AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
MINUTES 17-005

9:30 p.m.
Monday, April 10, 2017
Council Chambers
Hamilton City Hall

Present:	Councillor Skelly (Chair) Councillors C. Collins, A. Johnson, M. Pearson
Absent with Regrets:	L. Ferguson - Personal, B. Johnson - Personal and City Business, and A. VanderBeek (Vice Chair) - Personal
Also in Attendance:	Councillor J. Partridge

THE FOLLOWING ITEMS WERE REPORTED TO COUNCIL FOR CONSIDERATION:

1. Hamilton Future Fund Investment Performance Report - December 31, 2016 (FCS17041) (City Wide) (Item 5.4)

(Pearson/ Collins)
That Report FCS17041 respecting the Hamilton Future Fund Investment Performance Report - December 31, 2016, be received.

CARRIED

2. Reserve / Revenue Fund Investment Performance Report - December 31, 2016 (FCS17042) (City Wide) (Item 5.5)

(Pearson/ Collins)
That Report FCS17042 respecting the Reserve / Revenue Fund Investment Performance Report - December 31, 2016, be received.

CARRIED

3. Cemetery Trust Accounts Investment Performance Report - December 31, 2016 (FCS17043) (City Wide) (Item 5.6)

(Pearson/A. Johnson)
That Report FCS17043 respecting the Cemetery Trust Accounts Investment Performance Report – December 31, 2016, be received.

CARRIED

4. Freedom of Information Quarterly Report (October 1 to December 31) (CL16003c) (City Wide) (Item 5.7)

(A. Johnson/Collins)
That Report CL16003c, respecting the Freedom of Information Quarterly Report (October 1 to December 31), be received.

CARRIED

5. Human Rights, Access & Equity 2016 Annual Report (HUR17004) (City Wide) (Item 5.8)

(Collins/A. Johnson)
That Report HUR17004, respecting the Human Rights, Access & Equity 2016 Annual Report, be received.

CARRIED

6. Performance Audit Report 2016-03 - Use of External Consultants (AUD 17008) (City Wide) (Item 8.1)

(Collins/Pearson)
(a) That following recommendations respecting the Use of External Consultants be approved:

(i) That the Senior Leadership Team (SLT) identifies roles and responsibility to set policy and oversee the use of consultants. This should include:

The development of policies and procedures relating to the hiring of outside consultants, in conjunction with the procurement Policy. These policies should include the following:

- A clear definition of consulting;
- Guidelines on the preparation of business case justification and financial thresholds;
- Approval processes with specified dollar thresholds;
- Documentation and transfer of project knowledge;

- Documentation and approval for changes (e.g. scope, cost, timeline or deliverables);
- Performance measurement / vendor evaluation requirements;
- Action plans as a result of recommendations; and
- Reporting requirements (i.e. annual reporting to Council).

The development of a standard business case template for completion prior to engaging a consultant as part of the procedures. The business case should promote improved planning to minimize change orders for consulting engagements. The template should include a description of:

- Why the project is necessary;
- How the project aligns with the strategic plan;
- All staff and resource requirements;
- The expected deliverables and how they will be used;
- Explanation of the benefit that will be received by hiring a consultant;
- Skills required and why the project cannot be completed by internal staff;
- Any transferable skills or tools to be provided by the consultant to City staff; and
- Proposed budget and funding source.

Policies, procedures and business case template requirements should recognize program versus project requirements and indicate at which point in the project lifecycle steps are captured.

Improved corporate tracking of the use of consultants for annual reporting to Council. This should detail the actual costs, type of spending and benefits received by the City

(ii) That Procurement ensure that policies and procedures relating to contingencies be developed and investigate methods of automating contingency limits;

(iii) That Procurement investigates methods tracking vendor performance and incorporating past performance into the awarding of future contracts;

(iv) That SLT assign responsibility to investigate a method of electronically tracking change orders for improved reporting and monitoring capabilities;

(v) That Procurement provide guidance to staff on procurement issues identified on page 14 and incorporate oversight into random checks performed throughout the year;

(vi) That Finance develops policies and procedures relating to the use of gapping. These documents should include a definition of gapping,

approval requirements and how the use of gapping will be reported to the Senior Leadership Team and Council;

(b) The implementation of the following recommendations will improve the efficiency of consultant use at the City:

(i) That SLT ensure that a skills inventory is developed as part of the City's planned Talent Management System to support the People and Performance Plan. Guidance should be provided on business case analysis to identify potential opportunities to access services in more cost effective ways;

(ii) That SLT identify opportunities for insourcing and cost savings;

(iii) That Roster Captains with support from Procurement, work to identify opportunities to obtain better value for money for consultants hired with similar skills and / or to perform the same work year over year;

(c) The implementation of the following recommendations will improve the accuracy of the City's financials and assist management in making informed business decisions:

(i) That Finance create a standard dictionary for all project and account codes to ensure consistent classification of charges across the organization and that Finance staff ensure that invoices are allocated accordingly. This should outline when to allocate costs to an operating versus capital account;

(ii) That Finance work with operating groups to appropriately plan for consulting expenses through the budgeting process;

(iii) That Budgets assign consulting budgets at the department level. With the exception of consulting costs to cover staffing resource limitations, General Manager approval should be obtained for use of the consulting budget;

(d) That the Senior Leadership Team (SLT) be directed to provide to the Audit, Finance and Administration Committee by the 2017 calendar year end the management action plans for addressing the implementation of the Audit report recommendations;

(e) That Corporate Services Staff, prior to the development of the 2018 Tax Supported Operation Budget, distribute the Corporate gapping target of $4.5 million to City Departments (2017 implementation);

(f) That Staff report through the 2018 tax and rate capital budget process on the potential for investments in innovation, including those referenced in Report AUD17008, that will result in savings; and

(g) That Staff report back through the Multi-Year Budget Sub-Committee, on the potential to further expand description of capital projects to include consulting costs, for those projects that are forecast to include external consultants.

Main Motion as *Amended* CARRIED

7. Tax and Rate Operating Budget Variance Report as of December 31, 2016 – Budget Control Policy Transfers (Unaudited) (FCS16058(b)) (City Wide) (Item 8.2)

(Pearson/A. Johnson)

(a) That, in accordance with the "Budget Control Policy", the 2016 budget amendment, transferring budget from one department / division to another or from one cost category to another with no impact on the levy, as outlined in Appendix "C" to Report FCS16058(b), be approved;

(b) That, in accordance with the "Budgeted Complement Control Policy", the 2016 complement transfer, transferring complement from one department / division to another with no impact on the levy, as outlined in Appendix "D" to Report FCS16058(b), be approved;

(c) That, subject to final audit, the Disposition of 2016 Year-End Operating Budget Surplus / Deficit be approved as follows:

DISPOSITION / RECONCILIATION OF YEAR-END SURPLUS/ (DEFICIT)	**$**	**$**
Corporate Surplus from Tax Supported Operations		**$ 8,660,660**
Less: Disposition to Self-Supporting Programs & Agencies		**$ (217,438)**
Police (Transfer to Police Reserve)	$ (76,983)	
Library (Transfer to Library Reserve)	$ (140,455)	
Balance of Corporate Surplus		**$ 8,443,222**
Less: Transfer for Ontario Summer Student Jobs Services		$ (10,130)
Less: Transfer for Concessionary Loans		$ (550,000)
Less: Transfer to Unallocated Capital Levy Reserve		$ (5,514,131)
Less: Transfer to Tax Stabilization Reserve		$ (2,713,961)
Add: Transfer from Best Start Reserve		$ 345,000
Balance of Tax Supported Operations		**$ 0**
Corporate Surplus from Rate Supported Operations		**$ 21,786,806**
Less: Transfer to the Rate Supported Wastewater Reserve		$ (21,786,806)
Balance of Rate Supported Operations		**$ 0**

* -anomalies due to rounding

CARRIED

8. Accounts Receivable Write-Offs for April 2017 (FCS17038) (City Wide) (Item 8.3)

(A. Johnson/Collins)

(a) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible General Accounts Receivables in the amount of $1,470.93 attached as Appendix "A" to Report FCS17038;

(b) That the Schedule of General Accounts Receivable Write-Offs less than $1,000 in the amount of $4,424.52, attached as Appendix "B" to Report FCS17038, be received for information;

(c) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible Wentworth and Macassa Lodge Receivables in the amount of $6,056.23, attached as Appendix "C" to Report FCS17038;

(d) That the General Manager of Finance and Corporate Services be authorized to write-off uncollectible Hamilton Farmers Market Receivables in the amount of $31,541.79, attached as Appendix "D" to Report FCS17038;

(e) That the Schedule of Recreation Division Receivables Write-Offs less than $1,000 in the amount of $4,977.98, attached as Appendix "E" to Report FCS17038, be received for information;

(f) That the General Manager of Finance and Corporate Services be authorized to write-off Recreation Receivables "Outstanding Credits on Account", in the amount of ($78,814.18), attached as Appendix "F" to Report FCS17038.

CARRIED

9. Tax Appeals under Sections 357 and 358 of the *Municipal Act, (2001)* (FCS17003(b)) (City Wide) (Item 8.4)

(Pearson/Collins)

(a) That Appendix "A" to Report FCS17003(b) respecting the Tax Appeals processed under Section 357 of the *Municipal Act, (2001)*, in the amount of $82,831 be approved;

(b) That Appendix "B" to Report FCS17003(b) respecting the Tax Appeals, due to a Gross or Manifest Clerical Error, Pursuant to Section 358 of the *Municipal Act, (2001)*, in the amount of $23,866 be approved.

CARRIED

10. Development Charge (DC) Exemption Request, 547 King Street East (FCS17039) (City Wide) (Outstanding Business List Item) (Item 8.5)

(A. Johnson/Pearson)

That the request to exempt Development Charges (DCs) at 547 King Street East be DENIED.

CARRIED

11. Development Charge (DC) Demolition Credit Extension Request from Penta Properties, 330 Nash Road (FCS17034) (City Wide) (Outstanding Business List Item) (Item 8.6)

(Collins/A. Johnson)
That the request to extend the Development Charge (DC) demolition credit for 330 Nash Road be DENIED.

CARRIED

12. Treasurer's Investment Report 2016 Fiscal Year by Aon Hewitt (FCS17031) (City Wide) (Item 8.7)

(Pearson/A. Johnson)
That Report FCS17031 “Treasurer’s Investment Report 2016 Fiscal Year by Aon Hewitt”, as provided to Council, be forwarded to the Hamilton Future Fund Board of Governors, for information.

CARRIED

13. Procurement Sub-Committee Report 17-001 (Item 8.8)

(Collins/Pearson)

1. 2017 Interim Proposed Procurement Policy Review and Proposed Amendments (FCS17033) (City Wide) (Item 8.1)

(a) That the City of Hamilton Procurement Policy, attached as Appendix “A” to Report FCS17033, be approved ***as amended***:

Policy #3 - Specifications, Section 4.3, Sub-section (1)(e)(iii) be to read as follows:

(iii) and where a vendor is retained or is anticipated to be retained to complete preliminary design or development work, Client Departments shall engage the Procurement Section ***during the preliminary planning stages of the project*** to determine if follow-on or multi-phase assignments are anticipated and to determine the appropriate competitive procurement process to be used and whether a report to Council in necessary with respect to the project;

(b) That the By-law attached as Appendix “A”, ***as amended*** to the April 3, 2017 Procurement Sub-Committee, Report 17-001, which has been prepared in a form satisfactory to the City Solicitor, be enacted.

CARRIED

FOR THE INFORMATION OF COMMITTEE

(a) CHANGES TO THE AGENDA (Item 1)

The Clerk advised the Committee there was the following change to the agenda:

1. DISCUSSION ITEMS

8.1 Presentation from Staff respecting the Performance Audit Report 2016-03 – Use of External Consultants (AUD17008) (City Wide)

(Pearson/A. Johnson)
That the agenda for the April 10, 2017 Audit, Finance and Administration Committee be approved, as amended.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 2)

None.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) March 27, 2017 (Item 3.1)

(Collins/A. Johnson)
That the Minutes of the March 27, 2017 meeting of the Audit, Finance and Administration Committee be approved, as presented.

CARRIED

(d) CONSENT ITEMS (Item 5)

(i) Committee Against Racism – Minutes from January 24, 2017 (Item 5.1)

(A. Johnson/Pearson)
That the Minutes of the January 24, 2017 meeting of the Committee Against Racism be received.

CARRIED

(ii) Immigrant and Refugee Advisory Committee – Minutes from February 9, 2017 (Item 5.2)

(A. Johnson/Pearson)
That the Minutes of the February 9, 2017 Immigrant and Refugee Advisory Committee be received.

CARRIED

(iii) LGBTQ Advisory Committee – Minutes from January 19, 2017 (Item 5.3(a))

(Collins/Pearson)
That the Minutes of the January 19, 2017 LGBTQ Advisory Committee be received.

CARRIED

(iv) LGBTQ Advisory Committee – Minutes from February 16, 2017 (Item 5.3(b))

(Collins/Pearson)
That the Minutes of the February 16, 2017 LGBTQ Advisory Committee be received.

CARRIED

(e) DISCUSSION ITEM (Item 8)

(i) Performance Audit Report 2016-03 – Use of External Consultants (AUD17008) (City Wide) (Item 8.1)

Chris Murray, City Manager, addressed the Committee with a presentation respecting the Performance Audit Report 2016-03 – Use of External Consultants (AUD17008), with the aid of a PowerPoint presentation. The presentation is available on the City's website at www.hamilton.ca or through the Office of the City Clerk.

(Collins/Pearson)
That the presentation respecting the Performance Audit Report 2016-03 – Use of External Consultants (AUD17008), be received.

CARRIED

Councillor Collins introduced the following amendment:

(Collins/Pearson)

(e) That Corporate Services Staff, prior to the development of the 2018 Tax Supported Operation Budget, distribute the Corporate gapping target of $4.5 million to City Departments (2017 implementation);

(f) That Staff report through the 2018 tax and rate capital budget process on the potential for investments in innovation, including those referenced in Report AUD17008, that will result in savings; and

(g) That Staff report back through the Multi-Year Budget Sub-Committee, on the potential to further expand description of capital projects to include consulting costs, for those projects that are forecast to include external consultants.

CARRIED

For disposition of this matter, refer to Item 6.

(f) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

(i) Amendments to the Outstanding Business List:

(Pearson/A. Johnson)

(a) That the following items considered complete and be removed from the Outstanding Business List:

Item "P" - Digital Inclusion - Feasibility of Public Wi-Fi in Gage Park (Addressed as Item 8.2, March 27, 2017 AF&A)

Item "V" - Winona Peach Festival Request for a Loan to Upgrade Electrical Service (Addressed as Item 8.3, March 27, 2017 AF&A)

Item “T” - Development Charge (DC) Exemption Request, 547 King Street East (Addressed as Item 8.5, April 10, 2017 AF&A)

Item “Z” - Development Charge (DC) Demolition Credit Extension Request from Penta Properties, 330 Nash Road (Addressed as Item 8.6, April 10, 2017 AF&A)

CARRIED

(g) ADJOURNMENT (Item 13)

(Pearson/Collins)

That, there being no further business, the Audit, Finance and Administration Committee be adjourned at 11:39 a.m.

CARRIED

Respectfully submitted,

Councillor Donna Skelly
Chair, Audit, Finance and
Administration Committee

Kirsten Stevenson
Legislative Coordinator
Office of the City Clerk