



**AUDIT & FINANCE STANDING COMMITTEE
MINUTES
May 11, 2016**

PRESENT: Councillor Linda Mosher, Chair
Councillor Barry Dalrymple
Councillor Gloria McCluskey
Councillor Reg Rankin
Mayor Mike Savage

REGRETS: Councillor Steve Craig
Councillor Bill Karsten, Vice Chair

STAFF: Ms. Amanda Whitewood, Chief Financial Officer
Ms. Karen Brown, Acting 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 Standing Committee are available online: <http://www.halifax.ca/boardscom/SCfinance/160511afsc-agenda.php>

The meeting was called to order at 10:00 a.m. The Standing Committee moved into an In Camera (In Private) session at 12:08 p.m. and reconvened at 12:23 p.m. The Standing Committee adjourned at 12:14 p.m.

1. CALL TO ORDER

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

2. APPROVAL OF MINUTES – April 18, 2016

MOVED by McCluskey, seconded by Mayor Savage

THAT the minutes of April 18, 2016 be approved as circulated. MOTION PUT AND PASSED.

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

Additions:

Councillor McCluskey requested that Item No. 12.1.1 be moved up as the first item of business on the agenda.

MOVED by Councillor McCluskey, seconded by Councillor Rankin

THAT the agenda be approved as amended.

Two-third majority vote required.

MOTION PUT AND PASSED.

4. BUSINESS ARISING OUT OF THE MINUTES

5. CALL FOR DECLARATION OF CONFLICT OF INTERESTS

6. MOTIONS OF RECONSIDERATION – NONE

7. MOTIONS OF RESCISSION – NONE

8. CONSIDERATION OF DEFERRED BUSINESS – NONE

9. NOTICES OF TABLED MATTERS – NONE

10. CORRESPONDENCE, PETITIONS & DELEGATIONS – NONE

12.1.1 Audit of the Consolidated Financial Statements of HRM

The following was before the committee:

- *A staff recommendation report dated April 20, 2016*
- *Presentation from KPMG*

Mr. Carey Blair, Senior Partner KPMG provided an overview of the planning report for Audit of the Consolidate Financial Statements of the Halifax Regional Municipality. Councillor Mosher thanked Mr. Blair for his presentation and requested questions of clarification from members of the Standing Committee.

In response to questions from the Committee, Mr. Blair provided commentary on the following:

- There are number of improvements being considered by the Public Sector Accounting Standards Board regarding related party disclosures effective for fiscal year ending 2018.
- Page seven provides more detail on the materiality threshold used by KPMG to determine at which point potential for errors within the financial statements may be prevalent. He provided further information with respect to component materiality to help establish audit guidelines for external bodies such as Halifax Water.
- KPMG sets a benchmark of 1.5% for the Halifax Regional Municipality with respect to the risk of misstatement.

MOVED by Councillor McCluskey, seconded by Mayor Savage

THAT the Audit & Finance Standing Committee approve the attached Audit Planning report as outlined in the April 20, 2016 staff report for the yearend audit of HRM's consolidated financial statements as prepared by the Municipal Auditor (KPMG).

MOTION PUT AND PASSED.

11. INFORMATION ITEMS BROUGHT FORWARD

11.1 March 11, 2016 - Memorandum from the Chief Financial Officer, dated April 3, 2016 re: Risk Management Governance

The following documentation was before the committee:

- A staff information report dated April 3, 2016.

Mr. Ed Thornhill, Manager of Corporate Planning and Mr. John Traves, Acting Chief Administrative Officer provided a presentation with respect to Risk Management Governance. Councillor Mosher thanked Mr. Thornhill and Mr. Traves for their presentation and requested questions of clarification from members of the Audit & Finance Standing Committee.

Councillor Dalrymple left the meeting at 10:29 a.m.

In response to a question from the committee, Mr. Traves advised that staff is striving to implement a stronger risk management governance structure while continuing to bring reports and matters related to risk to the attention of Council. He provided further commentary in establishing clear roles and responsibilities in relation to the assessment and assignment of risk and aligning these matters to Council's priorities.

Mr. Traves provided the following commentary in response to follow up questions from the committee the following:

- Council has a very good approach to the management of risk management through measures within Administrative Order One such as the requirement for notice of motion, the requirement of waiver of the rules of order by a two-third majority, and the requirement that motions are referred to a staff report.
- Provided a breakdown of permitting structures which are in place to mitigate risk on infrastructure work undertaken by or on behalf of the municipality.

12. REPORTS

12.1 STAFF

12.1.1 Audit of the Consolidated Financial Statements of HRM

This matter was deal with earlier in the meeting. Please refer to pages 2 & 3.

12.1.2 Western Common Advisory Committee

The following was before the committee:

- *A staff recommendation report dated April 21, 2016*

MOVED by Rankin, seconded by McCluskey

THAT the Audit & Finance Standing Committee recommend that Halifax Regional Council approve funding for the Western Common Advisory Committee from Account A121 and adopt Administrative Order 2016-001-GOV as set out in Attachment 1 of the staff report dated April 21, 2016

MOTION PUT AND PASSED.

12.1.3 Multi-Year Funding Commitment – Cogswell Interchange Redevelopment Program

The following was before the committee:

- *A staff recommendation report dated April 21, 2016*

MOVED by Mayor Savage, seconded by Councillor McCluskey

That the Audit and Finance Standing Committee recommend that Halifax Regional Council direct staff to amend section “m” of the 2016/17 Budget Resolution to include the Cogswell Interchange Redevelopment Project CT000007 in the amount of \$58M as shown in revised “Schedule One – Multi-Year Funding Commitments” outlined in attachment one of the staff report dated April 28, 2016, as approved by Regional Council March 8, 2016 item 17.1, to allow multi-year tenders to be awarded. The Approved Budget for the Cogswell Interchange Redevelopment Project (CT000007) is \$58M in Years 2017/18 to 2019/20 of the 2016/17 Approved Capital Budget Book.

MOTION PUT AND PASSED.

12.2 OFFICE OF THE AUDITOR GENERAL

12.3.1 A Performance Review of Flexible Work Arrangement Programs at HRM©

The following was before the Standing Committee:

- *A report from the Office of the Auditor General dated May 11, 2016*
- *A presentation from the Office of the Auditor General named May 11, 2016*

Mr. Larry Munroe, Auditor General introduced staff from the Office of the Auditor General and provided a presentation regarding a performance review of flexible work arrangement programs. Councillor Mosher thanked Mr. Munroe and his staff for the presentation and requested questions of clarification from members of the Standing Committee.

In response to a follow up question, Mr. Munroe advised that many contracts for those in senior positions within recognise that in some circumstances, the individuals may be required to work hours outside of a normal work day. He advised that this is typically taken in to consideration when determining compensation for management positions.

Further discussion ensued with Mr. Munroe acknowledging staff from the Office of the Auditor General for their contributions to the report and presentation.

13. MOTIONS – NONE

14. IN CAMERA (IN PRIVATE)

14.1 Approval of In Camera Minutes – April 13, 2016

MOVED by Councillor McCluskey, seconded by Mayor Savage

THAT the Audit & Finance Standing Committee approve the In Camera minutes of April 13, 2016 as circulated.

MOTION PUT AND PASSED.

14.2 Property Matter

14.2.1 Industrial Lot Re-Purchase

This matter was dealt with In Camera (In Private). The following motion was ratified in public session:

MOVED by Councillor McCluskey, seconded by Councillor Rankin

THAT the Audit and Finance Standing Committee recommend that Regional Council:

- 1. Repurchase with funding from Q121, Business/Industrial Park Reserve, with no net increase to the Capital Budget; and**
- 2. Following the repurchase of property identified in Table 1 of the private and confidential staff report dated April 15, 2016 in accordance with the approved Buy-Back Agreement, approve the addition of the property to the lot inventory with the minimum unit selling price as provided in Table 1 of the private and confidential staff report dated April 15, 2016.**

It is further recommended that this report not be released to the public.

MOTION PUT AND PASSED.

15. ADDED ITEMS

16. NOTICES OF MOTION – NONE

17. PUBLIC PARTICIPATION

The Chair called three times for speakers wishing to address the Audit & Finance Standing Committee. There were no speakers present.

18. DATE OF NEXT MEETING – June 15, 2016

19. ADJOURNMENT

The meeting adjourned at 12:14 p.m.

Liam MacSween
Legislative Assistant