

AUDIT AND FINANCE STANDING COMMITTEE
MINUTES

June 19, 2013

PRESENT: Councillors: Bill Karsten, Chair
Russell Walker, Vice Chair
Mayor Mike Savage
Gloria McCluskey
Tim Outhit
Barry Dalrymple
Linda Mosher
Lorelei Nicoll
Stephen Adams

GUEST COUNCILLORS: Matt Whitman
Jennifer Watts
Steve Craig
Darren Fisher

STAFF: Mr. Greg Keefe, Director of Finance and Information,
Communications & Technology/CFO
Ms. Marian Tyson, Acting Director, Legal Services
Mr. Matt Godwin, Legislative Assistant

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1. CALL TO ORDER

The Chair called the meeting to order at 10:04 a.m. in Halifax Council Chambers, Halifax City Hall.

2. APPROVAL OF MINUTES – May 15, 2013

MOVED by Councillor Nicoll, seconded by Councillor Walker that the minutes of May 15, 2013 be approved as presented. MOTION PUT AND PASSED.

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

MOVED by Councillor Walker, seconded by Councillor Nicoll that the agenda, as presented, be approved. MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES – NONE

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RECISION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS – NONE

8. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE

9. REPORTS

9.1 STAFF

9.1.1 Fourth Quarter 2012/2013 Financial Report

The Fourth Quarter 2012/2013 Financial Report, dated May 10, 2013 was before the committee.

Mr. Louis de Montbrun, Manager, Financial Reporting indicated the replacement of three documents from the original distributed package.

Tim Outhit entered the meeting at 10:09 a.m.

Mr. de Montbrun provided an overview of the financial statements and highlighted a number of points, including HRM debt year-over-year, HRM's investments, cost-sharing agreements with the Province and the federal government, as well as various sources of revenue and expenses.

The Chair offered his thanks to staff for delivering this report on time and on target.

Councillor McCluskey referred to the \$22 million surplus for the RCMP and asked if this money will return to HRM, with Mr. de Montbrun responding that HRM pays the RCMP according to an existing contract.

Councillor McCluskey asked how much money was received by the Capital Cost Contribution program, with Mr. de Montbrun responding it was \$2 million. She also asked how much was received through residential and commercial appeals, with Mr. de Montbrun committing to provide these numbers.

Councillor McCluskey asked about the status of the Dartmouth Sportsplex, with Mr. de Montbrun responding that it will be going to Council along with the other multi-district facilities.

Councillor Dalrymple noted that the \$172 million in reserves seems high and asked how much money went into the reserves this year, with Mr. de Montbrun responding that \$14.2 million was allocated for this.

Councillor Dalrymple asked if all the money expected from the federal government for storm recovery had been received, with Mr. de Montbrun responding that the federal government is reviewing the audit and staff are waiting for a final sign-off.

Councillor Dalrymple asked about the status of the money expected from the federal government for Citadel Hill, with Ms. Marian Tyson, Acting Director, Legal Services responding that a response from the federal government is overdue on this matter.

Councillor Dalrymple asked what this year's surplus is, with Mr. de Montbrun responding that the final surplus is \$22 million.

Mr. Greg Keefe, CFO, noted that the operating surplus on general tax is about \$23 million, with about \$14 million being allocated to reserves. The motion today is to approve these transfers. \$4.7 million was used to keep the tax rate flat.

Councillor Mosher referenced the mandatory contributions as outlined on page 67 of the supplement, with HRM working with the Union of Nova Scotia Municipalities (UNSM) on an agreement, with Mr. Keefe responding that staff are working on a joint committee with the province and will come back to Council with a recommendation in the fall.

Councillor Mosher referenced the selling of large parcels of property and asked if land can be specified for use by residents, such as for park and public space purposes, with Mr. de Montbrun responding that it is up to Council to make these decisions.

Councillor Mosher asked what effect the large number of vacancies at HRM has on the surplus, especially at Halifax Regional Police, given that staff will eventually have to be

hired, with Mr. de Montbrun responding that the surplus is a true surplus and departmental hiring will impact next year's budget.

Councillor Outhit asked if HRM is still on target to offset taxes through some of the surplus, with Mr. de Montbrun confirming this to be the case.

Councillor Outhit asked if a review of HRM's reserves is being conducted, with Mr. de Montbrun responding that a review is underway.

Councillor Nicoll asked if an abridged version of the report can be produced for Council, with Mr. de Montbrun responding that they will, but are not likely able to have the financial statements tied to Council's focus areas.

Representatives from KPMG briefly reviewed their report for the committee.

MOVED by Councillor Walker, seconded by Councillor Nicoll that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

MOTION PUT AND PASSED.

9.1.2 Year-End Financial Statements

MOVED by Councillor Walker, seconded by Councillor Nicoll that the Audit and Finance Standing Committee recommend to Regional Council the Consolidated Financial Statements of the Halifax Regional Municipality for the year ended March 31, 2013;

- **the statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2013;**
- **the transfer of a portion of the general rate surplus to the reserves identified in the statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2013; and,**
- **the financial statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the year ended March 31, 2013.**

MOTION PUT AND PASSED.

9.2 MEMBERS OF THE STANDING COMMITTEE

9.3 OFFICE OF THE AUDITOR GENERAL

9.3.1 Review of the Administrative Functions within HRM's Entities which are Governed by an Agency, Board or Commission (ABC)

Mr. Larry Munroe, Auditor General, presented to the Audit and Finance Standing Committee.

Mr. Munroe focused his presentation on the agencies, boards and commissions (ABCs) affiliated with HRM. He offered detailed costs associated with a number of management positions at ABCs and presented questions for the committee as to whether these staff members could be used more efficiently in other roles. He concluded with offering roughly twenty recommendations.

Councillor Walker asked if the Auditor General met with individual boards to gather more information about ABC operation, with Mr. Munroe responding his staff met with chairs and senior management, but not with boards.

Councillor Walker indicated that the report doesn't tell the whole story given that the board perspective has not been considered and this only creates doubt in these organizations.

Councillor Mosher noted that ABCs have received little to no direction from HRM with respect to operations and HRM bears some responsibility for perceived inefficiencies, but did point to the reality that there are staff duplications between HRM and the ABCs and that steps should be taken to address this.

The Chair noted that staff will consider the Auditor General's recommendations.

Mr. Richard Butts, Chief Administrative Officer, noted that staff have taken steps to address recommendations in previous Auditor General reports and are reporting progress on this to Regional Council.

Councillor Outhit noted that HRM has spoken in the past about sharing resources with other levels of government and this report indicates that it should be doing the same internally. HRM should be considering ways to make operations more efficient. He also noted that Halifax Water has different requirements than other ABCs.

Mr. Munroe noted that his staff did consider the pressures facing Halifax Water, particularly the upcoming infrastructure challenges.

The Mayor thanked the Auditor General for his work and noted that the CAO is responding to these recommendations. He noted that compatibility needs to be considered when looking at positions across units, such as between Halifax Libraries and the rest of HRM.

Councillor Walker left the meeting at 12:26 p.m.

The Mayor further noted there are significant operation variances between ABCs and HRM. There can't be an exact comparison between groups when the report does not identify specific administrative functions. He advocated having a further discussion with the ABCs.

The Auditor General responded that his staff visited business units and inquired if staff are involved in the same functions as being performed at ABCs. The report attempts to show the inconsistencies in approach.

Councillor McCluskey noted that HRM needs to look at how many staff a manager is supervising and indicated her hope that the report would come to Council or Committee of the Whole.

The Auditor General indicated he is amenable to presenting at Regional Council.

Councillor Nicoll spoke to her own experience as a citizen member of the Cole Harbour Place Board and noted the complexity of the issue. She noted that Regional Council needs to remain focused on its priority areas and ensure the public see an alignment between their taxes and the services being provided.

Mr. Butts responded that his staff are taking a close look at Community and Recreation Services to this end, and noted that Metro Transit are upgrading their technology to provide more efficient services.

Councillor Dalrymple noted that some departments are overburdened with management and that this issue is why the new CAO was hired and why the Auditor General has been asked to consider this issue. Progress is being made, but this issue isn't just associated with the ABCs.

The Auditor General offered his thanks to his staff and to those staff and volunteers associated with the boards who cooperated with his review.

The Chair thanked the Auditor General.

9.4 SUB-COMITTEES

9.4.1 Grants Committee

9.4.2 Investment Policy Advisory Committee

9.4.3 Special Events Advisory Committee

10. MOTIONS – NONE

11. ADDED ITEMS – NONE

13. IN CAMERA – NONE

14. NEXT MEETING DATE – August 21, 2013

13. ADJOURNMENT

The meeting was adjourned at 12:48 a.m.

Matt Godwin
Legislative Assistant