



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 22-001
Date: January 13, 2022
Time: 9:30 a.m.
Location: Due to the COVID-19 and the Closure of City Hall (CC)

All electronic meetings can be viewed at:

City's Website:
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:
<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

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. December 9, 2021

5. COMMUNICATIONS

6. DELEGATION REQUESTS

7. CONSENT ITEMS

7.1. Women and Gender Equity Committee Minutes - October 28, 2022

- 7.2. Post Pandemic Virtual Trial Support (LS22003 / FCS22001) (City Wide)
- 7.3. 2021 City of Hamilton External Audit Plan (FCS22005) (City Wide)
- 7.4. 1099 King Street East, Hamilton – Water and Wastewater / Storm Account Debit Adjustment (FCS22006) (Ward 3)

8. PRESENTATIONS

- 8.1. Hamilton Waterfront Trust - 2020 Annual Briefing by Werner Plessl, Executive Director

9. PUBLIC HEARINGS / DELEGATIONS

10. DISCUSSION ITEMS

- 10.1. Citizen Committee Report - Women and Gender Equity Committee - Reinstating the COVID-19 Encampment Protocol

11. MOTIONS

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

- 13.1. Amendments to the Outstanding Business List:

- 13.1.a. Item Requiring A New Due Date:

OBL Item: 20-M

Creative Enterprise Facilities Property Tax Sub-Class

Added: December 9, 2020 at GIC

Original Due Date: Q3 2021

New Requested Due Date: Q4 2022 (Waiting response from the Province)

14. PRIVATE AND CONFIDENTIAL

- 14.1. Closed Minutes - December 9, 2021

Pursuant to Section 9.1, Sub-section (b) of the City's Procedural By-law 21-021 and Section 239(2), Sub-section (b) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to personal matters about an identifiable individual, including City or a local board of employees.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 21-022

9:30 a.m.

December 9, 2021

Council Chambers

Hamilton City Hall

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

Also Present: Councillor J. Partridge

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR FOR 2022:

(Clark/Johnson)

- (a) That Councillor M. Pearson be appointed as Chair of the Audit, Finance & Administration Committee for 2022.
- (b) That Councillor **A. VanderBeek** be appointed as Vice-Chair of the Audit, Finance & Administration Committee for 2022.

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

YES - Ward 13 Councillor Arlene VanderBeek
 YES - Ward 12 Councillor Lloyd Ferguson
 YES - Ward 11 Councillor Brenda Johnson
 YES - Ward 10 Councillor Maria Pearson
 YES - Ward 9 Councillor Brad Clark
 YES - Ward 5 Councillor Russ Powers
 YES - Ward 1 Councillor Maureen Wilson

2. CONSENT ITEMS (Item 7.1)

(Johnson/Powers)

That the following Consent Items, be received:

- (a) Standards & Approved Products Committee Report (PW21071) (City Wide) (Item 7.2)
- (b) Fair Wage Policy and Fair Wage Schedule Complaints Annual Report (FCS21101) (City Wide) (Item 7.3)
- (c) 2021 Third Quarter Request for Tenders and Proposals Report (FCS21008(b)) (City Wide) (Item 7.4)

- (d) 2021 Third Quarter Emergency and Non-competitive Procurements Report (FCS21009(b)) (City Wide) (Item 7.5)
- (e) 2021 Third Quarter Non-compliance with the Procurement Policy Report (FCS21010(b)) (City Wide) (Item 7.6)

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

3. Hamilton Future Fund Audit (AUD21013) (City Wide) (Item 8.2)

(Pearson/Clark)

- (a) That Appendices “A” and “B” to Report AUD21013, respecting the Hamilton Future Fund Audit be received;
- (b) That the Management Response, as detailed in Appendix “B” of ReportAUD21013 be approved; and,
- (c) That the General Manager of Corporate Services be directed to formulate comprehensive management action plans and submit these to the Office of the City Auditor by June 2022.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

4. Investing in City Roads and Sidewalks Infrastructure with Canada Community - Building Funds (PW21073) (City Wide) (Item 10.1)

(Pearson/Johnson)

- (a) That the Canada Community Building Fund investment of \$30 M be allocated to the list of projects in Appendix “A” to Report PW21073;
- (b) That three Public Works temporary full time equivalents be hired for up to 24 months at an estimated cost of \$850,000 and funded from Unallocated

Capital Levy Reserve 108020 to deliver the Canada Community-Building Fund projects; and,

- (c) That the Procurement Policy 4.9 Consulting and Professional Services requirements be waived to allow for the direct award of Roster Assignments above the \$150,000 threshold for consultancy work pertaining to the Canada Community-Building Fund projects.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

5. 2022 Budget Submissions Volunteer Advisory Committee (HUR21016) (City Wide) (Item 10.2)

(Pearson/VanderBeek)

- (a) That the Volunteer Advisory Committee 2022 budget base submissions be approved as follows and referred to the 2022 budget process:
- (i) Advisory Committee on Immigrant & Refugees in the amount of \$3,500.00, attached as Appendix "A" to Report HUR21016;
 - (ii) Hamilton Mundialization Committee in the amount of \$5,890.00, attached as Appendix "B" to Report HUR21016;
 - (iii) Hamilton Women and Gender Equity Committee in the amount of \$3,500.00, attached as Appendix "C" to Report HUR21016 and \$5,000.00 is requested from the Committee's 2021 reserve fund to support the 2021 Elect More Women Conference and other related initiatives that arise in 2022 that are not yet planned.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

6. 2022 Temporary Borrowing and Interim Tax By-laws (FCS21112) (City Wide) (Item 10.3)

(Pearson/Clark)

- (a) That Appendix "A" attached to Report FCS21112, "By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2022", be passed; and,
- (b) That Appendix "B" attached to Report FCS21112, "By-law to Authorize an Interim Tax Levy for 2022", be passed.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

7. Use of External Services for Tax Assessment & Appeals (FCS20005(a)) (LS21047) (City Wide) (Item 10.4)

(Pearson/Wilson)

- (a) That the cost to hire one temporary solicitor and one temporary legal support staff for the City's active participation in assessment appeals be funded from the Tax Stabilization Reserve (Account number 110046) up to April 30, 2023;
- (b) That the use of external legal counsel, if required, to supplement internal legal resources to actively participate in assessment appeals, be funded from the Tax Stabilization Reserve (Account number 110046) up to April 30, 2023;
- (c) That the cost of Assessment & Appraisal consultants from Roster for Consultancy Services for the Provision of Assessment Based Management, Property Assessment & Taxation Appeals, Appraisal & Expert Witnesses (C2-01-21) continue to be funded from the Tax Stabilization Reserve (Account number 110046) up to April 30, 2023;
- (d) That the licensing cost to obtain an Appeals Management System, to be used by both Taxation and Legal staff to efficiently manage and track all active appeals, be funded from the Tax Stabilization Reserve (Account number 110046) up to April 30, 2023; and,
- (e) That staff report back on actual consulting, legal and software licensing costs incurred up to April 30, 2023, to determine if a sustainable funding source is required for 2023 and future.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

8. Information Regarding Calculation of Audit Fee for Fair Wage Compliant FW26-2017 (FCS21117) (City Wide) (Item 10.5)

(Pearson/Johnson)

That Network Sewer and Watermain Ltd. be charged \$8,555.96 for the costs associated with FW26-2017 Fair Wage audit.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

9. Grants Sub-Committee Report 21-002 - December 1, 2021 (Item 10.6)

(Johnson/Pearson)

(a) 2022 City Enrichment Fund Advance Payments (GRA21004) (City Wide) (Item 6.1)

- (i) That staff be authorized and directed to provide advance monthly payments to 2022 City Enrichment Fund applicants, as shown in Appendix "A" to Report 21-002, based upon 2021 funding levels, prior to final approval of the 2022 City Enrichment Fund budget; and,
- (ii) That any outstanding arrears due to the City of Hamilton, by any of the organizations listed in Appendix "A" to Report 21-002, be paid in full utilizing the approved advance funding, prior to the organization receiving any City Enrichment Fund payments.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

**10. HMRF - HWRF Pension Administration Sub-Committee Report 21-001 -
December 1, 2021 (Added Item 10.7)**

(Powers/VanderBeek)

(a) CONSENT ITEMS (Item 7)

That the following Consent Items, be received:

- (i) 2020 Hamilton-Wentworth Retirement Fund Financial Statements (FCS21098) (City Wide) (Item 7.1)
- (ii) 2020 Hamilton Municipal Retirement Fund Financial Statements (FCS21099) (City Wide) (Item 7.2)
- (iii) Master Trust Pension Investment Performance Report as at December 31, 2020 (FCS20075(a)) (City Wide) (Item 7.3)
- (iv) Master Trust Pension Investment Performance Report as at June 30, 2021 (FCS21091) (City Wide) (Item 7.4)

**(b) 2021 Master Trust Pension Statement of Investment Policies and
Procedures (FCS21095) (City Wide) (Item 10.1)**

- (i) That Appendix "A" attached to HMRF/HWRF Pension Administration Sub-Committee Report 21-001 respecting the 2021 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures be approved and replace the previous 2020 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures contained in Report FCS20074 and approved by Council on December 16, 2020; and,
- (ii) That Appendix "A" attached to HMRF/HWRF Pension Administration Sub-Committee Report 21-001 respecting the 2021 City of Hamilton Defined Benefit Pension Plans Master Trust Statement of Investment Policies and Procedures be forwarded to the Hamilton Street Railway Pension Advisory Committee for their information.

**(c) Outsourced Chief Investment Officer (FCS21116) (City Wide) (Added
Item 10.2)**

- (i) That Council, as the Administrator of the City Hamilton Defined Benefit Pension Plans Master Trust, authorizes:

- (1) the General Manager, Finance and Corporate Services, to negotiate any agreements for contractual or consulting services to develop the selection process to hire an Outsourced Chief Investment Officer (OCIO) in a form satisfactory to the City Solicitor which may include sole sourcing or single sourcing to the applicable service provider;
 - (2) the General Manager, Finance and Corporate Services, to negotiate any agreements for the selection and hiring of an Outsourced Chief Investment Officer (OCIO) in a form satisfactory to the City Solicitor; and,
 - (3) the General Manager, Finance and Corporate Services, to make any changes to applicable pension plan agreements, by-laws and policies in a form satisfactory to the City Solicitor; and,
- (ii) That staff of the Corporate Services, Financial Planning and Administration Policy, inform the HMRP/ HWRF Pension Administration Sub-Committee and Hamilton Street Railway Pension Advisory Committee through a Communication Update or Information Report of the successful Outsourced Chief Investment Officer (OCIO) after awarding of the contract.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

11. 2022 Budget Submission – Aboriginal Advisory Committee (HSC21051) (City Wide) (Added Item 10.8)

(Pearson/Powers)

That the Aboriginal Advisory Committee 2022 base budget submission attached as Appendix “A” to Report HSC21051 in the amount of \$3,552, be approved and referred to the 2022 budget process for consideration.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark

YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

12. 2022 Budget Submission – Committee Against Racism (CM21017) (City Wide) (Added Item 10.9)

(Johnson/Powers)

That the Committee Against Racism Advisory Committee 2022 base budget in the amount of \$8,900, be approved and referred to the 2022 budget process for consideration.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

13. Write Off of Penalties, Interest and Related Fees for Property Taxes and Interest Free Loan Agreement on Compassionate Grounds for the YFC/Youth Unlimited Waterdown, 273 Parkside Drive, Waterdown (Roll No. 2518.303.410.28600.0000) (Item 11.1)

(VanderBeek/Powers)

WHEREAS, YFC Southwestern Ontario, also known as Youth for Christ (YFC) Youth Unlimited Waterdown, is a Registered Charity;

WHEREAS, the YFC/Youth Unlimited Waterdown provides programming for youth aged 10 to 19 years of age;

WHEREAS, YFC/Youth Unlimited Waterdown purchased the property located at 273 Parkside Dr, Waterdown in 2012, demolishing the existing residential structure to make room for the newly built youth centre which was completed in 2014;

WHEREAS, the property taxes at 273 Parkside Drive, Waterdown, once the former residential structure was demolished equated to, on average, approximately \$2,500 per year and continued as such even after the construction of the new facility;

WHEREAS, the Municipal Property Assessment Corporation (MPAC) did not add the value of the new facility to the roll until November 2020, thus triggering the City of Hamilton to issue tax bills for the omitted assessment for taxation years 2018 to 2020, the maximum allowable under the Municipal Act;

WHEREAS, the tax bills for omitted assessment for taxation years 2018 to 2020 totalling approximately \$48K, combined with the 2021 taxes of approximately

\$17K per year, has put YFC/Youth Unlimited Waterdown in a difficult financial situation; and,

WHEREAS, YFC/Youth Unlimited Waterdown successfully challenged their assessment increase, resulting in a slight reduction to the assessed value, however still resulting in total outstanding taxes of \$64,884.85 inclusive of penalty, interest and related fees and \$58,467.21 excluding penalty, interest and related fee as on November 22, 2021;

THEREFORE, BE IT RESOLVED:

- (a) That the General Manager, Finance and Corporate Services, be authorized to write off penalties, interest and related fees for property taxes for YFC/Youth Unlimited Waterdown due up to the date of the loan execution estimated at \$7,148.48 to operating Dept ID 252009;
- (b) That the General Manager, Finance and Corporate Services, be authorized and directed to enter into an interest free loan agreement with the YFC/Youth Unlimited Waterdown on compassionate grounds not to exceed \$58,467.12 to be repaid within 5 years at \$11,693.14 annually, together with a General Security Agreement, both in a form satisfactory to the City Solicitor and General Manager, Finance and Corporate Services; and,
- (c) That should property taxes levied to YFC/Youth Unlimited for the property located at 273 Parkside Drive, Waterdown (Roll No. 2518.303.410.28600.0000) during the loan period for 2022 to 2026 not remain current, then the loan will be cancelled and the outstanding balance of this loan will be transferred to the property tax roll.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

14. Personnel Matter (FCS21118) (City Wide) (Added Item 14.1)

(Powers/Pearson)

- (a) That the direction provided to staff in Closed Session be approved with funding approved from the Corporate Financials Budget; and,
- (b) That Report FCS21118, respecting Personnel Matter, remain confidential.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

FOR INFORMATION:

(a) APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR FOR 2022 (Item 1)

(Wilson/VanderBeek)

- (a) That Councillor M. Pearson be appointed as Chair of the Audit, Finance & Administration Committee for 2022; and
- (b) That Councillor B. Clark be appointed as Vice-Chair of the Audit, Finance & Administration Committee for 2022.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(b) CHANGES TO THE AGENDA (Item 2)

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

8. PRESENTATIONS

- 8.1 Hamilton Waterfront Trust – 2020 Annual Briefing by Werner Plessl, Executive Director (No Copy)

This Item was WITHDRAWN and will be placed on the January 13, 2022 Audit, Finance and Administration Committee Agenda.

10. DISCUSSION ITEMS

- 10.7 HMRF - HWRF Pension Administration Sub-Committee Report 21-001 - December 1, 2021
- 10.8 2022 Budget Submission – Aboriginal Advisory Committee (HSC21051) (City Wide)

- 10.9 2022 Budget Submission – Committee Against Racism (CM21017)
(City Wide)

14. PRIVATE AND CONFIDENTIAL

- 14.1 Personnel Matter (FCS21118) (City Wide)

(Clark/Pearson)

That the agenda for the December 9, 2021 Audit, Finance and Administration Committee meeting be approved, as amended.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

(c) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

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

(i) November 18, 2021 (Item 4.1)

(Clark/VanderBeek)

That the Minutes of the November 18, 2021 meeting of the Audit, Finance and Administration Committee be approved, as presented.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

(e) CONSENT ITEMS (Item 7)

(i) Committee Against Racism – November 23, 2021 - No Quorum Notes (Item 7.1)

(Johnson/Powers)

That the Committee Against Racism - No Quorum Notes from November 23, 2021, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(f) PRESENTATIONS (Item 8)

(i) Hamilton Future Fund Audit (AUD21013) (City Wide) (Item 8.2)

Charles Brown, City Auditor addressed the Committee with a staff presentation respecting Report AUD21013, the Hamilton Future Fund Audit.

(Pearson/Powers)

That the Staff Presentation respecting Report AUD21013, the Hamilton Future Fund Audit, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
YES - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, please refer to Item 3.

**(g) APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR FOR 2022 (Item 1)
(CONTINUED)**

(Clark/Pearson)

That Item (a)(b), considered earlier in the meeting, respecting the Appointment of Committee Vice-Chair for 2022 and which reads as follows, be reconsidered at this time, in order to comply with Section 5.2 (1)(b) of Procedural By-law 21-021, as amended:

**(a) APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR FOR 2022
(Item 1)**

(b) That Councillor B. Clark be appointed as Vice-Chair of the Audit, Finance & Administration Committee for 2022.

Result: Motion CARRIED by a 2/3 Majority vote of 7 to 0, as follows:

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

(Pearson/Powers)

That Item (a)(b), respecting the Appointment of Committee Vice-Chair for 2022 and which reads as follows, be considered at this time:

(a) APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR FOR 2022 (Item 1)

- (b) That Councillor B. Clark be appointed as Vice-Chair of the Audit, Finance & Administration Committee for 2022.

(Pearson/Powers)

That Item (a)(b), respecting the Appointment of Committee for 2022, be **amended** to read as follows:

(a) APPOINTMENT OF COMMITTEE CHAIR AND VICE-CHAIR FOR 2022 (Item 1)

- (b) That Councillor **A. VanderBeek** be appointed as Vice-Chair of the Audit, Finance & Administration Committee for 2022.

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

- YES - Ward 13 Councillor Arlene VanderBeek
- YES - Ward 12 Councillor Lloyd Ferguson
- YES - Ward 11 Councillor Brenda Johnson
- YES - Ward 10 Councillor Maria Pearson
- YES - Ward 9 Councillor Brad Clark
- YES - Ward 5 Councillor Russ Powers
- YES - Ward 1 Councillor Maureen Wilson

For disposition of this matter, please refer to Item 1.

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

(i) Amendments to the Outstanding Business List:

(Pearson/Johnson)

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

(a) Items Considered Complete and Needing to be Removed:

Investing in City Roads and Sidewalks Infrastructure with Canada
Community-Building Funds

Added: July 5, 2021 at GIC - Item 11.1

Completed: December 9, 2021 at AF&A - Item 10.1

OBL Item: 21-I

Kenneth Ukrainec, on behalf of Network Sewer and Watermain
Ltd., respecting the Fair Wage Policy and Fair Wage Schedule
Complaints Annual Report (FCS20084)

Added: October 22, 2020 at AF&A - Item 7.2

Completed: December 9, 2021 at AF&A - Item 10.5

OBL Item: 20-K

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

YES - Ward 13 Councillor Arlene VanderBeek

YES - Ward 12 Councillor Lloyd Ferguson

YES - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark

YES - Ward 5 Councillor Russ Powers

YES - Ward 1 Councillor Maureen Wilson

(i) **PRIVATE AND CONFIDENTIAL (Item 14)**

(Pearson/Johnson)

That Committee move into Closed Session, respecting Item 14.1 pursuant to Section 9.1, Sub-section (b) of the City's Procedural By-law 21-021 and Section 239(2), Sub-section (b) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to personal matters about an identifiable individual, including City or a local board of employees.

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

YES - Ward 13 Councillor Arlene VanderBeek

YES - Ward 12 Councillor Lloyd Ferguson

YES - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark

YES - Ward 5 Councillor Russ Powers

YES - Ward 1 Councillor Maureen Wilson

(i) **Personnel Matter (FCS21999) (City Wide) (Added Item 14.1)**

For disposition of this matter, please refer to Item 14.

(j) **ADJOURNMENT (Item 15)**

(Pearson/VanderBeek)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 11:15 a.m.

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

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

Respectfully submitted,

Councillor Ferguson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



Hamilton

Minutes

Status of Women Advisory Committee

Thursday, October 28, 2021

6:00pm-8:00pm

Due to the COVID-19 and the Closure of City Hall All electronic meetings can be viewed at: City's YouTube Channel:

**<https://www.youtube.com/user/InsideCityofHamilton>
Virtual Meeting**

Present: Stephanie Bertolo, Yulena Wan, Deanna Allain. Anna Davey, Autumn Getty

Regrets: Jan Lukas

Also Present: Kim Manderson - Staff Liaison
Jessica Bowen – Diversity and Inclusion Office
Taline Morris - Admin Assistant

1. Welcome/Introductions

A round of introductions and welcoming of members.

2. Ceremonial Activities (Item 1)

S. Bertolo provided the Land Acknowledgement

3. Approval of the Agenda (Item 2)

Added items to 10.3: Motion to Advise Council to Reinstate the Covid-19 Encampment Protocol be added under Discussion Items.

Added Item 10.4: Elect more Women Conference be added under Discussion Items.

(S. Bertolo/Y. Wan)

That the Agenda of October 28, 2021 be approved as amended.

CARRIED

4. Approval of Minutes (Item 4)

i. Minutes of September 23, 2021

(S. Bertolo/D. Allain)

That the Status of Women Committee approves the Minutes of September 23, 2021 as presented.

CARRIED

5. Discussion Items (Item 10)

i. Business Arising from Previous Minutes (Item 10.1)

(a) Name Change and Terms of Reference

Report: S. Bertolo provided an update that the report will be addressed at the November 4th Audit, Finance and Administration Meeting.

(b) Motion Respecting Adding More Committee

Members: Staff provided an update that this motion cannot be actioned as there is less than 12 months in the remaining council term. Committee members will encourage members in their communities to apply in hopes of starting next term with a larger committee.

ii. 2022 Budget (Item 10.2)

Committee members reviewed the committee's 2022 draft budget. There is \$5142 currently in reserve. The committee will request \$5000 from reserve for special events and project cost to support women and non-binary initiatives such as the elect more women conference.

(A.Getty/Y. Wan)

That the Status of Women Committee's 2022 budget be approved.

CARRIED

iii. Motion to Advise Council to Reinstate the Covid-19 Encampment Protocol (Added Item 10.3)

D. Allain put forth a motion to advise council to reinstate the Covid-19 Encampment Protocol. Committee members discussed the recommendations and indicated, they would be willing to complete a citizen committee report or a delegation request to strengthen the committee's recommendations.

(D.Allain/ A. Davey)

WHEREAS, there is presently not enough shelter space or affordable housing units to support houseless neighbors in Hamilton, with a waitlist for affordable housing exceeding 6,000 applications.

WHEREAS, women face increased risk for houselessness resulting from intimate partner violence.

WHEREAS, Black, Indigenous, racialized, and newcomer women and nonbinary communities have been significantly impacted by job loss and unemployment due to Covid-19 and systemic

barriers.

WHEREAS, encampments are not the problem, but a symptom of an extensive and years long housing and affordability crisis across Canada, notably in Hamilton as one of the most unaffordable cities in the country.

WHEREAS, the encampment protocol enabled a person-centred approach to connecting individuals with resources and services in the absence of accessible supports and housing solutions

THEREFORE, BE IT RESOLVED:

- (a) That the Status of Women Committee advisory committee recommends Council reinstate the encampment protocol
- (b) That the Status of Women Committee advise Council to continue prioritizing funding toward building and making available more affordable housing units, in addition to identifying temporary shelter solutions for the incoming cold winter; and
- (c) If requested by council, the Status of Women Committee can prepare a citizen's report on the need to reinstate on the COVID-19 encampment protocol and other supports for houseless communities.

CARRIED

iv. Elect More Women Conference (Added Item 10.4)

Committee members discussed sponsoring the Elect More Women Conference, as they have historically done. The conference is organized by the YWCA and aims to provide resources and support for women in politics.

(S. Bertolo /A. Getty)

That the Status of Women committee will partner with the YWCA and Councillor Nann's office for the 2022 Elect More Women Conference.

CARRIED



6. Adjournment (Item 15)

(A. Getty/ Y. Wan)

That the Status of Women Committee be adjourned at 7:09p.m.



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 13, 2022
SUBJECT/REPORT NO:	Post Pandemic Virtual Trial Support (LS22003 / FCS22001) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ron Sabo (905) 546-2424 Ext. 3143 Cindy Mercanti (905) 546-2424 Ext. 2654
SUBMITTED BY: SIGNATURE:	Stephen Spracklin City Solicitor, Legal and Risk Management Services Corporate Services Department 
SUBMITTED BY: SIGNATURE:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department 

COUNCIL DIRECTION

N/A

INFORMATION

A business case has been submitted as part of the 2022 budget process which identified the staffing need along with the ability to fund the costs through Provincial Offences Administration (POA) revenues. This need will arise as the court schedules are expanding for court re-opening and particularly due to the addition of complex and lengthy virtual court processes.

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: Post Pandemic Virtual Trial Support (LS22003 / FCS22001)
(City Wide) – Page 2 of 6**

The City of Hamilton's POA office provides administrative support to the Ontario Court of Justice – Provincial Offences Court, judiciary, general public, enforcement agencies and legal professionals.

The POA office administers charges, conviction and enforcement for over 150 statutes. While the greatest volume of charges is under the *Highway Traffic Act* including, Automated Speed Enforcement and Red Light Camera, charges also follow enforcement under other legislation such as the *Compulsory Automobile Insurance Act*, the *Liquor Licence Act*, the *Occupational Health and Safety Act*, the *Environmental Protection Act*, as well as, applicable municipal by-laws.

The pandemic also has resulted in the Ministry of the Attorney General (MAG) directing that all provincial courts implement a digital pivot to support the introduction of enhanced virtual Early Resolution meetings and trials. Early Resolution refers to a designated court date created to allow a defendant and a prosecutor in a provincial offence case to meet and attempt to resolve the case. The re-opening of courts is a priority to restore public access and to continue effective enforcement of health, safety and other laws. MAG has required that all POAs demonstrate their ability to effectively and efficiently implement virtual trials in order to provide approval to slowly and in a controlled manner re-open provincial courts. Virtual trial and Early Resolution proceedings will be required going forward.

In order to successfully confirm Hamilton's preparedness for virtual trials and enhanced Early Resolution meetings, a dedicated staff team, in consultation with the Regional Senior Justice of the Peace, MAG and key stakeholders developed an accessible virtual court delivery platform and operating model. This newly established virtual approach was approved by MAG thereby allowing the introduction of enhanced Early Resolution meetings and virtual trials.

Since September, the City of Hamilton, in collaboration with MAG and identified stakeholders, initiated a controlled launch of virtual trials. Upon reviewing this new virtual court delivery platform, the need for additional resources to support the operating model was identified for both POA administration and POA Legal.

Currently, the City has seven full-time court reporters who support both the Early Resolution and trial process along with providing back-up to the Trial Co-ordinator and other administrative functions. In 2021, as of October 31, there have been 7,807 Early Resolution events. From January to December 2020, there were 6,866 Early Resolution events.

Early resolution, which is being conducted virtually over Zoom, requires two court reporters. One performs as a moderator who is responsible for opening and hosting the Zoom meeting, screening defendants to the court docket for each tier (four tiers in total),

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: Post Pandemic Virtual Trial Support (LS22003 / FCS22001)
(City Wide) – Page 3 of 6**

renaming participants for the different tiers throughout the day and moving participants into various breakout rooms for meeting with counsel / prosecution / courtroom.

A second court reporter is required in the courtroom who is responsible for all courtroom procedures including the testing and operation of court-recording equipment (Liberty Court Recorder, Document Camera, Projector, Creston camera and audio controls, Zoom laptop), annotating and maintaining the court record, opening and closing of court, arraigning defendants on guilty pleas, prepping and endorsing court Informations, court orders and documents and providing assistance to the judiciary, prosecution and defence, as required.

During virtual trial proceedings, two court reporters are required to support the effective delivery of court services, specifically, one as a moderator performing the duties outlined above and one court reporter in the courtroom who is responsible for the court recording, opening and closing of court, arraigning defendants, swearing-in witnesses prepping and endorsing court Informations, orders and documents, logging and storing virtual court Exhibits and providing assistance to the judiciary, prosecution and defence, as required. With the current complement of seven court reporters, the City is constrained in supporting more than 1,300 outstanding virtual trials.

Supporting the virtual and in-person trial process, court reporters are required to have non-court days in order to effectively complete all in-court duties. Being scheduled out of court enables them to listen to the entire day's court proceedings to validate accurate, complete and verify their court endorsements, obtain signatures of Judiciary, as required, provide all endorsed court documents to the update desk in the court administration office to update into the Integrated Court Offences Network (ICON) which is an online system that allows staff to manage information on Ontario court cases.

Staff input information on individual cases and activities such as, court appearances, future court dates, convictions, fines, payment of fines and much more at local courts and generate statistical and other reports for planning and case management. Information is also updated into the Courts Administration Management System (CAMS) which manages municipal court activities related to *Provincial Offences Act* charges laid in Ontario. The system provides a valuable tool for managing the status of cases and provides a critical integration between the applications and collections processes. The system can produce all the relevant court forms in support of this and many other court administration activities. The updating must be completed within three days of the scheduled court date. Delays in the court reporter providing the endorsed documents to the update desk constrains the ability of administrative staff to adhere to the strict deadlines.

In 2022, the expansion of virtual trials will continue and an increase in availability of judicial resources is expected, thereby resulting in the need for two additional court

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: Post Pandemic Virtual Trial Support (LS22003 / FCS22001)
(City Wide) – Page 4 of 6**

reporters that will provide support in the moderation and management of the virtual trial and Early Resolution processes both in-court and administratively. Supporting this expansion, there is a need to secure one additional administrative clerk to support the processing of court information from paper to electronic, as well as, support the management of increased court filings.

The hiring of these resources will be dependent on the expansion of the virtual trial and Early Resolution process. If the virtual expansion of court proceedings does not occur at the anticipated pace, the hiring of these positions will be delayed until such time as the need is identified. The reason for the budget request is predicated on the need to secure these resources within a time frame dictated by the expansion of scheduling additional virtual trials.

Similarly, experience with prosecutions during virtual court proceedings has determined a need for additional prosecution (POA Legal) staff to maintain service levels, respond to public and enforcement inquiries, prepare cases for court and to organize the handling and order of cases on court days needed to keep pace with the expanding virtual court schedules and maintenance of in-person courts involved in the re-opening process. "Virtual" court has resulted in more complex and substantially lengthier trial / hearing processes in the many Early Resolution, pretrial, trial, appeals and other court appearances.

Strict adherence to court start and end times is required. Efficient use of court time and the judicial and other resources involved requires added organization to limit delay and avoid negative impacts on the public who rely on courts, which include the victims of offences, citizen witnesses and accused persons seeking trials or hearings. The basis for adding three prosecutors and two prosecution assistants is further detailed below.

Virtual court proceedings change the nature and effort involved in organization and prosecution of cases by prosecutors, which demands will grow as schedules add more cases for court re-openings. With in-person trials, typically only one prosecutor will be assigned to each court and they are able to visually and verbally confirm the arrival of accused, defence agents, witnesses, enforcement officers and interpreters which is needed to determine which of several cases are ready to proceed. The prosecutor, prior to starting court or when not speaking in court, would normally have brief conversations with each person on arrival to determine readiness and approach required for each court appearance.

In the virtual court process, a prosecutor remains in the virtual proceedings or waiting queues and the need is for two other prosecutors assigned to case preparation before the virtual proceeding can start. The other cases on the docket will require prosecutors to manage the virtual process for persons involved in each case. Case management work involves needed discussions with persons such as confirming evidence that will be

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: Post Pandemic Virtual Trial Support (LS22003 / FCS22001)
(City Wide) – Page 5 of 6**

given in court, explaining how to produce documents for the court in the virtual environment, plea discussions, determining case readiness, collecting critical information including from trial co-ordinators and setting the order of each matter while another prosecutor remains in virtual court.

MAG case scheduling directives are also suggesting adding multiple court tiers to each court day which will require this added assistance through the day. The organization of cases relying on virtual appearances is added but necessary work to re-open courts and maintain public service levels. Other out-of-court work for prosecutors and administrative staff also has to be maintained which includes charge and case reviews, preparation of court materials and argument, disclosure responses and related communications.

POA Legal offices currently have minimal administrative support and rely largely on paper files and records. Increasing charge volumes, Red Light Camera and Automated Speed Enforcement, in particular, have strained these resources which limits the ability to deal with the demands from virtual court. Re-opening with virtual courts substantially increases administrative demands. Additional prosecution assistants will support court preparation including digital documentation, relay of information on court access to the public and to address increased public and other inquiries due to the new virtual court process.

Without added prosecutor and administrative staffing assistance, the efficiency of courts and their capacity to approach pre-pandemic volumes in Early Resolution, trials and other court appearances will be constrained. The result being that prosecution staffing requires an increase of three prosecutors and two administrative assistants to be applied, as courts re-open under schedules determined by the judiciary and including virtual court proceedings.

With court operations being suspended for over a year and the introduction of additional provincial and municipal charges, there is a significant case volume that requires management in order to ensure cases can be heard within the required period. Without the above resources, the ability to effectively support the implementation of enhanced virtual Early Resolution and trials will be heavily constrained.

It is important to note that despite MAG providing direction for the introduction of virtual trials in-person trials will continue, when requested, in order to ensure those persons who may face the digital divide have seamless access to the courts and processes. To support in-person access to the courts, several months ago, MAG enhanced safety protocols and controls that have been implemented for Hamilton's POA location, specifically, surgical masks must be worn when entering the building and active screening is required prior to entry.

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: Post Pandemic Virtual Trial Support (LS22003 / FCS22001)
(City Wide) – Page 6 of 6**

The financial impact, of the identified eight FTEs, is summarized below and further expanded in the business case.

Adjusted Budget and Complement			
	Gross	Net	FTEs
Year One	604,900	-	8
Annually After Year One	802,804	-	8

The additional FTE cost will be funded by POA revenues collected.

APPENDICES AND SCHEDULES ATTACHED

None.

RS/CM/dt



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Services and Taxation Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 13, 2022
SUBJECT/REPORT NO:	2021 City of Hamilton External Audit Plan (FCS22005) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Shelley Hesmer (905) 546-2424 Ext. 3020
SUBMITTED BY:	Rick Male Director, Financial Services and Taxation & Corporate Controller Corporate Services Department <i>Beverly Neill</i>
SIGNATURE:	for Rick Male

RECOMMENDATION

That Appendix "A" attached to Report FCS22005 respecting the 2021 City of Hamilton External Audit Planning prepared by KPMG be received.

EXECUTIVE SUMMARY

Council, at its meeting of September 11, 2017, approved the Audit, Finance and Administration Committee recommendation and Report FCS17073, "Appointment of External Auditor 2017-2021" wherein KPMG was selected as the City of Hamilton's (City) external auditor.

KPMG's audit approach and scope of work for the City of Hamilton and its related entities for the 2021 fiscal year is provided in their Audit Planning Report for the year ended December 31, 2021 (refer to Appendix "A" to Report FCS22005). KPMG's Audit Planning Report outlines their audit responsibilities and audit approach in accordance with Canadian generally accepted auditing standards. The audit standards focus the audit on areas where there is greater risk of misstatement. KPMG has tailored their audit of the City to several specific audit areas: including revenue recognition, deferral policies including grants, tangible capital assets, employee future benefits liability,

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: 2021 City of Hamilton External Audit Plan (FCS22005) (City Wide) -
Page 2 of 3**

landfill liability, investments and related income, legal and compliance matters, and operating expenses.

KPMG will be discussing the audit work required on the financial statements for the Library, Housing, and Business Improvement Areas with the respective boards or oversight bodies.

Alternatives for Consideration – None

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The 2021 external audit fees of \$215,000 are within the limits of the approved 2021 Operating Budgets for the City and the entities included in the report.

Staffing: There are no associated staffing implications.

Legal: There are no associated legal implications.

HISTORICAL BACKGROUND

KPMG, has been the provider of the City of Hamilton’s external audit services since 2012, having been the successful proponent of a 2011 Request for Proposals (RFP). In December 2016, KPMG had approached senior management with a proposed contract renewal for the next five years. Financial Services staff brought Report FCS17048 to the Audit, Finance and Administration Committee on May 08, 2017, to seek authority to negotiate with KPMG and to bring back the results of such efforts to a future Committee meeting. Report FCS17073 was presented to the Audit, Finance and Administration Committee on August 16, 2017, and provided the necessary follow-up and recommendations. Council at its meeting of September 11, 2017, approved the Audit, Finance and Administration recommendation and Report FCS17073 “Appointment of External Audit for Fiscal Years 2017 to 2021” wherein KPMG ‘s annual audit fees for the five-year period of 2017-2021 will be \$215,000 per year.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Not Applicable

RELEVANT CONSULTATION

The 2021 Audit Planning Report from KPMG and the City of Hamilton 2021 Year End Plan had been discussed with management of the City’s Departments and Board including:

**SUBJECT: 2021 City of Hamilton External Audit Plan (FCS22005) (City Wide) -
Page 3 of 3**

- Corporate Services Department
 - General Manager of Finance and Corporate Services
 - Director of Finance Services, Taxation and Corporate Controller
 - Director of Financial Planning, Administration and Policy
 - Manager of Business Application Support, Accounts Payable and Receivable
 - Manager of Payroll and Pensions
 - Managers of Finance and Administration
 - Manager of Budgets and Fiscal Policy
- Hamilton Police Services – Chief Accountant
- Hamilton Public Library – Director of Finance and Facilities

The Finance and Administration staff of the Corporate Services Department co-ordinate the audit work with the City's operating departments and divisions.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The annual audit planning report and external audit plan provides the committee with an opportunity to review the audit approach and expectations of the audit. KPMG will be available to answer questions about their report.

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 FCS22005 – The City of Hamilton Audit Planning Report for the year ended December 31, 2021, as prepared by KPMG.

SH/dw

The City of Hamilton

Audit Planning Report
for the year ended December 31, 2021



Prepared on December 6, 2021 for
presentation to the Finance and
Administration Committee on
January 13, 2022.



Table of contents

KPMG CONTACTS	2
EXECUTIVE SUMMARY	3
AUDIT QUALITY: HOW DO WE DELIVER AUDIT QUALITY?	4
AUDIT RISKS	5
MATERIALITY	10
KEY DELIVERABLES AND MILESTONES	11
CURRENT DEVELOPMENTS	12
APPENDICES	13

KPMG contacts

The contacts at KPMG in connection with this report are:



Paul Ciapanna, CPA, CA
Lead Audit Engagement Partner
Tel: 905-523-2228
ppciapanna@kpmg.ca



Carlos Alvarez, CPA, CA
Other Engagement Partner
Tel: 905-523-2238
carlosalvarez@kpmg.ca



Lois Ouellette CPA, CA
Accounting Advisory Resource



Bailey Church CPA, CA
Accounting Advisory Resource



Bruce Peever
Public Sector Advisory Partner
Tel: 905-523-2224

Our refreshed Values

What we believe

 **Integrity**
We do what is right.

 **Excellence**
We never stop learning and improving.

 **Courage**
We think and act boldly.

 **Together**
We respect each other and draw strength from our differences.

 **For Better**
We do what matters.

Executive summary

Audit Quality

See page 3 for how we deliver audit quality and how you can measure our audit quality.

Audit and business risks

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Revenue recognition and deferral policies including grants
- Tangible capital assets,
- Employee future benefits liability,
- Landfill liability,
- Investment and related income,
- Operating expenditures,
- Legal and compliance matters

Audit materiality

Materiality has been established by considering various metrics that are relevant to the users of the financial statements, including total revenues and total expenses. Materiality has been determined based on prior period total revenues. We have determined group materiality to be \$50,300,000 (PY \$49,900,000).

We have reviewed the scope of work across segments and business across the group. Materiality will be set at lower thresholds where necessary to meet requirements of various funding agencies

Independence and quality control

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Audit Committee approved protocols.

Current developments and audit trends

Please refer to pages 10 and Appendix 5 for relevant accounting and/or auditing changes relevant to the City and relevant audit trends

This Audit Planning Report should not be used for any other purpose or by anyone other than the Finance and Administration Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Planning Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit Quality: How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contribute to its delivery.

‘Perform quality engagements’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define **‘audit quality’** as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Doing the right thing. Always.

Audit risks

Relevant factors affecting our risk assessment

Complexity



Estimate



Related party transaction



Significant financial reporting risk	Why is it significant?
Fraud risk from revenue recognition	<p>This is a presumed fraud risk under Canadian Auditing Standards.</p> <p>Audit standards require us to assume there are generally pressures/incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition. This can be penetrated through revenue cut-off or manual journal entries and other adjustments related to revenue recognition.</p>
Fraud risk from management override of controls	<p>This is a presumed fraud risk.</p> <p>We have not identified any specific additional risks of management override relating to this audit.</p>

Our audit approach

We have identified the following areas where this presumed fraud risk is relevant:

- Government grants
- Development charges

Government grant revenue recognition is dependent on the terms of the grant and can be complex depending upon the terms. The City receives many different types of grants with different terms and conditions. Fraud could include misapplying expenditures to incorrect grant funded programs in order to maximize returnable funding. The nature of development charges and their use create complexity in the timing of revenue recognition.

Our audit approach will consist of performing substantive procedures to address the relevant assertions associated with the significant risk.

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.

We took the following steps to address this risk as required under professional standards:

- Evaluated the design and implementation of controls surrounding journal entries and other adjustments;
- Determined criteria to identify high-risk journal entries and other adjustments;

Tested high-risk journal entries and other adjustments made at the end of the reporting period

Audit risks (continued)

Other areas of Focus	Why are we focusing here
Government Grants	Risk of material misstatement related to the completeness and accuracy of grant revenue
Investment and related income	Risk of material misstatement related to the existence and valuation of investments and accuracy of related income

Our audit approach

We will perform the following procedures:

- Test the recognition of amounts subject to external restrictions to ensure they are recognized appropriately
- Confirm all significant government transfers and other similar inflows received from third parties
- On a sample basis, we will validate that the expenses incurred in the period are in compliance with restrictions imposed by third parties through an inspection of signed agreements and related invoices
- Auditing any new or continuing COVID-19 funding agreements.

We will perform the following procedures:

- Confirm investment and income balances with investment managers
- We will test management's assessment of impairment and consider if any potential impairment of the investments exists.
- Review of financial statement note disclosure in accordance with Public Sector Accounting Standards (PSAS).

Audit risks (continued)

Other areas of Focus	Why are we focusing here
Employee Future Benefits (EFB)	Risk of material misstatement related to the completeness and accuracy of the liability and related expenses
Landfill Liability & contaminated sites	Risk of material misstatement related to the completeness and accuracy of the liability and related expenses

Our audit approach

We will perform the following procedures:

- Reliance on actuaries (management specialist) engaged by the City; update our understanding of the activities over the quality of information used, the assumptions made, the qualifications, competence and objectivity of the preparer of the estimate, and the historical accuracy of the estimates.
- Assess method, data and, assumptions used by actuary and management in calculation of the EFB liability for reasonableness.
- We will perform audit procedures to address the auditing standard introduced in the previous year, CAS 540, Auditing Accounting Estimates, and related disclosure requirements related to the estimates involved. Communicate with actuaries and test HR data provided to the actuaries, if applicable.
- Review financial statement disclosures in accordance with PSAS.

We will Perform the following procedures:

- Update our understanding on the controls and practices in place at the City surrounding recognition, measurement and completeness of contaminated sites and review and testing of management’s key assumptions and estimates.
- Make inquiries of key stakeholders to validate the completeness assertion of contaminated sites
- Substantive test over the completeness and accuracy of the landfill liability
- Reliance on the specialist engaged by the City to estimate the landfill liability
- Assess the method, data and assumptions used by the specialist in developing the estimated landfill liability
- We will perform audit procedures to address the auditing standard introduced in the previous year, CAS 540, Auditing Accounting Estimates, and related disclosure requirements related to the estimates involved.
- Review financial statement disclosures in accordance with PSAS.

Audit risks (continued)

Other areas of Focus	Why are we focusing here
Tangible Capital Assets	Risk of material misstatement related to the classification, completeness, and accuracy of tangible capital assets
Operating expenditures including payroll	Risk of material misstatement related to the completeness, existence, and accuracy of expenditures

Our audit approach

We will perform the following procedures:

- Test the operating effectiveness of the controls to ensure appropriate communication is taking place between managers and finance with respect to when a tangible capital asset is available for use
- Substantive test over additions to confirm classification as an asset versus expense
- Review amortization policy and perform recalculations
- Review construction in progress to ensure amounts are properly transferred to correct capital asset classes and amortization expense commences on a timely basis.
- Ensure financial statement note disclosure in accordance with PSAS.
- We will agree fair value estimates of contributed tangible capital assets to supporting third party documentation or estimated by the City; we will perform procedures to address the auditing standard introduced in the previous year CAS 540, Auditing Accounting Estimates and Related Disclosure requirements related to valuation estimates.
- We will also perform required procedures to assess the potential risks with respect to impairment of assets as a result of the ongoing COVID-19 pandemic. Based on the nature of City's operations, it is not expected that this will be a significant risk during the audit.

We will perform the following procedures:

- Evaluate the design and implementation of controls over disbursements
- Test the operating effectiveness of the controls
- Substantively test a sample to confirm appropriate classification and treatment of expenses
- Search for unrecorded liabilities.
- Examine significant accrued liabilities for existence, accuracy and completeness

Audit risks (continued)

Other areas of Focus	Why are we focusing here
<p>Legal and compliance matters</p> <hr/>	<p>Risk of material misstatement related to the completeness, accuracy and financial statement presentation of ongoing legal and compliance matters</p> <hr/>

Our audit approach

In 2018, the City informed the public that one of its combined sewer overflow tanks was discharging sewage into the Chedoke Creek. The City has been working with the Ministry of the Environment, Conservation and Parks (MECP) to respond to Orders and plan for remediation efforts in the Creek. The MECP's Orders could result in a material obligation by the City for remediation.

In 2019, the City received information regarding a 2013 friction report related to the Red Hill Valley Parkway. As a result of this report a Superior Court judge was appointed to investigate the matters relating to the disclosure of the friction report. The inquiry could result in a material legal settlement to be incurred by the City for damages.

We will perform the following procedures:

- Inquire with in-house legal counsel and management on the status of the hearings and discussions through the audit period,
- Obtain external legal confirmations evaluating likelihood and dollar value associated with any claims
- Assess the accounting implications of any decision made prior to year end and/or subsequent to year end through to the date of our auditor's report
- Ensure financial statements disclosures are in accordance with PSAS

The extent of audit effort and procedures required will be dependent on the status of these matters

Materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors. To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

Materiality determination	Comments	Amount
Materiality	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$49,900,000.	\$50,300,000
Benchmark	Based on total revenue from 2020-21 City of Hamilton Financial Statements. For the fiscal 2020-2021 audit the corresponding figure used in audit was \$1,997,089,000 (2019-2020 revenue figure)	\$2,015,702,000
% of Benchmark	The corresponding percentage for the prior year's audit was 2.5%	2.5%
Performance materiality	Used 75% of materiality, and used primarily to determine the nature, timing and extent of audit procedures. The corresponding amount for the prior year's audit was \$37,400,000	\$37,725,000
Audit Misstatement Posting Threshold (AMPT)	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$2,400,000	\$2,515,000

We will report to the Audit Committee:



Corrected audit misstatements



Uncorrected audit misstatements

Key deliverables and milestones



Current developments

Accounting standards issued but not yet effective are disclosed in the consolidated financial statements and highlighted in Appendix 5. In 2022, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

The Public Sector Accounting Board asset retirement obligation section will have a significant impact on the public sector. Municipal Councils have a vital role to play in setting the tone for a successful implementation and financial reporting success.

Standard	Summary and implications	Reference
<p>PS3280, Asset Retirement Obligations Effective April 1, 2022 (December 31, 2023 for the City)</p>	<p>— Establishes guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets that are both in use and no longer in productive use.</p>	<p>In our discussions with management, we understand that an ARO stakeholder contact list has been developed and training material on the new standard is being provided. Management is developing a project plan and a complete inventory of all active and inactive assets or sites, including leased properties and non-recorded assets or sites, to identify potential retirement obligations. Assessments and historical information will be reviewed to develop preliminary standard costing information for remediation, monitoring and retirement costs. We will continue to discuss this status of this standard with management and share thought leadership as it becomes available.</p>

Appendices

Content

Appendix 1: Required communications

Appendix 2: Use of technology in the audit

Appendix 3: KPMG's audit approach and methodology

Appendix 4: Lean in Audit™

Appendix 5: Current developments – new accounting standards

Appendix 6: Audit and assurance insights



Appendix 1: Required communications

Reports to the Audit Committee

At the completion of the audit, we will provide our findings report to the Finance and Administration Committee.

Representations of management

We will obtain from management certain representations at the completion of the audit.

Matters pertaining to independence

At the completion of our audit, we will provide re-confirm our independence with the Finance and Administration Committee.

Internal control deficiencies

Other control deficiencies, identified during the audit, that do not rise to the level of a significant deficiency will be communicated to management.

Required inquiries

Professional standards require that during the planning of our audit we obtain your views on the identification and assessment of risks of material misstatement, whether due to fraud or error, your oversight over such risk assessment, identification of suspected, alleged or actual fraudulent behaviour, and any significant unusual transactions during the period.

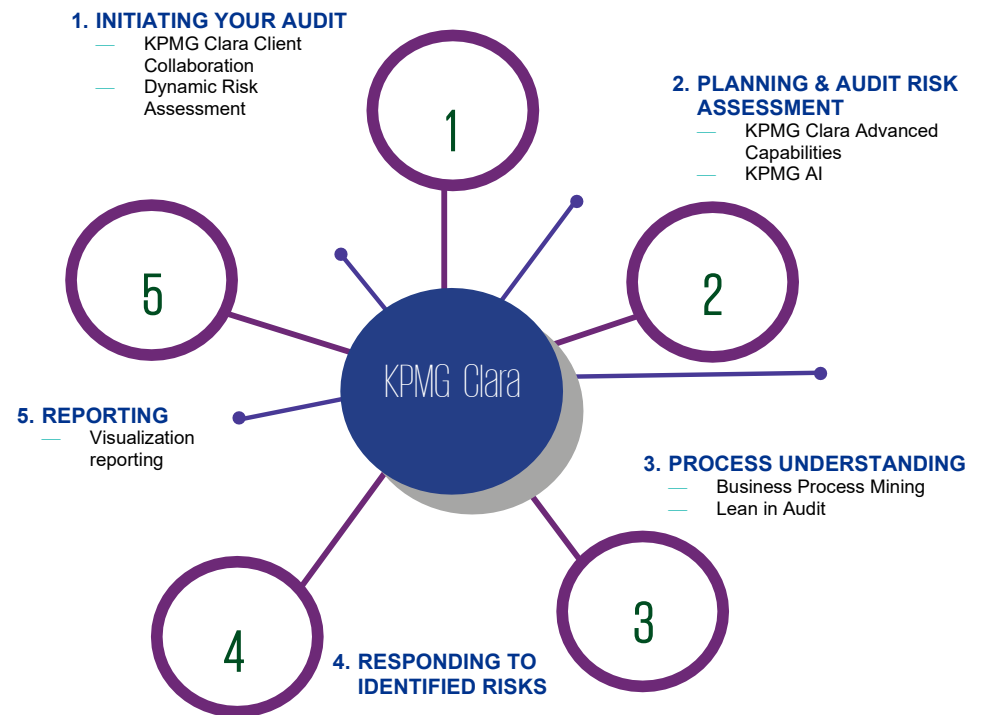
Appendix 2: Use of technology in the audit

Clara is KPMG’s integrated, smart global audit platform that allows our teams globally to work simultaneously on audit documentation while sharing real time information. Clara also leverages advanced technology in the execution of various audit procedures, for overall risk assessment and for performing substantive audit procedures over 100% of selected transactions through the use of robotic process automation (KPMG “Bots”). KPMG’s use of technology provides for:

1. a **higher quality audit** – looking at 100% of selected data
2. a **more efficient audit** as we are focussed on the transactions that are considered higher risk and
3. an audit that provides **insights into your business** through the use of technology in your audit with our extensive industry knowledge.

We are also actively piloting Artificial Intelligence (“AI”) tools which will be used in future audits.

Our five-phased audit approach



Appendix 3: KPMG's audit approach and methodology

Collaboration in the audit

A dedicated KPMG Audit home page gives you real-time access to information, insights and alerts from your engagement team.

Issue identification

Continuous updates on audit progress, risks and findings before issues become events.

Data-driven risk assessment

Automated identification of transactions with unexpected or unusual account combinations – helping focus on higher risk transactions and outliers.



Deep industry insights

Bringing intelligence and clarity to complex issues, regulations and standards.

Analysis of complete populations

Powerful analysis to quickly screen, sort and filter 100% of your journal entries based on high-risk attributes.

Reporting

Interactive reporting of unusual patterns and trends with the ability to drill down to individual transactions.

Appendix 4: Lean in Audit™

An innovative approach leading to enhanced value and quality

Our innovative audit approach, Lean in Audit, further improves audit value and productivity to help deliver real insight to you. Lean in Audit is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

Lean techniques allow your team to enhance their understanding of the business processes and control environment within your organization – allowing us to provide actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both engagement teams and management. For example, we may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.

How it works

Lean in Audit employs three key Lean techniques:

1. Lean training

Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity.

2. Interactive workshops

Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness.

3. Insight reporting

Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit.

Appendix 5: Current developments – new accounting standards

The following is a summary of the current developments that are relevant to the City:

Standard	Key observations
Asset Retirement Obligations	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022 <i>(for City’s 2023 year end)</i>. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: <ul style="list-style-type: none"> • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	<ul style="list-style-type: none"> – A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2023 <i>(for City’s 2024 year end)</i>. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Employee Future Benefit Obligations

- PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits.
- Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans.
- The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance. Release 1 exposure draft related to discount rate guidance and deferral provisions is expected to be issued in 2021 for stakeholder consultation.

Public Private Partnerships (“P3”)

- A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets.
 - An Exposure Draft (“ED”) was issued in November 2019 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership.
 - The ED proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access to the future economic benefits and risks of the infrastructure asset, and it controls any significant residual interest in the infrastructure at the end of the P3’s term.
 - The ED proposes the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.
 - The infrastructure would be initially measured at its fair value, as P3’s are the result of a competitive bidding process, cost should be equal to the asset’s fair value on day one of the transaction. A liability, when it exists, should be initially measured at the same amount as the infrastructure asset. Cost would be measured by discounting the expected cash flows by a discount rate that is the contract rate.
-

Appendix 6: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, board of directors and management.

Featured insight	Summary
<u>KPMG Audit & Assurance Insights</u>	Curated research and insights for audit committees and boards
<u>Accelerate</u>	The key issues driving the audit committee agenda in the time of COVID-19
<u>Board Leadership Centre</u>	Supporting you in your Director role
<u>Current Developments</u>	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook.
<u>KPMG Global IFRS Institute</u>	The latest news, insights and guidance for boards, audit committee members, investors and all stakeholders about the evolving global financial reporting framework.
<u>KPMG Climate Change Financial Reporting Resource Centre</u>	Our climate change resource centre provides FAQs to help you identify the potential financial statement impacts for your business.
<u>You can't go green without blue - The blue economy is critical to all companies' ESG ambitions</u>	In this report, we consider how leading corporates and investors can take action to capture the value that can be found in a healthy, sustainable ocean economy.



kpmg.ca/audit



KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International").

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2020 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.





INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 13, 2022
SUBJECT/REPORT NO:	1099 King Street East, Hamilton – Water and Wastewater / Storm Account Debit Adjustment (FCS22006) (Ward 3)
WARD(S) AFFECTED:	Ward 3
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

The City's Water and Wastewater / Storm Back-billing Policy (Policy) maintains the principle that consumers are to pay for the water and / or wastewater / storm services they utilize, while ensuring that back-bill adjustments are conducted in a fair and reasonable manner. Typically, back-bill adjustments represent charges not previously billed for service that was delivered to the customer during a period before the current billing cycle where the original billings are discovered to be too low (under-billed).

Commonly, customers request to enter into an optional payment arrangement once significant account debit bill adjustments related to an underbilling occurs. Per the City's Water Billing Payment Arrangement Policy, arrangements exceeding \$100 K are referred to the Audit, Finance and Administration (AFA) Committee for approval. Similarly, where a bill adjustment surpasses \$100 K that does not result in a customer request for a payment arrangement, the matter is referred to the AFA Committee for information.

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: 1099 King Street East, Hamilton – Water and Wastewater / Storm
Account Debit Adjustment (FCS22006) (Ward 3) – Page 2 of 3**

As such, Report FCS22006 is provided to advise of a debit bill arrangement for Alectra Utilities (Alectra) account number 3741581300 regarding 1099 King Street East, Hamilton, the site of the Jimmy Thompson Memorial Pool owned by the City which is the water account holder.

The subject account relates to a 100mm “compound” water meter that measures the total water consumption for 1099 King Street East. A compound meter is a type of water meter used to accommodate high flow rates, as well as, smaller rates of flow that also need to be accurately measured. Compound meters have two measuring elements (one for low flows and one for high flows) so that two readings are obtained for each billing cycle and commonly referred to as the “high” and “low” sides of the compound meter.

When meters are installed, work orders are issued by Hamilton Water to Alectra who essentially activates the metering devices within their billing system. It is important that Alectra activates each meter in a timely fashion, otherwise, the reading of the meter will not be displayed on the electronic handheld reading device employed by the water meter readers. It should be noted that meter readings are generally obtained from remote reading devices such that meter readers do not have the opportunity to view a water meter where they may identify that a meter is a compound meter requiring two meter readings.

On March 18, 2018, a compound water meter was installed by Hamilton Water’s meter contractor, Neptune Technology Group (Neptune), to replace an existing 100mm single register water meter at 1099 King Street East. As a compound meter registers water usage on both a high and low side of the meter, two register reads are provided from each side of the meter and are totalled for billing. The related meter replacement work order was delayed and not provided by Hamilton Water to Alectra until May 22, 2019. Additionally, the work order incorrectly identified the replacement meter as a single register meter and not as a compound meter. Despite receiving the work order over a year after the meter replacement occurred, Alectra exacerbated the situation as the work order (albeit with incorrect meter information) was not actioned resulting in the property’s water billings to continue to be based on estimated usage up to November 23, 2021 when the work order was finally identified as outstanding and processed.

The old water meter had been estimated since October 14, 2016 and based on the removal read on March 21, 2018, it was determined that there had been 4,660m³ of unbilled consumption that amounted to \$14,446.00. Comparing the actual reading of the replacement compound meter taken on November 23, 2021 versus the estimated usage since the meter change occurred (March 21, 2018), revealed 30,521m³ of unbilled consumption that amounts to \$101,012.83. The total adjusted billing represents 35,181m³ of unbilled water consumption that equates to \$115,458.83.

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: 1099 King Street East, Hamilton – Water and Wastewater / Storm
Account Debit Adjustment (FCS22006) (Ward 3) – Page 3 of 3**

The City's Recreation Division has been informed of the billing errors and advised of the debit adjustment to the affected water account. The adjustment has been contained within the Division's 2021 operating budget and any budget impacts will be addressed through the December 31, 2021 year end variance reporting.

In July 2021, the AFA Committee received Report FCS21061 that outlined significant billing errors similarly arising from a meter replacement involving a compound meter. Report FCS21061 noted that Hamilton Water would complete the following:

- 1) a review of all compound meters (approximately 560 in active service) to ensure accuracy of meter register head programming and networking of touchpads to identify any further accounts currently being billed incorrectly;
- 2) complete a process review with Neptune and Hamilton Water Meter Operations staff to ensure all processes and workflows represent the complexities of all meter programming specifications;
- 3) complete retraining with staff and Neptune Technology Group installers.

The resultant review of the compound meter servicing at 1099 King Street East revealed that the meter had not been set up correctly which has been resolved as of November 23, 2021.

Alectra has initiated a review of work orders received from Hamilton Water to ensure that all work orders received have been processed.

APPENDICES AND SCHEDULES ATTACHED

Not Applicable.

JS/dt

Hamilton Waterfront Trust
Consolidated Financial Statements
For the year ended December 31, 2020

Hamilton Waterfront Trust
Consolidated Financial Statements
For the year ended December 31, 2020

Contents

Independent Auditor's Report	2 - 3
Consolidated Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



Tel: 289 881 1111
 Fax: 905 845 8615
 www.bdo.ca

BDO Canada LLP
 360 Oakville Place Drive, Suite 500
 Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Board of Directors of
 Hamilton Waterfront Trust

Opinion

We have audited the consolidated financial statements of Hamilton Waterfront Trust and its subsidiaries (the "Group"), which comprise of the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
September 28, 2021


Hamilton Waterfront Trust Consolidated Statement of Financial Position


December 31	2020	2019
Assets		
Current		
Cash	\$ 278,786	\$ 472,697
Accounts receivable (Note 2)	185,270	59,775
Inventories and prepaid expenses	28,221	28,221
Current portion of note receivable (Note 5)	166,000	233,000
	658,277	793,693
Capital assets (Note 3)	1,312,804	1,384,156
Note receivable (Note 5)	988,669	1,109,249
	\$ 2,959,750	\$ 3,287,098

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 486,529	\$ 687,047
Current portion of deferred capital contributions (Note 4)	40,273	40,273
	526,802	727,320
Deferred revenue - City of Hamilton	380,049	436,049
Deferred capital contributions (Note 4)	1,131,242	1,171,515
	2,038,093	2,334,884
Net assets	921,657	952,214
	\$ 2,959,750	\$ 3,287,098

On behalf of the Board:


 _____ Director


 _____ Director

Hamilton Waterfront Trust Consolidated Statement of Operations and Changes in Net Assets

For the year ended December 31	2020	2019
Revenue		
Investment income	\$ 2,674	\$ 3,397
City of Hamilton contract and management income	46,602	59,445
Other income	4,669	13,300
Hamiltonian Tour Boat	15,826	36,929
Williams Fresh Cafe	637,677	1,428,213
Hamilton Scoops	74,191	163,488
Kids Fest	-	19,192
Hamilton Trolley	24,407	27,783
Waterfront Grill	24,513	47,167
HWT Centre	5,512	94,007
Outdoor Ice Rink	330,862	319,059
Skate Rental	59,092	136,856
Waterfront Development, City of Hamilton management contract	683,151	374,992
Waterfront Wheels	5,765	12,541
	1,914,941	2,736,369
Expenses		
Advertising and promotion	1,023	664
Bad debts	45,167	67,461
Bank charges	2,427	4,088
Building expenses	765	10,458
Dues and memberships	585	2,570
Equipment expenses	1,631	1,853
Insurance	6,054	5,400
Office expenses	17,533	35,785
Professional fees	50,696	25,812
Salaries and benefits	326,788	274,510
Telephone	8,159	9,348
Travel	990	147
Other expenses	7,891	11,789
Hamiltonian Tour Boat	14,791	34,484
Williams Fresh Cafe	744,636	1,372,964
Hamilton Scoops	58,894	121,669
Kids Fest	-	12,219
Hamilton Trolley	28,959	31,023
Fishing Derby	-	13,026
Waterfront Grill	34,732	51,651
HWT Centre	24,156	50,464
Outdoor Ice Rink	330,766	315,147
Skate Rental	19,337	72,544
Waterfront Development, City of Hamilton management contract	516,942	388,239
Waterfront Wheels	12,151	12,828
	2,255,073	2,926,143
Deficiency of revenue over expenses before amortization and other revenue (expenses)	(340,132)	(189,774)
Other revenue (expenses)		
Amortization of capital assets	(71,352)	(72,761)
Amortization of deferred capital contributions	40,273	40,273
Government assistance (Note 7)	340,654	-
Expenses associated with tenant dispute	-	(759,008)
	309,575	(791,496)
Deficiency of revenue over expenses for the year	(30,557)	(981,270)
Net assets, beginning of year	952,214	1,933,484
Net assets, end of year	\$ 921,657	\$ 952,214

The accompanying notes are an integral part of these consolidated financial statements.

Hamilton Waterfront Trust Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (30,557)	\$ (981,270)
Adjustments to reconcile deficiency of revenue over expenses to net cash used in operating activities		
Amortization of capital assets	71,352	72,761
Amortization of deferred capital contributions	(40,273)	(40,273)
Changes in non-cash working capital balances		
Accounts receivable	(125,496)	125,290
Accounts payable and accrued liabilities	(200,519)	(94,826)
Deferred revenue	(56,000)	(22,781)
	(381,493)	(941,099)
Cash flows from financing activity		
Repayment of note receivable	187,582	859,900
Decrease in cash during the year	(193,911)	(81,199)
Cash, beginning of year	472,697	553,896
Cash, end of year	\$ 278,786	\$ 472,697

The accompanying notes are an integral part of these consolidated financial statements.

Hamilton Waterfront Trust Notes to Consolidated Financial Statements

December 31, 2020

1. Significant Accounting Policies

Nature of Business

The purpose of the Hamilton Waterfront Trust (the "Organization") is to improve and develop lands around the Hamilton Harbour and to encourage the local community to enjoy the Bay area. Hamilton is a culturally and ethnically diversified mosaic. Therefore, the Organization helps to promote the image of Hamilton to businesses and individuals over a wide radius.

Following a strategic review undertaken by the Board of Directors, it was decided to restructure the Organization to become a not-for-profit organization effective November 21, 2016. As part of the reorganization on that same date, HWT Inc., a wholly-owned subsidiary, was incorporated.

The Organization is incorporated under the Ontario Corporations Act, and now have a continuance under the Canada Not-for-Profit Corporations Act.

The Organization is registered under the Income Tax Act (Canada) (the "Tax Act") and, as such, is exempt from income taxes.

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared using Canadian accounting standards for not-for-profit organizations.

These consolidated financial statements include the accounts of the Organization and HWT Inc. All significant intercompany transactions and balances have been eliminated.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions related to capital assets represent the unamortized and unallocated amount of grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

The Organization recognizes all other revenue when services are performed or goods are sold, there is no uncertainty as to the customer acceptance, the price to the buyer is fixed or determinable and collection is reasonably assured.

Hamilton Waterfront Trust Notes to Consolidated Financial Statements

December 31, 2020

1. Significant Accounting Policies (Continued)

Capital assets

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates or terms:

Boat	-	15 years straight-line
Building	-	5% declining balance
Computer equipment	-	30% declining balance
Dock	-	5% declining balance
Furniture and equipment	-	20% declining balance
Trolleys	-	15 years straight-line
Leasehold improvements	-	straight-line over the term of the lease

Government Assistance

During the year, the Organization made periodic application for financial assistance under the Canada Emergency Wage Subsidy ("CEWS") program in order to recover certain payroll expenditures. Government assistance received during the year for current expenses is shown as other income. When government assistance is received which relates to expenses of future periods, the amount is deferred and amortized to income as the related expenses are incurred.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

2. Accounts Receivable

	<u>2020</u>	<u>2019</u>
Trade accounts receivable	\$ 252,751	\$ 127,236
Impairment allowance	(67,481)	(67,461)
	<u>\$ 185,270</u>	<u>\$ 59,775</u>

Hamilton Waterfront Trust Notes to Consolidated Financial Statements

December 31, 2020

3. Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Boat	\$ 52,156	\$ 45,518	\$ 52,156	\$ 42,042
Building	17,016	8,443	17,016	7,992
Computer equipment	42,844	42,107	42,844	41,755
Dock	15,522	10,155	15,522	8,385
Furniture and equipment	209,092	188,828	209,092	178,989
Trolleys	335,782	214,277	335,782	193,025
Leasehold improvements	2,542,155	1,392,435	2,542,155	1,358,223
	\$ 3,214,567	\$ 1,901,763	\$ 3,214,567	\$ 1,830,411
Net book value		\$ 1,312,804		\$ 1,384,156

4. Deferred Capital Contributions

Restricted capital contributions are amortized on the same basis as the underlying capital assets.

	2020	2019
Balance, beginning of year	\$ 1,211,788	\$ 1,252,061
Less: contributions recognized as revenue	(40,273)	(40,273)
	1,171,515	1,211,788
Less: current portion	(40,273)	(40,273)
Balance, end of year	\$ 1,131,242	\$ 1,171,515

Hamilton Waterfront Trust Notes to Consolidated Financial Statements

December 31, 2020

5. Note Receivable

Effective January 1, 2018, the Organization's lease on the Parks Discovery Centre with the City of Hamilton was terminated. In consideration of the Organization entering into this arrangement, The City of Hamilton agreed to pay an early surrender fee in the form of a note. The note receivable bears interest at 4% per annum and is payable in equal annual instalments of \$166,000 (2019 - \$230,000) inclusive of interest, with final payment made on January 1, 2032.

6. Financial Instrument Risks

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Organization's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable and note receivable balances. This risk has not changed from the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization will not have sufficient funds to settle a transaction on a due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from the Organization's accounts payable and accrued liabilities. This risk has not changed from the prior year.

7. COVID-19

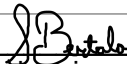
On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout Canada and around the world. As a direct result of the COVID-19 pandemic, the Organization experienced a reduction in revenue that qualified it for financial assistance from the CEWS government incentive program in the amount of \$320,654. Furthermore, the Organization recognized \$20,000 in financial assistance received as part of the forgivable portion of the Canada Emergency Business Account ("CEBA") loan.

Management is actively monitoring and planning for contingencies in the event that there is continued effect on the financial condition, liquidity, operations, suppliers, sector and workforce of the Organization. During this time, the Organization continues to operate. The Organization is not able to estimate the potential future effects of the COVID-19 outbreak on its operations, financial condition or liquidity at this time.



Hamilton

CITIZEN COMMITTEE

To:	Chair and Members Public Works Committee	
From:	Stephanie Bertolo Women and Gender Equity Committee	 (to be signed by the Chair)
Date:		
Re:	Reinstating the COVID-19 Encampment Protocol	

Recommendation:

- a) That the Women and Gender Equity Committee recommends Council reinstate the encampment protocol
- b) That the Women and Gender Equity Committee advise Council to continue prioritizing funding toward building and making available more affordable housing units, in addition to identifying temporary shelter solutions for the incoming cold winter; and
- c) If requested by council, the Women and Gender Equity Committee can prepare a further citizen's committee report on other supports for houseless communities.

Background

At the October 28, 2021 meeting of the Women and Gender Equity Committee, the following motion was approved:

Motion to Advise Council to Reinstate the COVID-19 Encampment Protocol:

WHEREAS, there is presently not enough shelter space or affordable housing units to support houseless neighbors in Hamilton, with a waitlist for affordable housing exceeding 6,000 applications.

WHEREAS, women face increased risk for houselessness resulting from intimate partner violence.

WHEREAS, Black, Indigenous, racialized, and newcomer women and nonbinary communities have been significantly impacted by job loss and unemployment due to Covid-19 and systemic barriers.

SUBJECT: Reinstating the COVID-19 Encampment Protocol Page 2 of 3

WHEREAS, encampments are not the problem, but a symptom of an extensive and years long housing and affordability crisis across Canada, notably in Hamilton as one of the most unaffordable cities in the country.

WHEREAS, the encampment protocol enabled a person-centered approach to connecting individuals with resources and services in the absence of accessible supports and housing solutions

THEREFORE, BE IT RESOLVED:

- a) That the Status of Women Committee advisory committee recommends Council reinstate the encampment protocol
- b) That the Status of Women Committee advise Council to continue prioritizing funding toward building and making available more affordable housing units, in addition to identifying temporary shelter solutions for the incoming cold winter; and
- c) If requested by council, the Status of Women Committee can prepare a further citizen's committee report on other supports for houseless communities.

The mandate of the Women and Gender Equity Committee is to act as an Advisory Committee on matters pertaining to gender inequities faced by women, trans, and non-binary individuals and to provide Council input on matters of municipal concern.

In alignment with the Women and Gender Equity Committee strategic objectives, of providing recommendations on issues of gender equity and other matters of social or municipal concern the above motion was put forward and carried in the Women and Gender Equity Committee October 2021 meeting.

The Women and Gender Equity Committee was advised that a Citizen Committee Report was required as the recommendations contained in the Motion sit outside the purview of the Advisory Committee as it involves City Infrastructure and would also have financial implications.

Analysis/ Rationale

Encampments are not the problem, but a symptom of an extensive and years long housing and affordability crisis across Canada, notably in Hamilton as one of the most unaffordable cities in the country.

As captured in the motion above, there is presently not enough shelter space or affordable housing units to support houseless neighbors in Hamilton, with a waitlist for affordable housing exceeding 6,000 applications.

Black, Indigenous, racialized, and newcomer women and nonbinary communities have been significantly impacted by job loss and unemployment due to Covid-19 and systemic barriers. Women also face increased risk for houselessness resulting from intimate partner violence.

The encampment protocol enabled a person-centered approach to connecting individuals with resources and services in the absence of accessible supports and housing solutions.

SUBJECT: Reinstating the COVID-19 Encampment Protocol Page 3 of 3