



City of Hamilton

AUDIT, FINANCE AND ADMINISTRATION COMMITTEE

Meeting #: 19-012
Date: September 5, 2019
Time: 9:30 a.m.
Location: Council Chambers, Hamilton City Hall
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

1. CEREMONIAL ACTIVITIES

2. APPROVAL OF AGENDA

(Added Items, if applicable, will be noted with *)

3. DECLARATIONS OF INTEREST

4. APPROVAL OF MINUTES OF PREVIOUS MEETING

4.1 August 15, 2019

5. COMMUNICATIONS

6. DELEGATION REQUESTS

7. CONSENT ITEMS

8. PUBLIC HEARINGS / DELEGATIONS

8.1 Karin Dearness, Andy Stone, Philip Toms, and John Ariens respecting reimbursement of rezoning and development charges related to a laneway house at 390.5 Aberdeen Avenue, Hamilton (Ward 1) (Approved July 11, 2019)

9. STAFF PRESENTATIONS

10. DISCUSSION ITEMS

- 10.1 Citizen Committee Report - Selection of Additional Committee Members to the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee
- 10.2 Office of the City Auditor Charter (AUD19005) (City Wide)
- 10.3 Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) (City Wide) (Outstanding Business List Item)

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

- 13.1 Amendments to the Outstanding Business List:

- 13.1.a Items Requiring a New Due Date:

- Habitat for Humanity Hamilton - reduction of fees billed on the construction of affordable housing

- Original Due Date: September 19, 2019

- New Due Date: October 2019

- OBL Item: 19-K

14. PRIVATE AND CONFIDENTIAL

- 14.1 Negotiation for the Continued Supply of Raw Water to 690 Strathearne Avenue North (FCS18049(c) / LS18014(a)) (Ward 4) (Distributed under separate cover)

- Pursuant to Section 8.1, Sub-sections (f) and (k) of the City's Procedural By-law 18-270, and Section 239(2), Sub-sections (f) and (k) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to advice that is subject to solicitor/client privileges, including communications necessary for that purpose; and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

14.2 Budgeting and Forecasting (FCS19066) (City Wide) (Distributed under separate cover)

Pursuant to Section 8.1, Sub-sections (e) and (k) of the City's Procedural By-law 18-270, and Section 239(2), Sub-sections (e) and (k) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board; and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 19-011

9:30 a.m.

August 15, 2019
Council Chambers
Hamilton City Hall

Present: Councillors C. Collins (Chair), M. Wilson, B. Clark, M. Pearson B. Johnson, L. Ferguson and A. VanderBeek

Absent: Councillor J. Partridge – Bereavement

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Development Charges Reserves Status Report as of December 31, 2018 (FCS19064) (City Wide) (Item 7.1)

(Pearson/VanderBeek)

- (a) That Report FCS19064 “Development Charges Reserves Status Report as of December 31, 2018” be received and made available to the public; and,
- (b) That Report FCS19064 “Development Charges Reserves Status Report as of December 31, 2018” be forwarded, if requested, to the Ministry of Municipal Affairs and Housing.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
 YES - Chair Chad Collins
 NOT PRESENT - Councillor Judi Partridge
 YES - Councillor Arlene VanderBeek
 NOT PRESENT - Councillor Lloyd Ferguson
 YES - Councillor Brenda Johnson
 YES - Councillor Maria Pearson
 YES - Councillor Brad Clark

2. Whistleblower, Fraud & Waste Information Update for Q2 2019 (AUD19012) (City Wide) (Item 7.2)

(Pearson/VanderBeek)

That Report AUD19012, respecting the Whistleblower, Fraud & Waste Information Update for Q2 2019, be received.

CARRIED

3. 2018 Reserve Report (FCS19062) (City Wide) (Item 10.1)

(Clark/Wilson)

- (a) That the 2018 Reserve Report and the 2018 Reserves Detail Report, with 2017 Comparative figures and 2019-2021 Projections, attached as Appendix "A" to Report FCS19062, be approved;
- (b) That the reserves listed in Appendix "B" to Report FCS19062 be closed; and,
- (c) That a Climate Change Reserve #108062 be established with a sustainable funding source identified through the 2020 Budget process.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

4. Federation of Canadian Municipalities Voluntary Advocacy Fund Contribution (FCS19065) (City Wide) (Item 10.2)

(Clark/Ferguson)

- (a) That \$45,200 be paid to the Federation of Canadian Municipalities Voluntary Advocacy Fund Contribution, with \$15,000 funded from the Legislative Budget, and \$30,200 funded from the Tax Stabilization Reserve (Account #110046); and,
- (b) That staff be directed to request from the Federation of Canadian Municipalities which other Municipalities are contributing to the Voluntary Advocacy Fund.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(Johnson/Clark)

That Report FCS19065, respecting the Federation of Canadian Municipalities Voluntary Advocacy Fund Contribution, be received.

CARRIED

5. Bill 108 “More Homes, More Choice Act, 2019” – Proposed Regulations Comment Submission Related to the Development Charges Act and Community Benefits Authority under the Planning Act (FCS19057(a) / LS19023(a)) (City Wide) (Item 10.3)

(Pearson/Clark)

- (a) That Council endorse the comments, recommendations and requests contained within Appendix “A” attached to Report FCS19057(a) / LS19023(a) related to the Province’s proposed changes to O. Reg. 82/98 under the *Development Charges Act* related to Schedule 3 of the *More Homes, More Choice Act, 2019*;
- (b) That the General Manager of Finance and Corporate Services be authorized and directed to submit to the Province, **a letter substantially in accordance with** the letter attached as Appendix “A” to Report FCS19057(a) / LS19023(a), as the City’s official comments related to the Province’s proposed changes to O. Reg. 82/98 under the *Development Charges Act* related to Schedule 3 of the *More Homes, More Choice Act, 2019*;
- (c) That Council endorse the comments, recommendations and requests contained within Appendix “B” attached to Report FCS19057(a) / LS19023(a) related to the Province’s proposed new regulation pertaining to the community benefits authority under the *Planning Act*;
- (d) That the General Manager of Finance and Corporate Services be authorized and directed to submit to the Province, **a letter substantially in accordance with** the letter attached as Appendix “B” to Report FCS19057(a) / LS19023(a), as the City’s official comments related to the Province’s proposed new regulation pertaining to the community benefits authority under the *Planning Act*;
- (e) That the General Manager of Finance and Corporate Services, in consultation with the City Solicitor, be authorized to make submissions on *Bill 108, More Homes, More Choice Act, 2019* and any associated regulations consistent with the concerns raised in Report FCS19057(a) / LS19023(a) and Appendix “A” and Appendix “B” to Report FCS19057(a) / LS19023(a); and,
- (f) That the City Clerk forward this report to the Ministry of Municipal Affairs and Housing, the Ministry of Environment, Conservation and Parks, Hamilton’s Members of Provincial Parliament (Donna Skelly - Flamborough—Glanbrook, Andrea Horwath - Hamilton Centre, Paul Miller - Hamilton East—Stoney Creek, Monique Taylor - Hamilton Mountain and Sandy Shaw - Hamilton West—Ancaster—Dundas) and the Association of Municipalities Ontario.

Result: Main Motion, AS AMENDED, CARRIED by a vote of 7 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

6. Authority to Negotiate and Place a Debenture Issue(s) for CityHousing Hamilton Corporation (CHH) Projects (FCS19068) (CityWide) (Item 10.5)

(Clark/Wilson)

- (a) That the General Manager, Finance and Corporate Services, be authorized to enter into and execute any necessary agreements, including any agreements with Infrastructure Ontario's Loan Program, to secure the capital funding required for CityHousing Hamilton Corporation (CHH) projects as attached in Appendix "A" to Report FCS19068;
- (b) That the General Manager, Finance and Corporate Services, be authorized and directed to enter into and execute any necessary agreements to engage the services of all required persons, agencies and companies to negotiate and confirm the terms and issuance of all necessary debenture issue(s) including, but not limited to, external legal counsel, fiscal agents and financial professionals, to secure the capital funding required for CityHousing Hamilton Corporation (CHH) projects as attached in Appendix "A" to Report FCS19068;
- (c) That the General Manager, Finance and Corporate Services, be authorized to negotiate and confirm the terms and placement of all debenture issue(s), and / or private placement debenture issue(s), in either a public or private market and / or bank loan agreements and debenture issue(s) and / or variable interest rate bank loan agreements and debenture issue(s), in an amount not to exceed \$24,741,020 Canadian currency of CityHousing Hamilton for projects as attached in Appendix "A" to Report FCS19068;
- (d) That the Mayor and City Clerk be authorized and directed to enter into and / or execute, on behalf of the City of Hamilton, all agreements and necessary ancillary documents required for CityHousing Hamilton Corporation (CHH) projects as attached in Appendix "A" to Report FCS19068 including those required to secure and confirm the terms and issuance of any required debenture issue(s), with content acceptable to the General Manager, Finance and Corporate Services, and in a form satisfactory to the City Solicitor;

- (e) That staff be directed to prepare all necessary By-Law(s) to authorize and implement CityHousing Hamilton Corporation (CHH) projects as attached in Appendix "A" to Report FCS19068 including those By-laws necessary to negotiate, place and secure all required capital funding; and,
- (f) That confidential Appendix "A" to Report FCS19068, respecting Authority to Negotiate and Place a Debenture Issue(s) for CityHousing Hamilton Corporation (CHH) Projects, remain confidential and not be released as a public document until the completion of the negotiation of the construction contracts and the completion of the purchase and sale agreement for projects as attached in Appendix "A" to Report FCS19068.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins
- NOT PRESENT - Councillor Judi Partridge
- YES - Councillor Arlene VanderBeek
- YES - Councillor Lloyd Ferguson
- YES - Councillor Brenda Johnson
- YES - Councillor Maria Pearson
- YES - Councillor Brad Clark

**7. Audit and Accountability Fund Transfer Payment Agreement (FCS19059(a))
(City Wide) (Added Item 10.6)**

(Clark/Ferguson)

- (a) That the Mayor and City Clerk be authorized and directed to sign a Transfer Payment Agreement substantially in the form and content attached as Appendix "A" to Report FCS19059(a) between the City of Hamilton and Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the transfer of funds from the Audit and Accountability Fund, together with all necessary associated documents, in a form satisfactory to the City Solicitor and with content acceptable to the General Manager of Finance and Corporate Services;
- (b) That the By-law to Authorize the Signing of the Transfer Payment Agreement for the transfer of funds from the Audit and Accountability Fund between the Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing and the City of Hamilton, attached as Appendix "B" to Report FCS19059(a), be approved; and,
- (c) That a certified copy of the approved by-law authorizing the signing of the Transfer Payment Agreement be forwarded to the Ministry of Municipal Affairs and Housing upon Council approval.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

- YES - Councillor Maureen Wilson
- YES - Chair Chad Collins

NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

8. St. Joseph's Villa, Hospice Project SPA-17-205, Building Permit Application #18-137811-00R3 – Deferral Agreement (Item 11.2)

(VanderBeek/Collins)

WHEREAS, St. Joseph's Villa Dundas in their letter dated July 24, 2019 (attached hereto as Appendix 'A') are asking for the City's assistance with regards to their Municipal Development Charge Liability of \$237,350.20 for their 10-bed hospice development;

WHEREAS, City staff have received from the VP and CFO of St. Joseph's Villa Dundas a letter dated July 26, 2019 (attached hereto as Appendix 'B') confirming that the Hospice will be located on St. Joseph's Villa land at 56 Governor's Rd., Dundas; and that St. Joseph's Villa will be the sole owner and operator of the Hospice with no commercial enterprise involved;

WHEREAS, City staff also received a Registered Charity Information Return confirming Non-Profit Status for St. Joseph's Villa Dundas for 2018; and,

WHEREAS, St. Joseph's Villa Dundas is a registered Non-Profit Charity; and, therefore, excluded from the City's policy regarding Development Charge Deferral Agreement Total Dollar Value Capacity Limits and *Municipal Act* Provisions regarding bonusing of For-Profit Commercial entities and, as such, is eligible for the Deferral Program;

THEREFORE, BE IT RESOLVED:

That the General Manager of Finance and Corporate Services be authorized and directed to enter into a 5-year Development Charge Deferral Agreement at Zero (0%) percent interest with St. Joseph's Villa Dundas for the Hospice Development, in the amount of \$237,350.20, in a form satisfactory to the City Solicitor.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

The Committee Clerk advised of the following changes to the agenda:

1. DELEGATION REQUESTS (Item 6)

- 6.1 Jaideo Debie, ArcelorMittal Long Product Canada, respecting the Raw Water Station Pump Upgrade at Woodward Avenue (For today's meeting)

2. DISCUSSION ITEMS (Item 10)

- 10.4 Management Update on Performance Audit Report 2015-02 - Claims Adjusters and Operations Efficiencies (Value for Money Audit) (FCS17016(a)) (City Wide) - WITHDRAWN
- 10.6 Audit and Accountability Fund Transfer Payment Agreement (FCS19059(a)) (City Wide)

3. MOTIONS (Item 11)

- 11.1 Restorative Practices Council and Senior Leadership Team Workshop - WITHDRAWN

4. NOTICES OF MOTION (Item 12)

- 12.1 Transit Program Initiative

5. PRIVATE & CONFIDENTIAL (Item 14)

- 14.2 Authority to Negotiate and Place a Debenture Issue(s) for CityHousing Hamilton Corporation (CHH) Projects (FCS19068) (CityWide)

Item 14.2 has been moved to Discussion Item 10.5 and only Appendix 'A' remains Confidential.

(Pearson/Clark)

That the agenda for the August 15, 2019 Audit, Finance and Administration Committee meeting be approved, as amended.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

- YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson

YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(b) DECLARATIONS OF INTEREST (Item 3)

Councillor Clark declared an interest in Item 8.1 a Delegation Request from Sean Ferris, Habitat for Humanity Hamilton, respecting reimbursement of specific fees paid to the City related to building permits for the construction of affordable housing, as he has an indirect, apparent conflict under common law due to a former professional relationship with Habitat for Humanity Hamilton.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) July 11, 2019 (Item 4.1)

(Wilson/VanderBeek)

That the Minutes of the July 11, 2019 meeting of the Audit, Finance and Administration Committee be approved, as presented.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(d) DELEGATION REQUESTS (Item 6)

(i) Jaideo Debie, ArcelorMittal Long Product Canada, respecting the Raw Water Station Pump Upgrade at Woodward Avenue (For today's meeting) (Added Item 6.1)

(Pearson/Johnson)

That the delegation request from Jaideo Debie, ArcelorMittal Long Product Canada, respecting the Raw Water Station Pump Upgrade at Woodward Avenue, be approved for today's meeting.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson

YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(e) PUBLIC HEARINGS / DELEGATIONS (Item 8)

- (i) Sean Ferris, Habitat for Humanity Hamilton, respecting reimbursement of specific fees paid to the City related to building permits for the construction of affordable housing (Approved July 11, 2019) (Item 8.1)**

Sean Ferris, Habitat for Humanity Hamilton, addressed the Committee respecting reimbursement of specific fees paid to the City related to building permits for the construction of affordable housing, with the aid of a presentation.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the office of the City Clerk.

(Pearson/VanderBeek)

That the delegation from Sean Ferris, Habitat for Humanity Hamilton, respecting reimbursement of specific fees paid to the City related to building permits for the construction of affordable housing, be received.

CARRIED

(Pearson/Johnson)

That staff be directed to report back to the September 19, 2019 Audit, Finance & Administration Committee meeting with recommendations and options for reduction of fees billed to Habitat for Humanity Hamilton, on construction of affordable housing.

Result: Motion CARRIED by a vote of 5 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
NOT PRESENT - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

(ii) **Jaideo Debie, ArcelorMittal Long Product Canada, respecting the Raw Water Station Pump Upgrade at Woodward Avenue (Added Item 8.2)**

Charles Fréchette, on behalf of Jaideo Debie, ArcelorMittal Long Product Canada, addressed the Committee respecting the Raw Water Station Pump Upgrade at Woodward Avenue, with the aid of a presentation.

A copy of the presentation is available on the City's website at www.hamilton.ca or through the office of the City Clerk.

(Pearson/Clark)

That the delegation from Charles Fréchette, ArcelorMittal Long Product Canada, respecting the Raw Water Station Pump Upgrade at Woodward Avenue, be received.

CARRIED

(f) **DISCUSSION ITEMS (Item 10)**

(i) **2018 Reserve Report (FCS19062) (City Wide) (Item 10.1)**

(Wilson/VanderBeek)

That staff be directed to provide a summary of capital projects funded in whole, or in part, through the Federal Gas Tax proceeds as part of the 2020 tax supported budget process.

Result: Motion CARRIED by a vote of 7 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

For disposition of this matter, refer to Item 3.

(ii) **Bill 108 "More Homes, More Choice Act, 2019" – Proposed Regulations Comment Submission Related to the Development Charges Act and Community Benefits Authority under the Planning Act (FCS19057(a) / LS19023(a)) (City Wide) (Item 10.3)**

(Pearson/VanderBeek)

That recommendations (b) and (d) to Report FCS19057(a)/LS19023(a), respecting Bill 108 "*More Homes, More Choice Act, 2019*" – Proposed

Regulations Comment Submission Related to the *Development Charges Act* and Community Benefits Authority under the *Planning Act*, be amended to include the wording '**a letter substantially in accordance with**', to read as follows:

- (b) That the General Manager of Finance and Corporate Services be authorized and directed to submit to the Province, **a letter substantially in accordance with** the letter attached as Appendix "A" to Report FCS19057(a) / LS19023(a), as the City's official comments related to the Province's proposed changes to O. Reg. 82/98 under the *Development Charges Act* related to Schedule 3 of the *More Homes, More Choice Act, 2019*;
- (d) That the General Manager of Finance and Corporate Services be authorized and directed to submit to the Province, **a letter substantially in accordance with** the letter attached as Appendix "B" to Report FCS19057(a) / LS19023(a), as the City's official comments related to the Province's proposed new regulation pertaining to the community benefits authority under the *Planning Act*;

Result: Amendment CARRIED by a vote of 7 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

For disposition of this matter, refer to Item 5.

(g) MOTIONS (Item 11)

(i) Transit Program Initiative (Added Item 11.3)

(Clark/Pearson)

WHEREAS, the City of Hamilton has experienced extraordinary price increases for new buses while participating through the Transit Program Initiative, a program of Metrolinx; and,

WHEREAS, the City's transit strategy calls for an expansion of the transit fleet in support of the BLAST network;

THEREFORE, BE IT RESOLVED:

That staff be directed to report back to the Audit, Finance & Administration Committee on the quantitative and qualitative benefits, as well as deficiencies/short-comings of participating in the Transit Program Initiative.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
NOT PRESENT - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(h) NOTICES OF MOTION (Item 12)

(i) Transit Program Initiative (Added Item 12.1)

Councillor Clark introduced his Notice of Motion respecting the Transit Program Initiative.

(Clark/Pearson)

That the rules of order be waived to allow for the introduction of a Motion respecting the Transit Program Initiative.

Result: Motion CARRIED by a 2/3 majority vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
NOT PRESENT - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

For disposition of this Item, refer to Item (g)(i).

(i) GENERAL INFORMATION / OTHER BUSINESS (Item 13)

(i) Amendments to the Outstanding Business List:

(Pearson/Wilson)

That the following amendments to the Audit, Finance & Administration Committee's Outstanding Business List, be approved:

(a) Items to be Removed:

Item: 19-A

Correspondence from the Federation of Canadian Municipalities (FCM) respecting the 2019-2020 Membership Invoice - Advocacy Fund Contribution along with Appendix A
Item 10.2 on today's agenda

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
NOT PRESENT - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(j) PRIVATE AND CONFIDENTIAL (Item 14)

(i) July 11, 2019 – Closed Minutes (Item 14.1)

(Clark/VanderBeek)

- (a) That the Closed Session Minutes of the July 11, 2019 Audit, Finance and Administration meeting, be approved as presented; and,
- (b) That the Closed Session Minutes of the July 11, 2019 Audit, Finance and Administration meeting, remain confidential.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Councillor Maureen Wilson
YES - Chair Chad Collins
NOT PRESENT - Councillor Judi Partridge
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
NOT PRESENT - Councillor Brenda Johnson
YES - Councillor Maria Pearson
YES - Councillor Brad Clark

(k) ADJOURNMENT (Item 15)

(Pearson/Wilson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 10:53 a.m.

CARRIED

Respectfully submitted,

Councillor Collins, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk

Form: Request to Speak to Committee of Council

Submitted on Monday, June 24, 2019 - 12:46 pm

==Committee Requested==

Committee: Audit, Finance & Administration

==Requestor Information==

Name of Individual: Karin Dearness, Andy Stone, Philip Toms, John Ariens

Name of Organization:

Contact Number:

Email Address:

Mailing Address:

Reason(s) for delegation request: Requesting reimbursement of rezoning and development charges related to laneway house at 390.5 Aberdeen Avenue, Hamilton (Ward 1).

Will you be requesting funds from the City? Yes

Will you be submitting a formal presentation? Yes

Audit, Finance and Administration Committee 390.5 Aberdeen Avenue



IBI GROUP
John Ariens
September 5, 2019

The Hamilton Rental Housing Crisis

CMHC 2018

“The vacancy rate in Hamilton remained low this year despite rental supply increasing more than demand.”

Anthony Passarelli,
Senior Housing Analyst

- Higher immigration
- Fewer renters transitioned into homeownership
- Greater number of student renters
- Average rent increased 4%

Recent Efforts to Increase Rental Supply

- Duplexing
- As-of-right second apartment units
- Laneway housing (pilot project)

All of the above are mild intensification initiatives that maintain neighbourhood character but can add a significant number of rental units

Provincial Policies

- Allow second units in either the principal dwelling or in a detached accessory building
- These provisions “shall” be incorporated into municipal Official Plans

Hamilton Official Plan

- Allows second units in the principal dwelling and requires a comprehensive study before allowing them in detached accessory buildings

228 Seneca Drive

2014-2016

- First rezoning for accessory building
- Denied by the City
- Approved by the OMB

390 Aberdeen Avenue

2017

- Second rezoning for accessory building
- Approved by the City

Laneway Housing Pilot Project

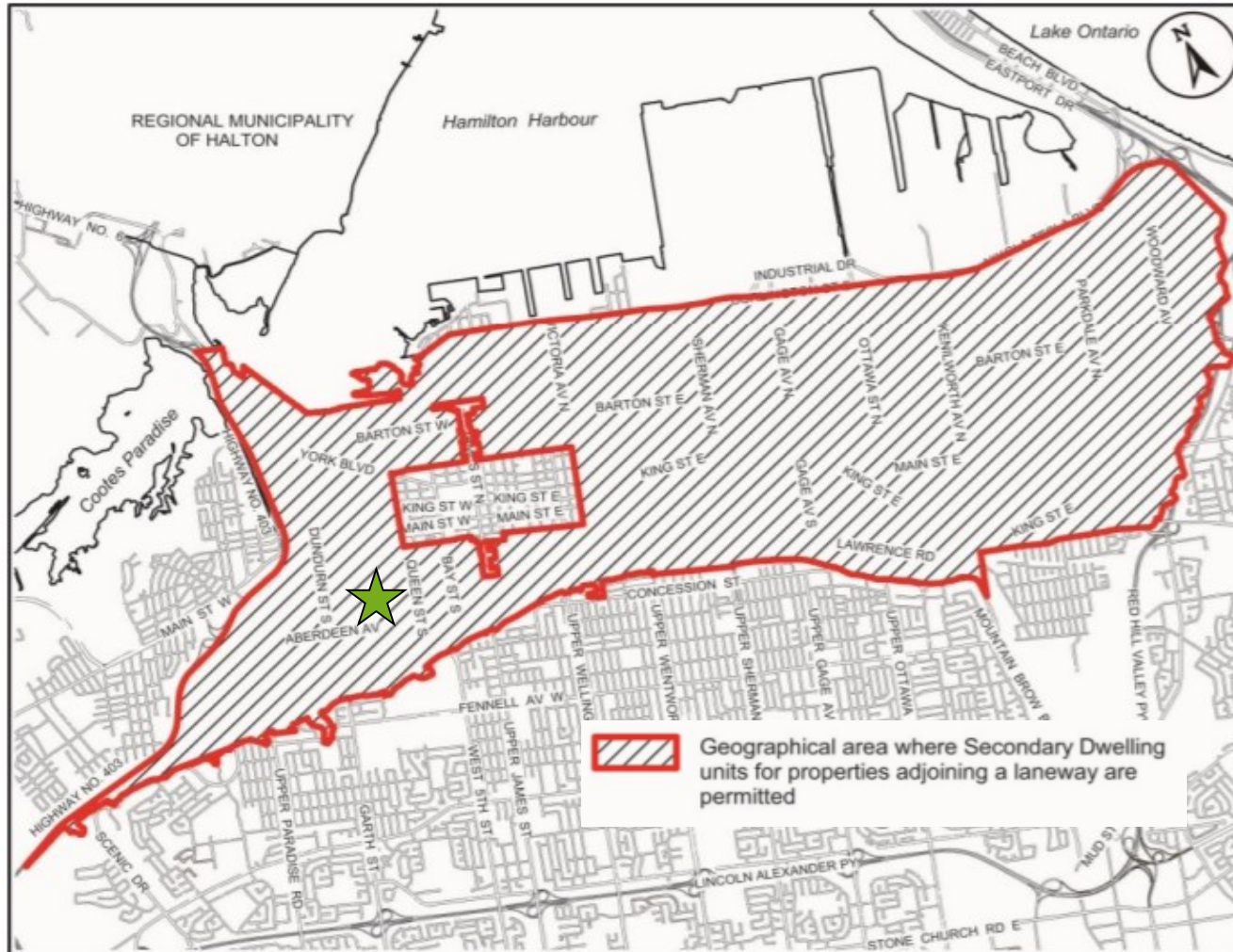
2018

- As-of-right zoning for accessory building
- No rezoning
- No Development Charges or parkland fees

390.5 Aberdeen Avenue is in the Pilot Project Area but was initiated before the Pilot Project was approved

We are simply asking for the same financial considerations given to secondary units within the Laneway Housing Pilot Project

Laneway Housing Pilot Project



- Converted an existing detached laneway garage to a 700 sf, 1 bed, energy-efficient accessory dwelling unit for mother-in-law
- No increase in footprint and built legally and through full consultation with City of Hamilton staff
- Council has the authority to reimburse fees, and has done so previously for other builds
- It is the fair and reasonable thing to do



Jan 2013 - Began consultation with city

May 2017 - Paid \$10,950 for rezoning

Oct 2017 - Paid \$51,528

City staff who have been engaged and supportive of project:

- Maureen Wilson
- Aidan Johnson
- Brian McHattie
- Jason Thorne
- Chris Murray
- Edward Johns



	Costs paid by us	Costs to those in pilot scheme
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Rezoning	\$10,275.00	\$0
City Development Charge	\$37,169.00	\$0
Cash in Lieu of Parkland Dedication	\$11,250.00	\$0
Education Development Charge	\$885.00	\$885.00
Public Education Charge	\$1,039.00	\$1,039.00
GO Transit Fee	\$244.00	\$244.00
Water Meter	\$404.60	\$404.60
Construction Water Fee	\$87.20	\$87.20
Water and Sewer Application	\$300.00	\$300.00
Permit revision Fee	\$150.00	\$150.00
Total	\$61,803.80	\$3,109.80

Request Audit, Finance and Administration Committee recommend reimbursement of the fees within the purview of the City (rezoning, development charge and parkland dedication) in the amount of **\$58,694.**



CITIZEN COMMITTEE REPORT

To:	Chair and Members: Audit, Finance and Administration Committee
From:	Cameron Kroetsch (Chair) Violetta Nikolskaya (Vice Chair) LGBTQ Advisory Committee <div style="text-align: right;">_____ (to be signed by the Chair)</div>
Date:	June 4, 2019
Re:	Selection of Additional Committee Members to the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee

Recommendations:

That the Interview Sub-Committee to the Audit, Finance & Administration Committee reopen the selection process using a clearly advertised community-based call-out in order to increase the Committee's membership from 9 to 15 with the expressed intention of adding much needed diversity and representation to the committee by:

- (a) adding 2 youth representative seats (under 29 years of age) to the LGBTQ Advisory Committee;
- (b) permitting the LGBTQ Advisory Committee to invite community organizations and leaders to be ex-officio members;
- (c) asking all unsuccessful applicants to the LGBTQ Advisory Committee if they want their applications reconsidered as part of the selection process;
- (d) focusing selection on youth, queer and trans people of colour (QTPOC), and Two-Spirit members of the community; and,
- (e) involving members of the LGBTQ Advisory Committee and its Working Group in the selection process.

NOTE: Text in recommendations (a) and (b), was taken in part or in whole from a document that spectrum Hamilton prepared as part of their campaign during the 2019 Municipal Election.

SUBJECT: Selection of Additional Committee Members to the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee (City Wide) - Page 2 of 3

Background:

At the May 15, 2019 LGBTQ Advisory Committee meeting, Committee discussed the need for an increase in Committee members and in the member's diversity. For further information, see the pledge that spectrum Hamilton asked candidates to take during the 2018 Municipal Election; attached as Appendix 'A'.

Analysis/Rationale:

The LGBTQ Advisory Committee wants to ensure that the community it represents has a voice in the selection process. In the opinion of the LGBTQ Advisory Committee, the recent process for selecting its memberships was conducted:

- **In an arbitrary manner:** The LGBTQ Advisory Committee's number was capped at 9 (there was previously no limits on the membership). This was done without the approval of City Council and in the absence of a discussion with the LGBTQ Advisory Committee. As we understand it, the reason cited for this was an "issue of quorum". While we don't disagree that, during the last year of the previous term, the LGBTQ Advisory Committee struggled to make quorum at times, the reasons for this should have been carefully discussed with the LGBTQ Advisory Committee.
- **Without interviews:** None of those who applied to sit on the LGBTQ Advisory Committee were given an interview. The absence of an interview deprived applicants of the opportunity to speak to their strengths and expertise, to expand on the online application they submitted, and to highlight their lived and living experiences.
- **Without consultation:** Neither the previous LGBTQ Advisory Committee members, nor the community at large were consulted about the selection process. Selection processes for committees that represent marginalized communities should be discussed with the previous LGBTQ Advisory Committee and the community prior to changes in process (and before the application process starts). It's not only incumbent upon the City to ensure that members of these communities are consulted but that there is a distinction in process between different types of Agencies, Boards, and Committees. Using a similar, or the same, process to select a citizen appointee to a paid position is not appropriate (e.g. Hamilton Police Services Board appointment process).

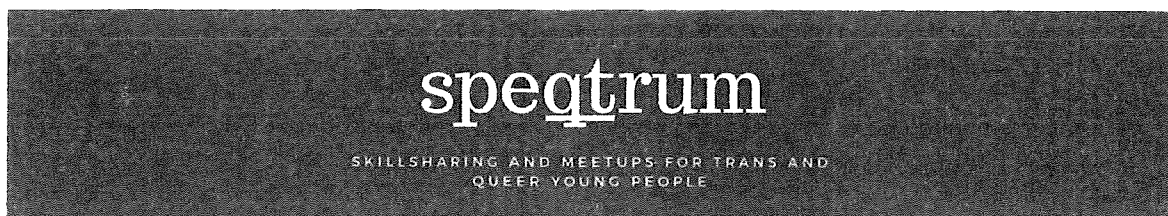
Conducting the selection process in the manner outlined above has had the effect, intended or not, of excluding important voices from the LGBTQ Advisory Committee. We have been criticized, and rightly so, for not representing everyone in our community and while we know that's not ever going to be possible, we think that there's much more we can do to be more inclusive of youth, QTPOC, and Two-Spirit members of our

SUBJECT: Selection of Additional Committee Members to the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Advisory Committee (City Wide) - Page 3 of 3

community. We cannot do that, however, if the policies, procedures, and processes surrounding Advisory Committees and their selection are not changed.

We ask that you take our recommendations seriously and implement them as soon as possible.

NOTE: Members of the LGBTQ Advisory Committee ask that they be updated as to when this Report is scheduled to appear before the Audit, Finance and Administration Committee so that either the Chair or Vice Chair can be present in order to delegate in support of this report.



Dear 2018 City Council Candidate,

Hamilton is home to a large and diverse 2SLGBTQ+ community which continues to grow. Following the 2014 closure of The Well, Hamilton's sole 2SLGBTQ+ community organization, our community has been in crisis. Despite this crisis being thoroughly researched and well-documented, there has been no proactive response from the City of Hamilton.

Since 2014, the few strides taken to support our community have been reactive in nature. In 2016, the Trans Protocol was passed as mandated by an Ontario Human Rights Commission settlement. After a hateful disruption at Hamilton Pride 2018, the City approved the installation of pride flag crosswalks at two separate locations. Council approved a budget of \$25,000 for this project, which is more than has been allocated to support our community over the past two years **combined**.

Symbolic gestures can be heartening but fail to address the continuing inequalities faced by the 2SLGBTQ+ community. Crosswalks do little to reduce barriers to health care, housing, education, employment, and other necessities of life.

As a group of young, 2SLGBTQ+ Hamiltonians, we ask for your proactive leadership once elected to council. We propose the following actions.

1. Increase accessibility and engagement of City of Hamilton LGBTQ+ Advisory Committee

Our city needs more representative 2SLGBTQ+ voices, and better community engagement. We propose:

- a. A clear, open, advertised community call-out for new representatives on the city's LGBTQ+ advisory committee in this upcoming term
- b. Add two youth (under 29) representative seats on the LGBTQ+ Advisory Committee
- c. Engage community organizations and leaders as ex-officio members of the LGBTQ+ Advisory

2. Creation and enactment of Inclusion Policies

- a. Introduce policy ensuring inclusive use of city space, including but not limited to city and city-owned event space and advertising space.
- b. Full enactment of the 2016 City of Hamilton Trans Protocol

3. *Funding opportunities for 2SLGBTQ+ organizations*

Currently, the City Enrichment Fund will only fund groups for up to 30% of a proposed project. This is a significant barrier to building capacity in serving and supporting 2SLGBTQ+ focused organizations in this time of crisis.

- a. we ask that for this upcoming term, the 30% limit be raised for 2SLGBTQ+ organizations *applying for the city enrichment fund to jumpstart capacity within our Hamilton community.*
 - i. If this is not possible under the city's current granting framework, we ask that *council create a small funding pool for 2SLGBTQ+ organizations that may include core funding.*

I, _____, City Council Candidate for Ward ____, support Hamilton's 2SLGBTQ+ communities and commit to exploring the suggestions outlined above.

Hamilton's 2SLGBTQ+ youth appreciate your support.

Sincerely,

Speqtrum Hamilton Civic Action Team



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Office of the City Auditor

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 5, 2019
SUBJECT/REPORT NO:	Office of the City Auditor Charter (AUD19005) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107 Charles Brown CPA, CA, CPA (Illinois) (905) 546-2424 Ext. 4469
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) City Auditor Office of the City Auditor
SIGNATURE:	

RECOMMENDATION

- (a) That Appendix "A" attached to Report AUD19005 respecting the Office of the City Auditor Charter be approved.
- (b) That legal staff be directed to prepare an amending by-law that would replace Schedule F1 of the Procedural By-law 18-270, with the revised Audit Charter, attached as Appendix "A" to Report AUD19005, respecting the Office of the City Auditor Charter.

EXECUTIVE SUMMARY

The purpose, authority and responsibility of the Office of the City Auditor is defined in a charter. The Audit, Finance and Administration Committee should review and approve the charter periodically. The beginning of a new term of the Committee presents an opportune time for such a process to occur.

Alternatives for Consideration – See Page 3

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Office of the City Auditor Charter (AUD19005) (City Wide) - Page 2 of 3**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

An audit charter was last reviewed and approved by the Audit, Finance and Administration Committee in 2015. An operational review of Internal Audit (now known as the Office of the City Auditor) conducted in 2005 recommended that the mandate be reviewed and taken for approval to Council at the commencement of each new term of Council. This has been completed in the first year of each Council term since that advice was received.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, 2001 sections 222.19 to 223.23

Office of the City Auditor 2019-2022 Work Plan (AUD19007)

City of Hamilton By-law 19-180 (City Auditor By-law)

City of Hamilton Fraud Policy and Protocol

City of Hamilton By-law 19-181 (Whistleblower By-law)

RELEVANT CONSULTATION

The International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors (IIA) states that an internal audit function must be formally defined in a charter.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Providing a formal, written document containing the charter of the audit activity is very important in managing the auditing function within the organization.

The purpose, authority and responsibility of the audit activity is defined in the charter. The charter establishes the Office of the City Auditor's position within the City structure, authorizes access to records, personnel and physical properties relevant to the performance of audit/reviews, investigations and other projects and defines the scope of audit work. The charter can be used by Council in evaluating the operations of the function. If a question should arise, the charter also provides a written record with Council approval about the role and responsibilities of the audit activity within the City.

The Audit, Finance and Administration Committee should periodically assess whether the purpose, authority and responsibility as defined in the charter continues to be adequate to enable the audit activity to accomplish its objectives. Each new term of Committee and Council provides an opportunity to approve the charter.

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SUBJECT: Office of the City Auditor Charter (AUD19005) (City Wide) - Page 3 of 3

An audit mandate was last reviewed and approved by the Audit, Finance and Administration Committee in 2015. The following amendments have been incorporated into the charter as presented in Appendix “A” to Report AUD19005 to provide additional information and better reflect the Office of the City Auditor’s current operating environment:

- Clarifying the powers and protections regarding an Auditor General with references to the Municipal Act;
- Adding risk assessments to the list of consulting activities;
- Changing references from preparing an annual work plan to preparing a multi-year work plan; and
- Adding input from members of the public to the list of sources used to develop the multi-year audit work plan (due to the recent launch of the Fraud and Waste Hotline).
- Adding relevant professional standards that will be used as appropriate, for example standards from the Association of Certified Fraud Examiners for use in special investigations.

ALTERNATIVES FOR CONSIDERATION

Having no approved audit charter is an alternative. However, it is not recommended as there is a need for defined Office of the City Auditor where roles and responsibilities are authorized in a public document, such as a charter.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD19005

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

INTRODUCTION

The Office of the City Auditor provides independent, objective audit assurance and consulting services designed to add value and improve the City of Hamilton's operations. The Office of the City Auditor (OCA) brings a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

In the capacity of Auditor General, the City Auditor assists City Council in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in City operations.

SCOPE

The Office of the City Auditor completes the following types of work:

- Compliance Auditing
- Value for Money Auditing
- Special Investigations (Fraud and Waste, Whistleblower)
- Risk assessments
- Consulting

The first three activities are conducted by the Office in its capacity as Auditor General.

Audit Assurance and Special Investigations

Audit and Assurance work includes the examination and evaluation of the adequacy and effectiveness of the City's governance, risk management process, systems of internal control and the quality of performance in carrying out assigned responsibilities to achieve the organization's goals and objectives. This includes both compliance and value for money audits. The City's processes should function in a manner that ensures:

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable and timely.
- Actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently and are adequately protected.
- Programs, plans and objectives are achieved.

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

- Significant legislative and regulatory issues impacting the City are recognized and addressed properly.
- Quality and continuous improvement are fostered in the organization's internal control processes.

In addition to audits, special investigations may be undertaken by the OCA pursuant to Council having given that authority under the Whistleblower By-law (19-181) and the City of Hamilton's Fraud Policy and Protocol. These include reviews or investigations of matters of alleged or suspected wrongdoing, per the Whistleblower By-law or fraud, waste or other similar activities reported by employees or residents through the Fraud and Waste Hotline or other mechanisms.

The City Auditor has been appointed by By-law 19-180 (City Auditor By-law) as an Auditor General under Section 223.19 of the *Municipal Act, 2001*, with the responsibilities, including the powers, duties and protections, under Sections 223.19 to 223.23 of the *Municipal Act, 2001*. These responsibilities apply to the extent authorized by these sections of the *Municipal Act, 2001*. The powers and protections provided to the City Auditor (by appointment as an Auditor General) strengthens the position of independence and institutional authority of the City Auditor while providing information to Council for its oversight role.

Consulting and Risk Assessment

In addition to audit engagements, the Office of the City Auditor provides advisory or other consulting services, as planned, or at the request of Council or senior management. These types of services may include:

- Risk assessments and related workshops;
- Performing research;
- Providing education/training on audit related topics such as risk management, fraud awareness, performance measurement and internal controls;
- Performing Lessons Learned/Opportunities Assessments on project/program implementations that have experienced difficulties or challenges; and
- Providing counsel or advice (e.g. on the adequacy of draft procedures).

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

AUTHORITY

The Office of the City Auditor is granted full, free and unrestricted access to any and all records, property and personnel relevant to any function under review. Access to personal information is provided for under the *Municipal Freedom of Information and Protection of Privacy Act* (in particular, Subsections 31(c) and 32(d)).

The OCA has the authority to conduct audits and reviews of all City departments, Members of Council, agencies, boards and commissions, as well as other entities the City is related to or has an interest in.

All employees will assist the OCA in fulfilling its objectives.

As an Auditor General, the OCA has the responsibilities, including the powers, duties and protections, under Sections 223.19 to 223.23 of the *Municipal Act, 2001* for:

- City Departments;
- Members of Council;
- Local boards (not including the Board of Health, the Hamilton Public Library Board, the Police Services Board or other local boards in accordance with the current definition of "local board" under Section 223.1 of the *Municipal Act, 2001*);
- Municipally-controlled corporations (a corporation that has 50 per cent or more of its issued and outstanding shares vested in the City or that has the appointment of a majority of its board of directors made or approved by the City, not including a corporation established in accordance with Section 203 of the *Municipal Act, 2001*); and
- Grant recipients (as currently defined under Section 223.1 of the *Municipal Act, 2001* as "a person or entity that receives a grant directly or indirectly from the municipality, a local board or a municipally-controlled corporation");

These responsibilities under Section 223.19 to 223.23 of the *Municipal Act, 2001* include the powers to access information and to examine persons under Section 33 of the *Public Inquiries Act, 2009*; the duty to preserve secrecy with respect to all matters that come to its knowledge in the course of performing its functions; and the protection of not being a competent or compellable witness in a civil proceeding.

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

The relevant excerpts from the Municipal Act (accessed on July 16, 2019 at <https://www.ontario.ca/laws/statute/01m25#BK272>) are included below for reference:

Auditor General

223.19 (1) *Without limiting sections 9, 10 and 11, those sections authorize the municipality to appoint an Auditor General who reports to council and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations. 2006, c. 32, Sched. A, s. 98.*

Same

(1.1) *The Auditor General shall perform his or her responsibilities under this Part in an independent manner. 2009, c. 33, Sched. 21, s. 6 (11).*

Exceptions

(2) *Despite subsection (1), the responsibilities of the Auditor General shall not include the matters described in clauses 296 (1) (a) and (b) for which the municipal auditor is responsible. 2006, c. 32, Sched. A, s. 98.*

Powers and duties

(3) *Subject to this Part, in carrying out his or her responsibilities, the Auditor General may exercise the powers and shall perform the duties as may be assigned to him or her by the municipality in respect of the municipality, its local boards and such municipally-controlled corporations and grant recipients as the municipality may specify. 2006, c. 32, Sched. A, s. 98.*

Grant recipients

(4) *The authority of the Auditor General to exercise powers and perform duties under this Part in relation to a grant recipient applies only in respect of grants received by the grant recipient directly or indirectly from the municipality, a local board or a municipally-controlled corporation after the date on which this section comes into force. 2006, c. 32, Sched. A, s. 98.*

Delegation

(5) *The Auditor General may delegate in writing to any person, other than a member of council, any of the Auditor General's powers and duties under this Part. 2006, c. 32, Sched. A, s. 98.*

Same

(6) *The Auditor General may continue to exercise the delegated powers and duties, despite the delegation. 2006, c. 32, Sched. A, s. 98.*

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

Status

(7) The Auditor General is not required to be a municipal employee. 2006, c. 32, Sched. A, s. 98.

Duty to furnish information

223.20 *(1) The municipality, its local boards and the municipally-controlled corporations and grant recipients referred to in subsection 223.19 (3) shall give the Auditor General such information regarding their powers, duties, activities, organization, financial transactions and methods of business as the Auditor General believes to be necessary to perform his or her duties under this Part. 2006, c. 32, Sched. A, s. 98.*

Access to records

(2) The Auditor General is entitled to have free access to all books, accounts, financial records, electronic data processing records, reports, files and all other papers, things or property belonging to or used by the municipality, the local board, the municipally-controlled corporation or the grant recipient, as the case may be, that the Auditor General believes to be necessary to perform his or her duties under this Part. 2006, c. 32, Sched. A, s. 98.

No waiver of privilege

(3) A disclosure to the Auditor General under subsection (1) or (2) does not constitute a waiver of solicitor-client privilege, litigation privilege or settlement privilege. 2006, c. 32, Sched. A, s. 98.

Powers re examination

223.21 *(1) The Auditor General may examine any person on oath on any matter pertinent to an audit or examination under this Part. 2006, c. 32, Sched. A, s. 98.*

Application of Public Inquiries Act, 2009

(2) Section 33 of the Public Inquiries Act, 2009 applies to an examination by the Auditor General. 2009, c. 33, Sched. 6, s. 72 (3).

Duty of confidentiality

223.22 *(1) The Auditor General and every person acting under the instructions of the Auditor General shall preserve secrecy with respect to all matters that come to his or her knowledge in the course of his or her duties under this Part. 2006, c. 32, Sched. A, s. 98.*

Same

(2) Subject to subsection (3), the persons required to preserve secrecy under subsection (1) shall not communicate information to another person in respect of any matter described in subsection (1) except as may be required,

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

*(a) in connection with the administration of this Part, including reports made by the Auditor General, or with any proceedings under this Part; or
(b) under the Criminal Code (Canada). 2006, c. 32, Sched. A, s. 98.*

Same

(3) A person required to preserve secrecy under subsection (1) shall not disclose any information or document disclosed to the Auditor General under section 223.20 that is subject to solicitor-client privilege, litigation privilege or settlement privilege unless the person has the consent of each holder of the privilege. 2006, c. 32, Sched. A, s. 98.

Section prevails

(4) This section prevails over the Municipal Freedom of Information and Protection of Privacy Act. 2006, c. 32, Sched. A, s. 98.

Testimony

223.23 *Neither the Auditor General nor any person acting under the instructions of the Auditor General is a competent or compellable witness in a civil proceeding in connection with anything done under this Part. 2006, c. 32, Sched. A, s. 98.*

INDEPENDENCE

Independence is an essential component to maintaining public trust and preserving objectivity and integrity associated with the audit function.

To provide for the independence of Office of the City Auditor, its personnel report to the City Auditor, who reports administratively to the City Manager and functionally to the Audit, Finance and Administration Committee of Council. Audit and other reports are sent directly to the Audit, Finance and Administration Committee for discussion and approval and then to Council. These reporting relationships help ensure independence, promote comprehensive audit objectivity and coverage and assure adequate consideration of audit recommendations.

All OCA activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of an independent and objective attitude necessary in rendering reports. The City Auditor has the authority to revise and extend the scope of any audit or investigation in the course of their examination.

The OCA shall have no direct operational responsibility or authority over any of the activities it reviews. Accordingly, it shall not develop nor install systems or procedures, prepare records or engage in any other activity which would normally be audited.

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

RESPONSIBILITIES

The City Auditor and the staff of the OCA have the responsibility to:

- Review operations within the City at appropriate intervals to determine whether planning, organizing, directing and controlling are in accordance with management instructions, policies and procedures and in a manner that is consistent with both City objectives and high standards of administrative practice.
- Determine the adequacy and effectiveness of the systems of internal accounting, financial and operating controls.
- Review the reliability, utility and integrity of financial information and the means used to identify, measure, classify and report such information.
- Review the established systems to ensure compliance with those policies, plans, procedures, laws and regulations which would have a significant impact on operations and reports and determine whether the organization is in compliance.
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Carry out value for money (VFM) / performance audits to determine the efficiency and effectiveness of services and evaluate attainment of corporate objectives and value to residents.
- Report to those members of management who should be informed or who should take corrective action, the results of audit examinations, the audit opinions formed, and the recommendations made.
- Evaluate any plans or actions taken to correct reported conditions and provide timely follow-up to ensure satisfactory disposition of audit findings in the manner and timeframe committed to by management in the original audit report. If the corrective action is considered unsatisfactory, hold further discussions to achieve acceptable disposition.
- Develop a flexible multi-year work plan, including any risks or control concerns identified by management or other audits as well as appropriate special tasks or projects requested by management.
- Undertake assessments, investigations, or refer issues to other appropriate parties as a result of disclosures under a Whistleblower By-law or the Fraud and Waste Hotline.

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

- Maintain a professional audit staff with sufficient knowledge, skills and experience.

AUDIT PLANNING

Each term of Council, the City Auditor shall prepare a multi-year work plan, setting out the proposed work for the term.

For the projects, the following sources are considered:

- Prioritization of the audit universe using a risk-based methodology;
- Requests from Members of Council, senior management and staff;
- Any audits planned for the past term but delayed or not completed;
- Any conditions or concerns discovered or communicated throughout past years; and
- Input from members of the public, via the Fraud and Waste Hotline and resident complaints or suggestions.
- Areas likely to provide significant payback in terms of increased revenues, reduced costs, operational efficiencies and quality of services.

The multi-year work plan will be presented to the Audit, Finance and Administration Committee for approval. Any changes to the work plan requested by Council or individual Members of Council will require a majority of at least two-thirds the total members of Council present and not prohibited by statute from voting for the City Auditor to consider.

REPORTING

A written report is prepared and issued by the City Auditor following the conclusion of each audit assurance project. The report will include management's responses to the report findings and recommendations. Management's response will include a statement of general agreement or disagreement with the stated findings and recommendations as well as a timeframe for anticipated completion of action to be taken and an explanation for any recommendation not addressed.

The OCA is responsible for appropriate follow up on audit findings and recommendations. All significant findings will remain open until the City Auditor has determined management has appropriately taken action to resolve the finding.

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR CHARTER**

By-law 19-181 (Whistleblower By-law), Section 19 – Responsibility of the City Auditor requires a quarterly report for, in the aggregate, on the number, nature and outcome of disclosures of serious wrongdoing made under this By-law. Quarterly reports known as "Whistleblower, Fraud and Waste Information Updates" are submitted to the Audit, Finance and Administration Committee and capture at a high level the special investigations activity undertaken by the OCA.

Consulting and risk assessment project reports are issued at the discretion of the City Auditor. Considerations for reports include project size and type, topic, risk profile and organizational impact.

All reports are generally presented to the Audit, Finance and Administration Committee. Reports may be presented to the General Issues Committee, if appropriate.

PROFESSIONAL STANDARDS

Under the City Auditor's authority granted in this Office of the City Auditor Charter, all OCA activity will be guided by the following professional standards and/or legislative requirements:

- Municipal Act, Sections 223.19-223.23 (Auditor General), as applicable.
- City of Hamilton Whistleblower By-law (19-181).
- International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, for research and general consulting work.
- Certified Fraud Examiners Code of Professional Standards issued by the Association of Certified Fraud Examiners for Fraud, Waste and Whistleblower assessments and investigations.

When working as an Auditor General performing audit assurance engagements, work activities will be guided by professional standards and/or legislative requirements, as applicable.

Audit Services professional staff are also bound by the standards and ethics of their respective professional organizations, which include the Chartered Professional Accountants of Canada (CPA), Institute of Internal Auditors (IIA) and Association of Certified Fraud Examiners (ACFE).



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Office of the City Auditor

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 5, 2019
SUBJECT/REPORT NO:	Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Charles Brown CPA, CA, CPA (Illinois) (905) 546-2424 Ext. 4469 Brigitte Minard CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
SUBMITTED BY:	Charles Brown CPA, CA, CPA (Illinois) City Auditor Office of the City Auditor
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Report AUD19007 respecting the Office of the City Auditor Work Plan 2019 to 2022, be approved.
- (b) That the item regarding the follow up of outstanding recommendations older than five years be removed from the Outstanding Business List.

EXECUTIVE SUMMARY

The Office of the City Auditor develops a work plan which outlines the scope of work the Office intends to conduct during a defined time period. Previously a three-year work plan was submitted, this is a four-year, term of Council work plan for 2019-2022. The work plan is based on an updated risk assessment of all the services identified in the City's Trust and Confidence Report (www.hamilton.ca/trustandconfidence).

In addition, inquiries, input from Council members, consultation with senior management and staff, observations made by audit staff during other audits and reviews of audits conducted in other municipalities are also taken into consideration.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Office of the City Auditor Work Plan 2019 to 2022 (AUD19007)
(City Wide) - Page 2 of 5**

Various risk factors and related criteria were considered to prioritize the various projects.

As noted in our 2019 budget presentation (as part of the City Manager's Office presentation), the Office of the City Auditor completes the following types of work:

- Compliance Auditing
- Value for Money Auditing
- Special Investigations (Fraud and Waste, Whistleblower)
- Risk assessments
- Consulting

The first three activities are conducted by the Office in its capacity as Auditor General. Please refer to the attached Appendix "A" for a description of each of the above services.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The recommendation in this Report has no financial impact beyond the amount provided in the Office of the City Auditor's 2019 budget request. If speciality, external expertise is needed, requests for Council approval will be submitted as required.

Staffing: The Work Plan has been developed based on the current approved complement.

Legal: None.

HISTORICAL BACKGROUND

According to the current Council-approved Audit Charter, the City Auditor (formerly known as Director of Audit Services) is required to prepare a Work Plan for Council approval. The Plan describes projects and related work proposed. It also provides City Council with an overview of how resources in the Office of the City Auditor will be used during 2019-2022.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Municipal Act, sections 222.19 to 223.23

Office of the City Auditor Charter (AUD19005)

City of Hamilton By-law 19-180 (City Auditor By-law)

City of Hamilton Fraud Policy and Protocol

City of Hamilton By-law 19-181 (Whistleblower By-law)

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**SUBJECT: Office of the City Auditor Work Plan 2019 to 2022 (AUD19007)
(City Wide) - Page 3 of 5**

RELEVANT CONSULTATION

Members of Council, departmental management and staff were asked to provide input for the work plan.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**Management Responsibility and Council Oversight**

Management is primarily responsible for designing, implementing, monitoring and reporting on controls. However, Council, through the Audit, Finance and Administration Committee, is ultimately responsible for ensuring management fulfils these responsibilities.

The Office of the City Auditor assists Council and management in meeting their governance, oversight and internal control responsibilities by carrying out projects and audits with the goal of enhancing internal controls and operational efficiency and effectiveness of City programs and services. The City's capacity to respond to recommendations arising from any audits and make improvements to its management practices is where the real benefit to the taxpayers will come.

Reporting to Council as Part of Effective Oversight

Reporting project findings, audit results and management action plans to the Committee is an important step in the Committee's role for the effective oversight of the control environment and culture and promotes accountability and transparency with City Council.

Follow up of recommendations are also important to ensure that management has taken appropriate action to implement recommendations identified in previous reports and improvements have been realized as a result. Auditing standards require that an audit follow up process to determine the status of outstanding audit recommendations be administered. However, the methodology, timing and frequency are not prescribed. A portion of the available time is set aside to conduct the initial follow up of audit and other project reports issued within the last 12-36 months. This process provides management and Council with a snapshot of the progress of implementation.

In previous years, the practice has been to have formal follow-ups that validate all recommendations as to actions taken, an annual report of the status of all report recommendations, and a special report of outstanding recommendations older than five years. In order to streamline these reporting mechanisms and ensure sufficient resources to carry out hotline related activities and audit work, the OCA proposes that formal follow-ups be focused on validation of management actions listed as completed, and be sample based, and that the special report on older five-year recommendations be eliminated and only included in the annual status report.

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**SUBJECT: Office of the City Auditor Work Plan 2019 to 2022 (AUD19007)
(City Wide) - Page 4 of 5**

Flexibility of Work Plan

Due to the nature of work that the Office performs, special projects and investigations can arise without much notice, so it is important for the work of the Office of the City Auditor to remain flexible in order to provide the timeliest service to Council and management. At the same time, there should be a logically structured work plan to focus scarce resources on major areas of concern and risk, and to balance coverage across the types of services delivered. The Work Plan serves as a standard against which to measure the performance of the Office.

If Demand Exceeds Available Resources

Should the special requests and investigations exceed the level estimated for the work plan, it will be necessary to defer the timelines of projects included in the work plan. Any deferrals will be reported to the Committee as part of an annual Work Plan Update (detailing any revisions to the plan) submission. However, should scheduling and resources allow, projects from the “B” list (Appendix “B” to Report AUD19007) would be considered for additional completion or substitution in the 2019-2022 work plan, or the timing of projects may be earlier than indicated in the plan.

The extent of completion of the projects will be dependent on the approval of the Office’s budget as submitted, the number of requests by City Council and management, the level of special investigations and other issues which may emerge during the years.

Impact of Fraud and Waste Hotline

The Fraud and Waste Hotline launched in July 2019. At this point in time, volumes are unknown as the Hotline has been operational for a short period of time. It is the same pool of staff that handles fraud and waste hotline assessment and intake and completes audit work.

Impact of Judicial Investigation

The Office of the City Auditor anticipates some involvement in the judicial investigation for the Red Hill Valley Parkway to share information and support such work; however, the extent of the Office’s involvement and the associated time commitment is not known at this time.

Plan will Improve Overall Operations of the City

The Office of the City Auditor believes that the proposed work plan provides a balance of work that, once completed, will result in improving the overall operations of the City by proactively identifying and assessing risks, strengthening management controls, improving accountability and transparency and helping the Audit, Finance and Administration Committee with its governance and internal control oversight role.

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**SUBJECT: Office of the City Auditor Work Plan 2019 to 2022 (AUD19007)
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ALTERNATIVES FOR CONSIDERATION

The Committee can decide to add/delete/replace projects from the proposed work plan, taking into consideration resource limitations or preferred alternatives. Also, the current Audit Charter requires a majority of at least two-thirds the total members of Council present to make any changes to the proposed work plan once it is approved. Any significant changes resulting in increased time commitments will require a reallocation of staff resources. In addition, changes which require the substitution of a planned audit project with a new project may not address areas of higher risk.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report AUD19007 - Office of the City Auditor Work Plan 2019 to 2022

Appendix “B” to Report AUD19007 - Proposed Projects for Subsequent Years

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**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR WORK PLAN 2019 to 2022**

PROJECTS IN PROGRESS

The following projects are in progress and should be completed by the end of 2019:

- Road Operations and Construction Programs (Value for Money Audit)
- Child Care Risk Assessment
- Child Care Management - Operator Compliance Assessments (Consulting)
- Storm Water Management (Value for Money Audit, will be completed in 2020)
- LRT – Initial Risk Assessment Consulting
- Grigtmire Arena – Lessons Learned Consulting Project
- Hamilton Future Fund (Compliance and Value for Money Audit)

PROPOSED PROJECTS FOR 2019 to 2022

- Red Hill Valley Parkway: Judicial Investigation Participation (Other)
- Financial Sustainability (Research Report)
- Housing Services: Homeless and Shelter Programs (Value for Money Audit)
- Housing Services (Value for Money Audit or Risk Assessment)
- Diversity, Equity and Inclusion (Consulting or Audit)
- Code Red (Value for Money Audit)
- Grants and Transfer Payments (Compliance and Value for Money Audit)
- Hamilton Waterfront Trust (Value for Money Audit)
- Transit Route Management (Value for Money Audit)
- Budget Process and Variance Management (Audit or Consulting, to be determined after initial research)
- Cybersecurity (Audit or Risk Assessment, to be determined after initial research)
- IT Disaster Recovery/Business Continuity Planning (Compliance Audit)
- Growth Planning: Coordination Across City of Hamilton Departments (Consulting)
- Use of City Vehicles Audit (Value for Money Audit)

ONGOING PROJECTS THROUGHOUT 2019 to 2022

- Light Rail Transit (LRT) (Risk Assessment/Consulting)
- Enterprise Risk Management (Risk Assessment/Consulting)
- Transit: DARTS (Audit, type to be determined)
- Performance Excellence Advice and Education (Consulting)
- Continuous Auditing - Various Topics (Compliance Auditing)
- Follow Up of Recommendations from Previous Audit Reports (Audit)
- Spot Cash Counts (Audit and Fraud Prevention)
- Organization-Wide Fraud Prevention and Detection Program: Intake, Investigation and Reporting (Fraud and Waste Hotline management)

WORK PLAN DETAILS

Background

The risk-based Office of the City Auditor Work Plan for the current Council Term (2019-2022) was developed using a risk assessment process that combined information from many sources, including:

- Risk assessment of City Services using a standard set of attributes (complexity of operations, susceptibility to error, manipulation or fraud, asset profile, community trust/confidence, degree of change, financial, non-compliance).
- Input from the Corporate Leadership Team (Directors, GM's and City Manager)
- Input/insights from Council
- Current and emerging risks in the Local Government Sector
- High profile issues in other Municipalities
- Themes from previous projects

Types of Work Performed

The Office of the City Auditor performs the following types of work:

Audits (Value for Money and Compliance)

Audits are designed to add value and improve an organization's operations. Audits help an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve risk management, control, governance processes and examine the efficiency, effectiveness and economy of operations to add value and improve the City of Hamilton's service delivery.

Consulting and Risk Assessment

- Conducting risk assessments and related workshops/facilitated exercises to proactively identify risks and risk mitigations so that risks can be managed appropriately;
- Performing research;
- Providing education/training sessions on audit related topics such as risk management, fraud awareness, internal controls, continuous improvement or performance measurement;
- Providing professional advice on relevant issues; and
- Performing Lessons Learned/Opportunities Assessments on project/program implementations that have experienced difficulties or challenges.

In addition to these planned activities the OCA is responsible for providing oversight of all special investigations conducted by the City to ensure quality and independence. Special investigations are not planned activities but are responsive to need. They are undertaken by the OCA pursuant to authorities given under the Whistleblower By-law (19-181) and the City of Hamilton's Fraud Policy and Protocol. These include reviews or investigations of matters of alleged or suspected wrongdoing, per the Whistleblower By-law or fraud, waste or other similar activities reported by employees or residents through the Fraud and Waste Hotline or other mechanisms.

Also, the OCA performs follow-up audits that are conducted within 12-36 months of the initial audit and an annual report of the completion status of management action plans. These activities require that a portion of resource time be set aside as well.

PROPOSED PROJECTS FOR 2019-2022

Red Hill Valley Parkway: Judicial Investigation Participation (Other)

Support of the judicial investigation for Red Hill Valley Parkway as requested by the Commissioner.

Timeline: 2019-2020 (or until completed)

Financial Sustainability (Research Report)

One of the biggest challenges facing Canadian municipalities is long-term financial sustainability. This is a research-focused consulting project that would research best practices across North American municipalities assess current practices at the City of Hamilton. Recommendations will be made to enhance the City of Hamilton's long-term financial sustainability.

Timeline: 2020

Housing Services: Homeless and Shelter Programs (Value for Money Audit)

Audit of contracts for the provision of emergency shelter services and homelessness programs to determine if value for money is being achieved, with a focus on the achievement of outcomes (effectiveness).

Timeline: 2020

Housing Services (Value for Money Audit or Risk Assessment)

An audit or risk assessment in the area of Housing Services, with the specific topic and type of project to be determined after initial research is completed.

Timeline: 2022

Diversity, Equity and Inclusion (Consulting or Audit, TBD)

A project that includes a research component that benchmarks for best practices in other leaders in this work in the MASH (municipalities, academic, school and hospital) sector. Compare the City's strategy to these benchmarks and assess progress made and effectiveness of efforts.

Timeline: 2021

Code Red (Value for Money Audit)

It has been 10 years since Code Red first identified challenges in various neighbourhoods across the city. This audit will assess the volume of spending the city has invested in addressing Code Red Concerns and ask questions such as: what has been the impact of this investment – are we getting value and good outcomes and consider the risks and opportunities of this investment.

Timeline: 2022

Grants and Transfer Payments (Compliance and Value for Money Audit)

An audit that will critically consider all the City's various grant and transfer payment programs. Once initial planning work is completed, the project scope will be narrowed to focus on the highest risk payment streams at the City.

Timeline: 2021

Hamilton Waterfront Trust (Value for Money Audit)

An audit to determine if there are ways to improve the value for money achieved from the City's investment and spending at the Hamilton Waterfront Trust, with a focus on future performance improvements that can be achieved.

Timeline: 2020

Transit Route Management (Value for Money Audit)

An audit to critically assess if transit route management is optimized from a value for money perspective.

Timeline: 2022

Budget Process and Variance Management

(Audit or Consulting, to be determined after initial research)

Common complaints are that the budget process is difficult to understand and evaluate, it is hard to link actuals to budget. This is an audit to evaluate the efficiency and effectiveness of the budget process. Service based budgeting will also be considered in the audit. Recommendations will be made improve engagement and understanding of the budget process.

Timeline: 2021

Cybersecurity (Audit or Risk Assessment, TBD)

Cybersecurity attacks are becoming more and more common. This is a project that will include penetration testing to determine where the City's key vulnerabilities are located.

Note: Additional funding may be required to engage the required external experts.

Timeline: TBD

IT Disaster Recovery/Business Continuity Planning (Compliance Audit)

IT is critical to the City's operations in all service areas. Includes a review of the organization's disaster recovery plan, evaluates the risks covered, and assess if the plan includes appropriate measures to enable recovery from threats or incidents.

Timeline: TBD

Growth Planning: Coordination Across City of Hamilton Departments (Consulting)

Growth Planning is complex and involves expertise across the organization. This audit will include reviewing related processes and assessing if the City organizes itself in a manner that enables the achievement of value for money spent in Growth Planning.

Timeline: 2022

Use of City Vehicles Audit (Value for Money Audit)

An audit of the processes related to the usage of City vehicles. There have been significant advances in technology in recent years for GPS technology and fleet administration. The effectiveness of oversight, management processes and the use of technology will be examined.

Timeline: TBD

ONGOING PROJECTS THROUGHOUT 2019-2022

Follow Up of Outstanding Recommendations from Previous Audit Reports

Type: Audit (Follow Up)

This work relates to the verification of the status of the implementation of audit recommendations from audit reports issued. The *International Standards for the Professional Practice of Internal Auditing* requires the follow up of recommendations made.

This work includes both follow up of individual audit reports and recommendations from various reports that have not yet been resolved by Management.

Timeline: Throughout 2019-2022.

Spot Cash Counts

Type: Audit & Fraud Prevention

A type of "pop-up" audit. Cash counts will occur at a select number of locations across all operations to ensure compliance with the City's Corporate Cash Handling Policy, safeguard assets and act as a deterrent. Five to ten locations will be selected for this project per year. An overall report about the state of cash handling in the organization will be provided.

Timeline: Throughout 2019-2022, reported on annually.

Organization-Wide Fraud Prevention and Detection Program:

Intake, Investigation and Reporting (Fraud Prevention & Detection)

Development and implementation of a comprehensive fraud prevention and detection program. Includes developing and providing education/training to the organization, investigation support, case documentation and management and maintaining a roster of fraud/forensic accounting specialists. Management of the Fraud and Waste Hotline that was launched in July 2019.

Timeline: 2019-2022

LRT (Risk Assessment/Consulting)

Working with the LRT Office, periodic risk assessments will be conducted throughout the lifespan of the LRT to assist the project to ensure that risks and opportunities are identified, and that management has action plans in place to manage, mitigate or avoid risks and realize benefits from opportunities.

Timeline: 2019-2022

Enterprise Risk Management (Risk Assessment/Consulting)

Raising awareness in the organization about the importance of enterprise risk management throughout the organization by providing educational sessions to support the development of a corporate risk profile and related corporate policy by management by enabling management to complete risk self-assessments and to develop corresponding action plans.

Timeline: 2021 (Support the development of a corporate risk profile and action plans by management.)

Note: *Requires significant time commitment from the Senior Leadership Team.*

Transit: DARTS (Audit)

Council provided direction in 2017 to conduct an annual audit of DARTS. Specified procedures audits will be performed.

This audit may be co-sourced and would need to be funded by the Transit Division. Dependent on funding being received from Transit. This item is pending the completion of a Master Operating Agreement between the City and DARTS.

Topics may include: Complaints, dispatch, ridership accuracy compared to demand, DARTS budgeting, benchmarking against other jurisdictions, vehicle maintenance, service model evaluation.

Timeline: 2019-2022

Performance Excellence Advice and Education (Consulting/Lessons Learned)

Continuous Improvement, Performance Measurement, Citizen Feedback

Advice and support to ongoing corporate performance excellence initiatives. Work may include giving educational presentations to staff/management meetings about the importance of internal controls, business procedures and a consistent work product.

Other activities may include support to assist with data analysis using audit analytics software and assisting departments with performing control self-assessments to identify areas for improvement. Also provide commentary on lessons learned for how to apply this approach to other areas in the organization.

Timeline: 2019-2022

Continuous Auditing - Various Topics (Audit)

Topics may include procurement cards, accounts payable, corporate cell phones. Continuous auditing is ongoing monitoring that leverages technology to flag potential anomalies and/or high-risk items.

Note: *Investment in software licenses for monitoring technology may be required in the future.*

DEFERRED PROJECTS

The following audits were included in the 2016-2018 Work Plan. Due to a high proportion of staff vacancies (7 vacancies at various points during 2016-2019) in the Office of the City Auditor, these projects will be carried over for completion in 2019-2022.

Development and Growth - Incentive Programs (Value for Money Audit)

To be combined into a broader Grants/Transfer Payments audit noted on page 5.

Procurement By-law Analysis (Consulting)

A data-driven project with the purpose of taking the Procurement By-law and designing procedures for how to effectively analyze procurement data using audit analytics software to effectively identify risks, irregularities and non-compliance with the procurement by-law. The goal will be to develop reports that can easily be run on a regular basis based on criteria developed during the project so that Procurement is able to follow up in a timely manner with the various Divisions.

Timeline: 2020

Quality Assessment Review (QAR) (Other)

To comply with Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing, it is required that internal audit shops have independent quality assessments every five years. The most recent assessment occurred in 2012. This item is dependent on receiving adequate budget to have a QAR performed.

Timeline: 2021

Audit Universe Update and Risk Assessment (Risk Assessment)

A full-scale update of the audit universe and a related risk assessment is typically performed every five years with an update performed during the other years. The most recent full-scale audit universe update and risk assessment occurred in 2012.

Timeline: 2022

DELETED PROJECTS

The following projects were included in the 2016-2018 Work Plan. Due to changing circumstances, risks and corporate priorities, some of these projects have been moved to the "B"-List (Appendix "B" to Report AUD19004) and will be considered for completion in future years and some have been removed from consideration due to the volume of other higher priority items, proposed changes in municipal service offerings. Management is still responsible to ensure the provision of these services in an appropriate manner.

AODA (Accessibility Standards for Customer Service Compliance, Human Resources Integrated Accessibility Standards (IAS) for Employment Compliance, Built Environment Compliance)
Emergency Management - Compliance with Legislated Requirements
Environmental Services
Hamilton Police Service
Hamilton Public Library
Human Resources - Performance Accountability & Development System
Public Health Services - Chronic Disease and Injury Prevention Division
Real Estate - Expropriations
Security and Safety at City Facilities

Staffing and Available Hours

This plan reflects the current Council-approved funding. Additional staff may be required if the risk profile changes significantly or if there is an increased demand for audit services, including significant volume for the recently launched Fraud and Waste Hotline. Value for money audits and risk assessments take longer to complete than traditional compliance audits, so fewer projects are included on this work plan compared to previous plans.

The portfolio of work executed includes work plan projects, special requests received during the year, advice and education to audit clients on internal controls, new corporate initiatives, emerging issues audit research, maintaining the Office of the City Auditor's work methodology and audit planning.

Experience has shown that throughout the year unanticipated requests for audit resources arise from Council and management. The work plan sets a portion of time aside to meet such requests. Time is also set aside to conduct fraud/waste/whistleblower assessments and investigations, as the same pool of staff that carries out the projects in the work plan carry out such work.

Timelines

Timelines to complete projects are estimates only. Risk Assessments and consulting projects require significant participation from management to identify risks, agree on issues and provide management action plans. For any project, if management does not provide information in a timely manner, it is challenging to achieve the planned timelines.

Annual Update

Since this is a longer-term audit plan, an update of this plan may be provided to the Audit, Finance and Administration Committee at least once per calendar year.

APPENDIX "B"
CITY OF HAMILTON – OFFICE OF THE CITY AUDITOR
PROPOSED PROJECTS FOR SUBSEQUENT YEARS

Projects for the 2019 to 2022 Office of the City Auditor Work Plan are listed on "Appendix A". However, there are many service areas which should be addressed but, due to the limitations in available staff hours, could not be accommodated in the 2019 to 2022 work plan. These projects will be re-evaluated annually to ensure continued relevance and priority and will be considered in subsequent years. Should 2019 to 2022 scheduling or resources allow, the projects noted below would be considered for possible completion in the current term of Council. Any projects previously included on a "B" List but not included on this list are no longer considered priority areas for work.

- Absenteeism and Attendance Management (Fire, EMS, Police)
- Asset Management
- By-law Enforcement
- Capital Project Management
- Capital Works Projects - Quality Management
- City-wide Vehicle Fleet Management
- Development Approvals
- Development Charges
- Employee Benefits
- EMS/Fire Resource Management
- Forestry - Street Tree Program
- Growth Management - Quality management of new development infrastructure
- Housing - Rent Supplement Programs
- IT Asset Management
- IT Risk Assessment
- IT Service Desk
- Organic Waste Management and Recycling
- Procurement
- Real Estate Management, including land sales
- Security and Safety at City Facilities
- Sick leave/disability payments and case management

- Social Services (OW, Support Services, Discretionary Benefits) - Intake and Payment Processes
- Waste Management
- Wastewater Management