and the resulting staffing levels, technology, organization, business processes and performance indicators required in support of these processes. The second area consists of recommendations dealing with contract development and approvals that aim to ensure HRM has appropriate contract management practices that are understood across the organization.

In response to a Request for Proposals (RFP), Catalyst Consulting was retained in December 2011 to conduct a review of HRM's contracting processes and Legal Services Business Unit. A draft report has been completed and presented to the CAO, and engagement with the consultant will be completed in March 2012. Implementation of relevant recommendations in the consultant's report is expected to address the remainder of the AG's findings related to this theme.

3. Management Agreement (AG Recommendations 13 to 38)

Recommendations in this theme fall into four broad categories. The first (Recommendation #36) is a recommended assessment of whether HRM should continue to hold the ownership and operating responsibility of the Halifax Metro Centre. This assessment has been included in an ongoing process to review the economic development governance model in HRM, which was initiated prior to the release of the Concert Report. In addition, as part of the Concert Report work plan, staff has initiated research on facility governance models in other Canadian cities with venues similar to the Metro Centre. The outcome of these activities may impact how HRM proceeds with respect to this recommendation. Moreover, this recommendation will be considered in the context of progress toward a new convention centre and any associated changes in governance structure.

The second category of recommendations in this theme identifies actions required to segregate the operations of Ticket Atlantic from the operations of the Halifax Metro Centre. A number of these have been completed, including updating the bank signatories for the Metro Centre bank account, setting up a separate bank account for Ticket Atlantic, and establishing procedures to ensure that the use of inter-corporate accounts is minimized and these accounts are reconciled on a monthly basis. The new Ticket Atlantic bank account has been used to record ticket sale transactions effective October 3, 2011.

The third category includes recommendations for consideration in the development of an updated agreement for the management of the Halifax Metro Centre. A draft management agreement has been developed outlining the relationship between the parties, specific levels of authority, reporting requirements, and performance measures. This document has been considered by TCL and HRM staff, and is currently being reviewed by HRM Legal Services in preparation for discussion at a future Audit and Finance Standing Committee meeting. After review by the Standing Committee, the agreement will be brought to Regional Council for debate, potential amendment and ratification. The development of this agreement is taking into consideration the ongoing work on the Economic Development governance review and the HRM Multi-District and Event Facilities project.

The fourth category includes recommendations for consideration in the ongoing monitoring of the management agreement. Options are being analyzed as the management agreement is being developed with TCL, but the processes will be dependent on the final content of the agreement. Therefore, the creation of internal business processes and the assignment of accountabilities will be documented, approved and implemented after the management agreement is completed and approved by Regional Council.

4. Risk Management (AG Recommendations 42, 43, 44, 47, 50, 51, 52)

This theme is focused on enhancing the municipality's existing approach to risk management including development of tools, identification of key risk indicators, and improving the understanding of risk management across the organization. Prior to the release of the AG's report, HRM had initiated the process of developing a comprehensive risk management model for organizational decision-making. The end product of this work will consist of four primary components. The first is a specific organizational policy outlining the risk management approach. Second is the inclusion of risk management as a filter at key points of HRM's decision-making process. The third component is development and delivery of risk management training to ensure increased awareness within the organization. The final component is assigning specific accountability for each component of the risk management framework. A Request for Proposals (RFP) is being considered by Legal Services to review the HRM's tools and approach to risk management, and make recommendations for improvement. However, it should be noted that the initial priority has been the review of legal services and contract administration referenced previously in this report.

5. Internal Business Practices (AG Recommendations 39, 40, 41, 46, 48(a), 48(b), and 49)

This theme includes recommendations related to concepts such as "soft controls" (*), "tone from the top", organizational culture, and the decision-making relationship between Council and Administration. Responses to these recommendations include development of new approaches to ethics training, enhancements to the Council orientation program and further reinforcement of the respective roles of Council and the Chief Administrative Officer.

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. HRM has reviewed these policies and associated business practices, as well as the corporate training calendar. As a result of these reviews, areas of mandatory training have been identified, including a new values and ethics training program. An external trainer has been selected to develop and deliver the values and ethics training program for senior managers, which is scheduled to begin in April 2012. Human Resources is also working with the trainer to plan a more robust program of ethics training as part of the package for post-election Council Orientation in late 2012. More detailed information on the delineation of roles between Council and Administration will be another component of post-election Council Orientation.

(*) Soft controls are defined as intangible controls like morale, integrity, ethical climate, empowerment, competencies, openness and shared values.

BUDGET IMPLICATIONS

As the implementation plans are developed further, associated resource needs and budget implications will be identified. These budget implications will be included in regular reporting to the Audit & Finance Standing Committee, and recommendation reports provided to Regional Council as required.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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

COMMUNITY ENGAGEMENT

N/A

ATTACHMENTS

N/A

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance> then choose the appropriate Audit & Finance Standing Committee meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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