



**AUDIT AND FINANCE STANDING  
COMMITTEE MINUTES  
July 18, 2018**

PRESENT: Councillor Bill Karsten, Chair  
Councillor Russell Walker, Vice Chair  
Mayor Mike Savage  
Councillor Stephen D. Adams  
Councillor Steve Craig  
Councillor Lorelei Nicoll  
Councillor Matt Whitman

STAFF: Jacque Dubé, Chief Administrative Officer  
John Traves, Municipal Solicitor  
Jerry Blackwood, Acting Chief Financial Officer  
Krista Vining, Legislative Assistant  
Simon Ross-Siegel, Legislative Assistant

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

*The agenda, reports, supporting documents, information items circulated, and video (if available) are online at [halifax.ca](http://halifax.ca).*

*The meeting was called to order at 10:00 a.m. The Standing Committee convened into In Camera (In Private) at 11:10 a.m. The Standing Committee recessed following In Camera (In Private) at 11:30 a.m. and reconvened in public at 11:38 a.m. The Standing Committee adjourned at 12:51 p.m.*

**1. CALL TO ORDER**

The Chair called the meeting to order at 10:00 a.m.

**2. APPROVAL OF MINUTES – May 16, 2018**

MOVED by Councillor Whitman, seconded by Councillor Nicoll

**THAT the minutes of May 16, 2018 be approved as presented.**

**MOTION PUT AND PASSED.**

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

The Standing Committee agreed to convene In Camera (In Private) after the staff and external auditor's presentations were given on the Year End Financial Statements (Item 12.1.1) as per Section 19(2)(c) of the Halifax Regional Municipality Charter.

MOVED by Councillor Nicoll, seconded by Councillor Mayor Savage

**THAT the order of business be approved as amended.**

Two-third majority vote required.

**MOTION PUT AND PASSED.**

**4. BUSINESS ARISING OUT OF THE MINUTES – NONE**

**5. CALL FOR DECLARATION OF CONFLICT OF INTERESTS – NONE**

**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**

**10.1 Correspondence – None**

**10.2 Petitions – None**

**11. INFORMATION ITEMS BROUGHT FORWARD – NONE**

**12. REPORTS**

**12.1 FINANCE AND RISK MANAGEMENT**

**12.1.1 Year End Financial Statements**

The following was before the Standing Committee:

- A staff recommendation report dated June 26, 2018
- A presentation entitled: Audited Consolidated Financial Statements March 31, 2018, dated July 12, 2018

Jerry Blackwood, Acting Chief Administrative Officer provided introductory remarks.

Louis de Montburn, Manager, Financial Reporting presented the Consolidated Financial Statements for the fiscal year ended March 31, 2018, including:

- Management's Responsibility for Financial Statements
- Independent Auditors' Report
- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Change in Net Financial Assets
- Statement of Cash Flows
- Notes to Financial Statements
- Schedules
  - Remuneration of Members of Council and Chief Administrative Officer
  - Long-term Debt
  - Segmented Disclosure

MOVED by Mayor Savage, seconded by Councillor Nicoll

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

**1. The Consolidated Financial Statements of the Halifax Regional Municipality for the year ended March 31, 2018;**

**2. The Statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2018;**

**3. Transfers of \$17,260,060, as outlined below, to reduce the general rate surplus to zero:**

- |  |             |
|--|-------------|
| • Police Officer on the Job Injury Reserve, Q411 | \$ 100,000  |
| • Multi-District Facilities Reserve, Q546        | \$5,370,000 |
| • Convention Centre Reserve, Q521                | \$2,000,000 |
| • General Contingency Reserve, Q421              | \$9,790,060 |

**4. The financial statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the year ended March 31, 2018; and,**

**5. The appointment of KPMG to be the External Auditors for the fiscal year ended March 31, 2019.**

Staff responding to questions on the Municipality's finances for 2017-18.

Carey Blair, CPA, CA, Lead Audit Engagement Partner, KPMG presented the External Auditor's report at this time. A correction was noted in the report regarding their approach to the controls based approach to procurement. KPMG does look at the design but does not test the effectiveness of the controls.

Referencing Appendix 7: Lean in Audit of KPMG's report, Blackwood saw added value in setting up a meeting with Blair to discuss opportunities for the 2018-19 audit.

MOVED by Councillor Whitman, seconded by Councillor Walker

**THAT the Audit and Finance Standing Committee convene into In Camera (In Private) to discuss KPMG's report without management present.**

**MOTION PUT AND PASSED.**

Upon reconvening from the In Camera (In Private) session, the motion on the floor was dealt with:

MOVED by Mayor Savage, seconded by Councillor Nicoll

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

**1. The Consolidated Financial Statements of the Halifax Regional Municipality for the year ended March 31, 2018;**

2. The Statement of General Rate Surplus of the Halifax Regional Municipality for the year ended March 31, 2018;

3. Transfers of \$17,260,060, as outlined below, to reduce the general rate surplus to zero:

- Police Officer on the Job Injury Reserve, Q411           \$ 100,000
- Multi-District Facilities Reserve, Q546                 \$5,370,000
- Convention Centre Reserve, Q521                     \$2,000,000
- General Contingency Reserve, Q421                 \$9,790,060

4. The financial statements of the Halifax Regional Municipality Miscellaneous Trust Funds for the year ended March 31, 2018; and,

5. The appointment of KPMG to be the External Auditors for the fiscal year ended March 31, 2019.

**MOTION PUT AND PASSED.**

#### **12.1.2 Fourth Quarter 2017/18 Financial Report**

The following was before the Standing Committee:

- A staff recommendation report dated June 22, 2018

Louis de Montbrun, Manager, Financial Reporting provided a presentation on the Fourth Quarter report, explaining that at year end there is a surplus of \$9.8 million and that the surplus would be transferred into the General Contingency Reserve account. A copy of the presentation is on file.

MOVED by Councillor Walker, seconded by Councillor Nicoll

**THAT the Audit and Finance Standing Committee forward the Fourth Quarter 2017/18 Financial Report to Halifax Regional Council for information.**

**MOTION PUT AND PASSED.**

#### **12.2 INVESTMENT REPORTS**

##### **12.2.1 Investment Activities – Quarter ending March 31, 2018**

The following was before the Standing Committee:

- A staff recommendation report dated June 6, 2018

MOVED by Councillor Walker, seconded by Councillor Nicoll

**THAT the Audit & Finance Standing Committee forward the staff report dated June 6, 2018 to Halifax Regional Council as an information item.**

**MOTION PUT AND PASSED.**

##### **12.2.2 Investment Policy Advisory Committee Report – Quarter ending March 31, 2018**

The following was before the Standing Committee:

- A report from the Co-Chairs of the Investment Policy Advisory Committee dated June 6, 2018

MOVED by Councillor Walker, seconded by Councillor Nicoll

**THAT the Audit & Finance Standing Committee forward the Investment Policy Advisory Committee report dated June 6, 2018 to Halifax Regional Council as an information item.**

**MOTION PUT AND PASSED.**

#### **12.3 AUDITOR GENERAL**

### **12.3.1 Management of Development Approvals**

The following was before the Standing Committee:

- A copy of correspondence from Auditor General to the Chair of the Board of Police Commissioners dated July 6, 2018 re: audit of Halifax Regional Police's Information Technology
- A presentation entitled: Management of Development Approvals

Evangeline Coleman-Sadd Auditor General gave a brief overview of the July 6, 2018 correspondence to the Chair of the Board of Police Commissioners respecting their audit of the Halifax Regional Police's Information Technology.

Evangeline and Paul Flinn, Audit Director presented their audit of Management of Development Approvals. Highlights were as follows:

- No comprehensive procedure manual for planning application reviews
- Inefficiencies in application approval processes contribute to lengthy timelines
- HRM Charter time requirements to process subdivision applications and site plan approvals not met
- No policy to guide which entries should review applications
  - Staff decide case-by-case
  - Lengthy review periods
  - No agreed-upon deadlines
- Poor communication with developers
  - No clear deadlines for application reviews
  - No regular updates to applicants
- Incomplete files with information stored in various locations
  - On staff's individual hard drives
  - Not accessible to others in Business Units
- Errors and incomplete fields in the file management system
  - Management said new system needed
- Key initiatives from 2015-19 strategic plan delayed up to year
- Well-prepared staff reports supported application decisions

Moving forward it is important that management address the issues identified in the audit and develop efficient and through processes for all applications reviewed. Management has accepted all 10 of the Auditor General's recommendations and is committed to implementation. A copy of the presentation is on file.

The Standing Committee discussed the Auditor's findings with staff responding to questions.

## **12.4 STAFF**

### **12.4.1 Budget Increase to Fire Apparatus Fleet Expansion (CE010004)**

The following was before the Standing Committee:

- A staff recommendation report dated May 7, 2018

MOVED by Councillor Nicoll, seconded by Mayor Savage

**THAT the Audit & Finance Standing Committee recommend that Halifax Regional Council:**

- 1. Approve an increase to Project Account CE010004 – Fire Apparatus Fleet Expansion in the amount of \$367,400; and**
- 2. Approve an unbudgeted withdrawal in the amount of \$367,400 from the Obligation Reserve, Fleet Vehicles and Equipment reserve Q531, as outlined in the Financial Implications section of the staff report dated May 7, 2018.**

**MOTION PUT AND PASSED.**

**12.4.2 Multi-District Facility Management Agreements and Financial Impact**

The following was before the Standing Committee:

- A staff recommendation report dated July 5, 2018

MOVED by Councillor Nicoll, seconded by Councillor Walker

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

**1. Approve the management agreements between:**

- a. HRM and the Dartmouth Sportsplex Community Association, as set out in Attachment 1 of the staff report dated July 5, 2018;**
- b. HRM and the Halifax Forum Community Association, as set out in Attachment 2;**
- c. HRM and the St. Margaret's Community Centre Association, as set out in Attachment 3; and**
- d. HRM and the Centennial Pool Association, as set out in Attachment 4**

**and authorize the Chief Administrative Officer or their delegate to execute the agreements and to exercise at their discretion the renewal options set out in the agreements;**

**2. Subject to the execution of the management agreements as set out in recommendation one, approve that the total receivables and debts outstanding from the Dartmouth Sportsplex Community Association, the Halifax Forum Community Association, the St. Margaret's Community Centre Association, and the Centennial Pool Association to HRM as of the date of the execution of the management agreements be written out of the books of account, and any accumulated deficits be absorbed by HRM, reducing their outstanding receivables, debts and accumulated deficits to zero;**

**3. Authorize the opening of bank accounts for the Dartmouth Sportsplex Community Association, St. Margaret's Community Centre Association, and Centennial Pool Association for the purpose of operating the respective facilities as authorized per standard Halifax Regional Municipality procedures; and**

**4. Direct staff to continue negotiations with the remaining multi-district facilities (Alderney Landing, Canada Games Centre, and Cole Harbour Place) and return to the Audit and Finance Standing Committee no later than the end of September, 2018.**

**MOTION PUT AND PASSED.**

**12.5 GRANTS COMMITTEE**

**12.5.1 Tax Relief for Non-Profit Organizations: Proposed Renewal of Tax Relief for Leases Removed from Administrative Order 2014-001-ADM Schedules – Fiscal Year 2018**

The following was before the Standing Committee

- A report from the Chair of the Grants Committee dated June 7, 2018

MOVED by Councillor Walker, seconded by Councillor Nicoll

**THAT the Audit and Finance Standing Committee recommend that Halifax Regional Council approve a grant for the six (6) organizations listed in Table 1 of the staff report dated March 14, 2018 for fiscal year 2018-19, effective April 1, 2018, unless otherwise stated, at an estimated combined cost of \$52,251 from Account M311-8006 (Grants and Tax Concessions).**

**MOTION PUT AND PASSED.**

**12.6 COMMITTEE MEMBERS – NONE**

**13. MOTIONS – NONE**

**14. IN CAMERA (IN PRIVATE)**

**14.1 In Camera (In Private) Minutes – May 16, 2018**

MOVED by Councillor Nicoll, seconded by Councillor Whitman

**THAT the minutes of May 16, 2018 be approved as circulated.**

**MOTION PUT AND PASSED.**

**15. ADDED ITEMS – NONE**

**16. NOTICES OF MOTION – NONE**

**17. PUBLIC PARTICIPATION**

No members of the public came forward at this time.

**18. DATE OF NEXT MEETING – September 19, 2018**

**19. ADJOURNMENT**

The meeting was adjourned at 12:51 p.m.

Krista Vining  
Legislative Assistant