



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 22-011
Date: June 2, 2022
Time: 9:30 a.m.
Location: Council Chambers
Council Chambers, Hamilton City Hall
71 Main Street West

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

1. **CEREMONIAL ACTIVITIES**
2. **APPROVAL OF AGENDA**
(Added Items, if applicable, will be noted with *)
3. **DECLARATIONS OF INTEREST**
4. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
 - 4.1. May 19, 2022
5. **COMMUNICATIONS**
6. **DELEGATION REQUESTS**
7. **CONSENT ITEMS**
 - 7.1. Disconnecting from Work Policy (HUR22005) (City Wide)
8. **STAFF PRESENTATIONS**
9. **PUBLIC HEARINGS / DELEGATIONS**
10. **DISCUSSION ITEMS**

- 10.1. Extension of Employee and Family Assistance Program Contract (HUR22006) (City Wide)
- 10.2. Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide)

Note: Appendix C to Report AUD22005 is Private and Confidential and can be referenced under item 14.2.

11. MOTIONS

- 11.1. City Enrichment Fund Budget Request

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

14. PRIVATE AND CONFIDENTIAL

- 14.1. May 19, 2022 - Closed Minutes

Pursuant to Section 9.1, Sub-sections (f), (i) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (f), (i) and (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to advice that is subject to solicitor-client privilege, including communications necessary for that purpose; a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization; and, a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

- 14.2. Confidential Appendix "C" to Report AUD22005, Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory

Pursuant to Section 9.1, Sub-section (a) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (a) of the *Ontario Municipal Act, 2001*, as amended, as the subject matters pertain to the security of the property of the municipality or local board.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 22-010

9:30 a.m.
May 19, 2022
Council Chambers
Hamilton City Hall

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

Absent: Councillor L. Ferguson – City Business

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. Development Charges Indexing – Effective July 6, 2022 (FCS22039) (City Wide) (Item 7.2)

(Clark/Johnson)

That Report FCS22039, respecting Development Charges Indexing – Effective July 6, 2022, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
 ABSENT - 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. Development Charges Reserves Status Report as of December 31, 2021 (FCS22040) (City Wide) (Item 7.3)

(Powers/Wilson)

- (a) That Report FCS22040, “Development Charges Reserves Status Report as of December 31, 2021”, be received and made available to the public;
- (b) That Report FCS22040, “Development Charges Reserves Status Report as of December 31, 2021”, be forwarded, if requested, to the Ministry of Municipal Affairs and Housing.

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

YES - Ward 13 Councillor Arlene VanderBeek
 ABSENT - 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. Professional and Consultant Services Roster 2019 - 2021 (PW22035 / PED22123 / FCS22041) (City Wide) (Item 7.4)

(VanderBeek/Johnson)

That Report PW22035 / PED22123 / FCS22041, respecting Professional and Consultant Services Roster 2019 - 2021, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Reserve / Revenue Fund Investment Performance Report - December 31, 2021 (FCS22032) (City Wide) (Item 7.5)

(Powers/Wilson)

That Report FCS22032, respecting Reserve / Revenue Fund Investment Performance Report - December 31, 2021, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Hamilton Future Fund Investment Performance Report - December 31, 2021 (FCS22033) (City Wide) (Item 7.6)

(Clark/VanderBeek)

That Report FCS22033, respecting Hamilton Future Fund Investment Performance Report - December 31, 2021, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Cemetery Trust Accounts Investment Performance Report - December 31, 2021 (FCS22034) (City Wide) (Item 7.7)

(Johnson/Clark)

That Report FCS22034, respecting Cemetery Trust Accounts Investment Performance Report - December 31, 2021, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. 2021 Provincial Offences Administration Annual Report (FCS22026) (City Wide) (Item 7.8)

(Powers/Clark)

That Report FCS22026, respecting 2021 Provincial Offences Administration Annual Report, be received.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Proposed Write-off for Provincial Offences (FCS22027) (City Wide) (Item 10.1)

(VanderBeek/Johnson)

That staff be authorized to write-off the following outstanding Provincial Offences fines deemed uncollectible, in the total amount of \$2,889,903.07, as follows:

- (a) \$995,613.77 in uncollectible fines with a sentence date of December 31, 2014 and prior;

- (b) \$1,084.09 in underpayments from April 1, 2021 through March 31, 2022; and,
- (c) \$1,893,205.21 in fines held by persons deceased in 2021.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Parkland Dedication Reserve Status Report as of December 31, 2021 (FCS22022) (City Wide) (Item 10.2)

(Wilson/Clark)

- (a) That Report FCS22022 “Parkland Dedication Reserve Status Report as of December 31, 2021” be received and made available to the public;
- (b) That Report FCS22022 “Parkland Dedication Reserve Status Report as of December 31, 2021” be forwarded, if requested, to the Ministry of Municipal Affairs and Housing.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Treasurer's Investment Report 2021 Fiscal Year by Aon (FCS22024) (City Wide) (Item 10.3)

(Johnson/Wilson)

That Report FCS22024 “Treasurer’s Investment Report 2021 Fiscal Year by Aon”, as provided to Council, be forwarded to the Hamilton Future Fund Board of Governors, for information.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Grants Sub-Committee Report 22-002 - May 9, 2022 (Item 10.4)

(Johnson/VanderBeek)

(a) 2022 City Enrichment Funding Recommendations (GRA22002) (City Wide) (Item 5.1)

- (i) That, the 2022 City Enrichment Fund recommended funding allocation, in the amount of **\$6,098,732** (as outlined in the attached **Revised** Appendix "A" to Report 22-002), be approved;
- (ii) That, Appendix "B" to Report GRA22002, Application Summary, be received;
- (iii) That, Appendix "B" to Report 22-002, Payment Plan, be approved;
- (iv) That, the Grants for the following organizations with outstanding arrears with the City Enrichment Fund, as of December 31, 2021 be approved and funding be withheld pending the full settlement of such arrears:
 - (1) AGR-A4 Golden Horseshoe Beekeepers' Association \$282.00;
 - (2) AGR-A5 Hamilton-Wentworth 4-H Association \$897.50;
 - (3) AGR-A10 Hamilton Wentworth Soil and Crop Improvement Association \$2,461.51;
 - (4) CCH-A12 Hamilton Folk Arts Heritage Council \$41,482.00;
 - (5) CCH-A14 South Asian Heritage Association of Hamilton & Region \$3,115.00;
 - (6) CCH-A40 Festitalia Corporation \$5,952.00; and,
 - (7) CCHA-53 Hamilton Santa Claus Parade Committee \$32,779.00;
- (v) That, the following grants be approved, and funding be withheld, pending the submission of additional information, by July 20, 2022:
 - (1) AGR-15 Wentworth District Women's Institute;
 - (2) ART-A30 Industry Performance Makers Arts Organization;
 - (3) ART-D26 Reverend Marco D'Andrea;

- (4) ART-B3 Greater Hamilton Arts and Events;
 - (5) CCH-A36 Stoney Creek BIA;
 - (6) CCH-B1 Pride Hamilton;
 - (7) SAL-A3 & SAL-B6 The Hamilton and District Soccer Association;
 - (8) SAL-A4 Hamilton Ringette Association;
 - (9) ART-A34 Chamber Music Hamilton;
 - (10) CCH-A50 Flamborough Santa Claus Parade;
 - (11) CCH-A51 Hamilton Waterfront Trust;
 - (12) CCH-A52 Polish Symfonia Choir; and,
 - (13) CCH-A53 Hamilton Santa Claus Parade Committee;
- (vi) That staff be directed to report back, before summer, with respect to the status of the organizations whose 2022 City Enrichment Fund grants are being withheld, pending full settlement of outstanding arrears, as shown below:
- (1) AGR-A4 Golden Horseshoe Beekeepers' Association
\$282.00
 - (2) AGR-A5 Hamilton-Wentworth 4-H Association \$897.50
 - (3) AGR-A10 Hamilton Wentworth Soil and Crop Improvement
Association \$2,461.51
 - (4) CCH-A12 Hamilton Folk Arts Heritage Council \$41,482.00
 - (5) CCH-A14 South Asian Heritage Association of Hamilton &
Region \$3,115.00
 - (6) CCH-A40 Festitalia Corporation \$5,952.00
 - (7) CCHA-53 Hamilton Santa Claus Parade Committee
\$32,779.00;
- (vii) That staff be directed to report back, before summer, with respect to the status of those organizations whose 2022 City Enrichment Fund Grant is being withheld, pending the submission of additional Information, as shown below:
- (1) AGR-15 Wentworth District Women's Institute

- (2) ART-A30 Industry Performance Makers Arts Organization
- (3) ART-D26 Reverend Marco D'Andrea
- (4) ART-B3 Greater Hamilton Arts and Events
- (5) CCH-A36 Stoney Creek BIA
- (6) CCH-B1 Pride Hamilton
- (7) SAL-A3 & SAL-B6 The Hamilton and District Soccer Association
- (8) SAL-A4 Hamilton Ringette Association
- (9) ART-A34 Chamber Music Hamilton
- (10) CCH-A50 Flamborough Santa Claus Parade
- (11) CCH-A51 Hamilton Waterfront Trust
- (12) CCH-A52 Polish Symfonia Choir
- (13) CCH-A53 Hamilton Santa Claus Parade Committee; and,

(viii) That, should an additional Grants Sub-committee meeting not be possible prior to summer, the Legislative Coordinator be permitted to place the forthcoming report directly on the Audit, Finance & Administration agenda.

(b) 2021 City Enrichment Funding Recommendations (GRA21002(a) / PED22122) (City Wide) (Item 6.1)

- (i) That 2021 City Enrichment Fund grant recipients in the Arts Creation and Presentation stream be given a project deadline extension until November 1, 2022, pending the receipt of a written request for said extension by the recipient to the Arts Program Manager by June 30, 2022; and,
- (ii) That any 2021 City Enrichment Fund grant recipients in the Arts Creation and Presentation stream who have withdrawn approved applications and returned surplus funds to the City of Hamilton be eligible to reactivate their project and be given a project deadline extension until November 1, 2022 pending the receipt of a written request for said extension by the recipient to the Arts Program Manager by June 30, 2022.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Support for the National Council of Canadian Muslims brought forward by the NCCM recommendations in Motion 6.2 (CM21015(b)) (City Wide) (Item 10.5)

(Clark/Wilson)

- (a) That staff be directed to develop a pilot inclusion campaign to support equity-seeking community members and address issues of hate and intolerance focused on combatting racism, rooted in anti-oppression with a specific focus on Anti-Islamophobia;
- (b) That a city-wide public education campaign be developed and distributed, which includes in its development the engagement of City staff and community members already engaged in related work, including but not limited to the National Council of Canadian Muslims, Hamilton Anti-Racism Resource Centre (HARRC), the Hamilton Centre for Civic Inclusion (HCCI), Hamilton Immigration Partnership Council (HIPC), and the No Hate in the Hammer Coalition; and,
- (c) That one-time funding for the pilot inclusion, public education, awareness and communications campaign of \$35,000 from the Tax Stabilization Reserve #110046 be approved.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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. Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050 / LS22025 / PW22047) (City Wide) (Added Item 14.2)

(Powers/VanderBeek)

- (a) That Council approve the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for the supply and delivery of Liquid Chlorine to the City by Olin Canada ULC and that the General Manager, Public Works Department be authorized to enter into and execute a Contract and any necessary agreements and ancillary documents required to give effect thereto, all in a form satisfactory to the City Solicitor;

- (b) That Report FCS22050 / LS22025 / PW22047, respecting Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, remain confidential; and,
- (c) ***That staff be directed to prepare an information report back to Audit Finance & Administration Committee with the total annual contract price for the supply and delivery of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, following the execution of the agreement.***

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

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

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

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

6. DELEGATION REQUESTS (Item 6)

6.1 Karl Andrus, Hamilton Community Benefits Network (HCBN), respecting Community Benefits Charge (For a future meeting)

12. NOTICES OF MOTION (Item 12)

12.1 City Enrichment Fund Budget Request

14. PRIVATE AND CONFIDENTIAL (Item 14)

14.2 Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050 / LS22025 / PW22047) (City Wide)

(Johnson/Powers)

That the agenda for the May 19, 2022 Audit, Finance and Administration Committee meeting be approved, as amended.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

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

(i) April 21, 2022 (Item 4.1)

(VanderBeek/Wilson)

That the Minutes of the April 21, 2022 meeting of the Audit, Finance and Administration Committee be approved, as presented.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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

(d) DELEGATION REQUESTS (Item 6)

**(i) Karl Andrus, Hamilton Community Benefits Network (HCBN),
respecting Community Benefits Charge (For a future meeting)
(Added Item 6.1)**

(Powers/Clark)

That the delegation request from Karl Andrus, Hamilton Community Benefits Network (HCBN), respecting Community Benefits Charge, be approved for a future meeting.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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)

(Wilson/VanderBeek)

That the following Various Advisory Committee Minutes, be received:

- (i) Hamilton Mundialization Advisory Committee - February 16, 2022 (Item 7.1(a))
- (ii) Hamilton Mundialization Advisory Committee - No Quorum Notes - April 20, 2022 (Item 7.1(b))
- (iii) Hamilton Women and Gender Equity Committee - March 24, 2022 (Item 7.1(c))

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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) DISCUSSION ITEMS (Item 10)

(i) Grants Sub-Committee Report 22-002 - May 9, 2022 (Item 10.4)

(Johnson/Wilson)

**(1) 2022 City Enrichment Funding Recommendations (GRA22002)
(City Wide) (Item 5.1)**

- (a) That, the 2022 City Enrichment Fund recommended funding allocation, in the amount of \$6,088,340 (as outlined in the attached Appendix "A" to Report 22-002), be approved;
- (b) That, Appendix "B" to Report GRA22002, Application Summary, be received;
- (c) That, Appendix "C" to Report 22-002, Payment Plan, be approved;
- (d) That, the Grants for the following organizations with outstanding arrears with the City Enrichment Fund, as of December 31, 2021 be approved and funding be withheld pending the full settlement of such arrears:
 - (i) AGR-A4 Golden Horseshoe Beekeepers' Association \$282.00;
 - (ii) AGR-A5 Hamilton-Wentworth 4-H Association \$897.50;

- (iii) AGR-A10 Hamilton Wentworth Soil and Crop Improvement Association \$2,461.51;
 - (iv) CCH-A12 Hamilton Folk Arts Heritage Council \$41,482.00;
 - (v) CCH-A14 South Asian Heritage Association of Hamilton & Region \$3,115.00;
 - (vi) CCH-A40 Festitalia Corporation \$5,952.00; and,
 - (vii) CCHA-53 Hamilton Santa Claus Parade Committee \$32,779.00;
- (e) That, the following grants be approved, and funding be withheld, pending the submission of additional information, by July 20, 2022:
- (i) AGR-15 Wentworth District Women's Institute;
 - (ii) ART-A30 Industry Performance Makers Arts Organization;
 - (iii) ART-D26 Reverend Marco D'Andrea;
 - (iv) ART-B3 Greater Hamilton Arts and Events;
 - (v) CCH-A36 Stoney Creek BIA;
 - (vi) CCH-B1 Pride Hamilton;
 - (vii) SAL-A3 & SAL-B6 The Hamilton and District Soccer Association;
 - (viii) SAL-A4 Hamilton Ringette Association;
 - (ix) ART-A34 Chamber Music Hamilton;
 - (x) CCH-A50 Flamborough Santa Claus Parade;
 - (xi) CCH-A51 Hamilton Waterfront Trust;
 - (xii) CCH-A52 Polish Symfonia Choir; and,
 - (xiii) CCH-A53 Hamilton Santa Claus Parade Committee;
- (f) That staff be directed to report back, before summer, with respect to the status of the organizations whose 2022 City

Enrichment Fund grants are being withheld, pending full settlement of outstanding arrears, as shown below:

- (i) AGR-A4 Golden Horseshoe Beekeepers' Association
\$282.00
 - (ii) AGR-A5 Hamilton-Wentworth 4-H Association
\$897.50
 - (iii) AGR-A10 Hamilton Wentworth Soil and Crop
Improvement Association \$2,461.51
 - (iv) CCH-A12 Hamilton Folk Arts Heritage Council
\$41,482.00
 - (v) CCH-A14 South Asian Heritage Association of
Hamilton & Region \$3,115.00
 - (vi) CCH-A40 Festitalia Corporation \$5,952.00
 - (vii) CCHA-53 Hamilton Santa Claus Parade Committee
\$32,779.00;
- (g) That staff be directed to report back, before summer, with respect to the status of those organizations whose 2022 City Enrichment Fund Grant is being withheld, pending the submission of additional Information, as shown below:
- (i) AGR-15 Wentworth District Women's Institute
 - (ii) ART-A30 Industry Performance Makers Arts
Organization
 - (iii) ART-D26 Reverend Marco D'Andrea
 - (iv) ART-B3 Greater Hamilton Arts and Events
 - (v) CCH-A36 Stoney Creek BIA
 - (vi) CCH-B1 Pride Hamilton
 - (vii) SAL-A3 & SAL-B6 The Hamilton and District Soccer
Association
 - (viii) SAL-A4 Hamilton Ringette Association
 - (ix) ART-A34 Chamber Music Hamilton
 - (x) CCH-A50 Flamborough Santa Claus Parade

- (xi) CCH-A51 Hamilton Waterfront Trust
 - (xii) CCH-A52 Polish Symfonia Choir
 - (xiii) CCH-A53 Hamilton Santa Claus Parade Committee; and,
- (h) That, should an additional Grants Sub-committee meeting not be possible prior to summer, the Legislative Coordinator be permitted to place the forthcoming report directly on the Audit, Finance & Administration agenda.

**(2) 2021 City Enrichment Funding Recommendations
(GRA21002(a) / PED22122) (City Wide) (Item 6.1)**

- (a) That 2021 City Enrichment Fund grant recipients in the Arts Creation and Presentation stream be given a project deadline extension until November 1, 2022, pending the receipt of a written request for said extension by the recipient to the Arts Program Manager by June 30, 2022; and,
- (b) That any 2021 City Enrichment Fund grant recipients in the Arts Creation and Presentation stream who have withdrawn approved applications and returned surplus funds to the City of Hamilton be eligible to reactivate their project and be given a project deadline extension until November 1, 2022 pending the receipt of a written request for said extension by the recipient to the Arts Program Manager by June 30, 2022.

(Johnson/VanderBeek)

WHEREAS, the City Enrichment Fund is the overall name for the City of Hamilton's municipal investment in a wide range of program areas that supports the City's strategic plan;

WHEREAS, the fund comprises 6 Program Areas (Agriculture, Arts, Communities, Culture & Heritage, Community Services, Environment, Sports & Active Lifestyles) with funding streams and categories;

WHEREAS, the City Enrichment Fund ran out of funds based on the 2022 City Enrichment Fund budget in two program areas despite applicants scoring successfully.

WHEREAS, the City Enrichment Fund online application platform did not allow stream switches once the application was submitted.

THEREFORE, BE IT RESOLVED:

That Item (1) 2022 City Enrichment Funding Recommendations (GRA22002) (City Wide) (Item 5.1), Sub-Section (a), be **amended**, to reflect the following **amendments** to Appendix "A":

- (a) That, the 2022 City Enrichment Fund recommended funding allocation, in the amount of **\$6,098,732** (as outlined in the attached **Revised** Appendix “A” to Report 22-002), be approved;
- (i) ***That staff be directed to access funds from the City Enrichment Fund reserve #112230 totalling \$2,500 to the Binbrook Parade Committee for the Binbrook Santa Claus Parade.***
- (ii) ***That staff be directed to access funds from the City Enrichment Fund reserve #112230 totalling \$7,892 to provide one-time funding to applications that received prior year funding, deemed to be disqualified (DNQ'd) this year, due to an improper stream selection who would have otherwise qualified for funding in the applicable stream.***

(a) **CCH-C5 Ottawa Street BIA – Sew Hungry \$7,892**

Result: Amendment CARRIED by a vote of 6 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
ABSENT - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, refer to Item 11.

(g) NOTICES OF MOTION (Item 12)

Councillor Johnson introduced the following Notice of Motion:

City Enrichment Fund Budget Request

WHEREAS, the City Enrichment Fund is the overall name for the City of Hamilton’s municipal investment in a wide range of program areas that supports the City’s strategic plan;

WHEREAS, the fund comprises 6 Program Areas (Agriculture, Arts, Communities, Culture & Heritage, Community Services, Environment, Sports & Active Lifestyles) with funding streams and categories;

WHEREAS, the last budget increase to the City Enrichment Fund was approved in 2019, to bring total budget allocation to \$6,088,340; and,

WHEREAS, the 2022 request from applicants totalled \$9,858,419; total value of eligible requests based on 2022 applications totalled \$8,110,633; funding allocation was capped at \$6,088,340 or 75% of the total request;

THEREFORE, BE IT RESOLVED:

That an increase to the City Enrichment Fund be forwarded for consideration to the 2023 Budget submission.

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

(Powers/VanderBeek)

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 (Item 13.1(a)):

Correspondence from Trent Jarvis, Hamilton Waterfront Trust, respecting an update to the Audit, Finance and Administration Committee in April or May of 2022

Added: March 24, 2022 at AF&A - Item 5.2

Removed: April 27, 2022 at Council - Item 6.6(a)

OBL Item: 22-A

Support for the National Council of Canadian Muslims brought forward by the NCCM recommendations in Motion 6.2 (CM21015(a))

Added: March 24, 2022 at AF&A - Item 7.8

Removed: May 19, 2022 at AF&A - Item 10.5

OBL Item: 22-B

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

YES - Ward 13 Councillor Arlene VanderBeek

ABSENT - 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)

Committee determined that discussion of Item 14.1 was not required in Closed Session, therefore, the item was addressed in Open Session, as follows:

(i) Closed Minutes – April 21, 2022 (Item 14.1)

(Wilson/Clark)

(a) That the Closed Session Minutes of the April 21, 2022 Audit, Finance and Administration Committee meeting, be approved as presented; and,

(b) That the Closed Session Minutes of the April 21, 2022 Audit, Finance and Administration Committee meeting, remain confidential.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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

(Clark/Powers)

That the Committee move into Closed Session respecting Item 14.2 pursuant to Section 9.1, Sub-sections (f), (i) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (f), (i) and (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to advice that is subject to solicitor-client privilege, including communications necessary for that purpose; a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization; and, a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

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

YES - Ward 13 Councillor Arlene VanderBeek
ABSENT - 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

(ii) Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050 / LS22025 / PW22047) (City Wide) (Added Item 14.2)

(Powers/VanderBeek)

That the recommendations ***be amended***, by adding an additional sub-section (c), to read as follows:

- (c) *That staff be directed to prepare an information report back to Audit Finance & Administration Committee with the total annual contract price for the supply and delivery of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, following the execution of the agreement.***

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

YES - Ward 13 Councillor Arlene VanderBeek

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

For further disposition of this matter, refer to Item 13.

(j) ADJOURNMENT (Item 15)

(Johnson/Wilson)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 10:33 a.m.

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

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

Respectfully submitted,

Councillor Pearson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



INFORMATION REPORT

TO:	Chair & Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 2, 2022
SUBJECT/REPORT NO:	Disconnecting from Work Policy (HUR22005) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	David Lindeman 905-545-2424 Ext 5657
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
SIGNATURE:	

Council Direction:

Not Applicable

Information:

Earlier this year, the Ontario Government made changes to the *Employment Standards Act (ESA)* requiring employers to have a written policy on disconnecting from work and to provide copies to all employees. Disconnecting from work is defined in the *ESA* to mean, “*not engaging in work-related communications, including emails, telephone calls, video calls or sending or reviewing other messages, to be free from the performance of work*”.

The policy must be in place by June 2, 2022. The legislation does not set out what needs to be included in the policy

The *ESA* changes do not create a new right for employees to disconnect from work and be free from the obligation to engage in work-related communications. Employee rights under the *ESA* to not perform work are already established through rules that cover:

- hours of work and eating periods
- vacation with pay
- public holidays
- what is “deemed” to be work performed

City of Hamilton employees may also have similar existing rights under a collective agreement or policy.

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SUBJECT: Disconnecting from Work Policy (HUR22005) (City Wide) Page 2 of 3

Technology available to staff has allowed for flexibility in when and where employees can access information or be available for work communications. For many employees, technology provides an opportunity to create better work-life balance when combined with other arrangements like working from home, telecommuting or flexible work schedules. Some employees may find it easier to manage work or deal with urgent matters and emergencies if they check messages after hours as long as they set boundaries.

But the technology also has the potential to blur the lines between work and non-work time and create expectations or perceptions that employees need to stay on top of work-related messages outside of work hours. Others may worry they are missing out on important communications. The ease at which we can connect to work may make it tempting to stay, “always on”. Rather than flexing time, some employees may be expanding their work day. In some cases, a workplace culture may have emerged that encourages and rewards those employees who monitor their electronic messages and respond after hours.

Disconnecting from work is important for an individual’s wellbeing, and helps employees achieve a healthy and sustainable work-life balance. It’s important that all employees have control over responding to after-hours communications that are not part of their regular work and avoid unnecessary conflict with non-work activities and obligations.

The policy attached (Appendix “A” to Report HUR22005) reflects best practices and our commitment to the protection and promotion of the mental health and wellbeing of all employees.

Principles behind development of the policy include:

- applies to all employees
- complies with the requirements of the *Employment Standards Act*
- promotes disconnecting from work communications as a strategy to support employee wellbeing
- does not conflict with any employee obligations to respond to communications after-hours as identified in work schedules, collective agreements or other established work arrangements
- discourages after-hours communications except in emergencies, urgent situations or where agreed to by all parties beforehand.
- does not create any new right or obligation for compensation for hours worked, on-call/stand-by pay, call-in pay, overtime
- is flexible to meet the needs of employees and management

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SUBJECT: Disconnecting from Work Policy (HUR22005) (City Wide) Page 3 of 3

- places responsibility for the ability to disconnect from work on both the employee and their people leader
- recognizes employees should not be penalized for disconnecting during non-work hours where it is not a job requirement
- acknowledges employee willingness/unwillingness to check and respond to communications outside of normal work hours should not be used to evaluate employee performance

There are circumstances where employees have an obligation to monitor work communications after regular hours and there will be situations when it is necessary to contact employees outside of an employee's normal working hours. The policy ensures that, outside of these circumstances and situations, employees can feel empowered to disconnect from work when needed.

The policy will be provided to all employees along with communications that will include Frequently Asked Questions (FAQs) to assist staff with complying with the new policy. The FAQs will highlight roles and responsibilities along with steps and tips people leaders and employees can take to ensure expectations for after-hours communications are clear and employees are able to disconnect from work when needed.


Appendices and Schedules Attached


Appendix "A" to Report HUR22005 - Disconnecting from Work Policy


Corporate Human Resources Policy		Content Updated: 2022-06-02
<<Category Name Insert Here>>		Supersedes Policy: <<if applicable>>
Policy No: <<Insert Here>>		
Page 1 of 4		Approval: YEAR-MM-DD

Disconnecting from Work Policy

POLICY STATEMENT	<p>The City of Hamilton (the City) is committed to providing excellent service to our community and to building trust and confidence in local government in alignment with our strategic plan.</p> <p>The City supports and encourages flexibility in the way employees work whenever it is possible and practical to do so without compromising the efficiency and effectiveness of the Corporation including working remotely.</p> <p>The City is committed to the protection and promotion of the mental health and wellbeing of all employees. Disconnecting from work is important for an individual’s wellbeing, and helps employees achieve a healthy and sustainable work-life balance.</p>
PURPOSE	<p>The purpose of this policy is to set out expectations for employees and people leaders for work communications generated outside of normal working hours and provide employees with opportunities to disconnect from after-hours work communications.</p>
SCOPE	<p>This policy applies to all employees regardless of their work arrangements including those that work remotely, in a physical workplace, in a hybrid model or are mobile.</p> <p>It excludes communications that are a regular, expected part of work operations.</p>
DEFINITIONS	<p>The following terms referenced in this Policy are defined as:</p> <p>Disconnecting from Work Not engaging in work-related communications, including emails, telephone calls, video calls or sending or reviewing other messages, to be free from the performance of work.</p> <p>Normal Working Hours An employee’s normal working hours as set out in their employment contract and/or applicable collective agreement. Normal working hours for employees may vary. The ability to disconnect from work is within the context of individual work schedules.</p>

<p>Corporate Human Resources Policy</p> <p><<Category Name Insert Here>></p> <p>Policy No: <<Insert Here>></p> <p>Page 2 of 4</p>	 <p>Hamilton</p>	<p>Content Updated: 2022-06-02</p> <p>Supersedes Policy: <<if applicable>></p> <p>Approval: YEAR-MM-DD</p>
<p>PRINCIPLES (if applicable)</p>	<p>The following principles apply to this Policy:</p> <ol style="list-style-type: none"> 1. Compliance with the requirements of the <i>Employment Standards Act</i> 2. Promotion of disconnecting from work communications as a strategy to support employee wellbeing 3. Discouragement of after-hours communications except in emergencies, urgent situations, where agreed to by all parties beforehand or as otherwise provided for in this policy. 4. Does not conflict with or supersede obligations or provisions under any collective agreement or in any existing policy 5. Does not create any new right or obligation for compensation for hours worked, on-call/stand-by pay, call-in pay, overtime 6. Does not conflict with any employee obligations to respond to communications after-hours as identified in work schedules, collective agreements or other established arrangements 7. Encouragement of flexibility to meet the needs of employees and management 8. Placement of responsibility for the ability to disconnect from work on both the employee and their people leader 9. Employees should not be penalized for disconnecting during non-work hours where it is not a job expectation. 10. Employee willingness/unwillingness to check and respond to communications outside of normal work hours and required work arrangements is not used to evaluate employee performance 	
<p>TERMS & CONDITIONS</p>	<p>The following terms and conditions apply to this Policy:</p> <ol style="list-style-type: none"> 1. In the course of ordinary operations, there will be situations when it is necessary to contact employees outside of an employee's normal working hours, including but not limited to: <ol style="list-style-type: none"> (a) checking availability for scheduling (b) call in to cover employee absences 	

<p>Corporate Human Resources Policy</p> <p><<Category Name Insert Here>></p> <p>Policy No: <<Insert Here>></p> <p>Page 3 of 4</p>	 <p>Hamilton</p>	<p>Content Updated: 2022-06-02</p> <p>Supersedes Policy: <<if applicable>></p> <p>Approval: YEAR-MM-DD</p>
	<p>(c) emergencies</p> <p>(d) where employees freely agree to communicate with one another for work-related purposes outside of their normal working hours</p> <p>(e) other business or operational reasons that require contact outside of an employee's normal working hours</p> <p>(f) as identified in collective agreements and policies</p> <p>2. Communications sent outside of normal work hours will identify whether or not an immediate response is required.</p> <p>3. Employees are not expected to respond to communications sent outside of normal hours unless agreed to beforehand or if required under the terms of a collective agreement, job description, policy, procedure or other required work arrangement.</p> <p>4. Nothing in this policy creates any obligation to pay overtime or any other payment to employees.</p> <p>5. Where possible, work-related communications should be checked or sent during normal working hours.</p>	
<p>RESPONSIBILITIES (if applicable)</p> <p>Management/Supervisors</p>	<p>The following positions and/or departments are responsible for fulfilling the responsibilities detailed in this Policy as follows:</p> <ul style="list-style-type: none"> • Identify normal work hours for each direct report. • Clarify expectations on responding to communications sent outside of normal working hours. • Avoid sending out communication to staff outside of normal work hours except in the circumstances outlined in Terms and Conditions. • If composing messages outside of recipient's normal working hours, use "Delay Delivery" or similar function to deliver the message the next working day. • Where possible, work-related communications should be checked or sent during normal working hours. • If communications are sent outside applicable normal working hours and requires immediate response, the response expectation should be set out in the communication if not agreed to beforehand. • Provide a copy of this policy to all employees within 30 days of implementation. 	

Corporate Human Resources Policy		 Hamilton	Content Updated: 2022-06-02
<<Category Name Insert Here>>			Supersedes Policy: <<if applicable>>
Policy No: <<Insert Here>>			
Page 4 of 4			Approval: YEAR-MM-DD
Employees	<ul style="list-style-type: none"> • Be aware of any collective agreement or policy implications of contacting employees after work (e.g., overtime/call in pay) • Avoid checking communications outside of normal working hours and required work arrangements • Avoid sending out communication to coworkers outside of normal work hours except in the circumstances outlined in Terms and Conditions • Respond to non-emergency and non-urgent communications during normal working hours • Discuss any concerns with receiving or responding to communications outside of normal working hours with their direct supervisor. 		
Human Resources	<ul style="list-style-type: none"> • Provide a copy of this Policy to all new employees within 30 days of starting their employment as part of the hiring process • Retain a copy of this and any revised version of this Policy for three years after it ceases to be in effect 		
COMPLIANCE	Failure to comply with this Policy and its associated Procedures will result in <i>discipline up to and including termination.</i>		
RELATED DOCUMENTS	The following related documents are referenced in this Policy: <ol style="list-style-type: none"> 1. <i>Mental Health and Wellbeing Policy</i> 2. <i>Flexible Work Policy</i> 3. <i>Working from Home Policy</i> 4. <i>Appropriate use of Mobile Technology Policy</i> 5. <i>Employment Standards Act</i> 		
HISTORY	The following stakeholders were consulted in the creation or revisions made to this Policy:		



CITY OF HAMILTON
City Manager's Office
Human Resources Division

TO:	Chair & Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 2, 2022
SUBJECT/REPORT NO:	Extension of Employee and Family Assistance Program Contract (HUR22006) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Matthew Sutcliffe (905) 546-2424 Ext. 2655 David Lindeman (905) 546-2424 Ext. 5657
SUBMITTED BY:	Lora Fontana Executive Director Human Resources
SIGNATURE:	

RECOMMENDATION

That Council approve the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for the extension of Contract C1-02-15 for the Provision of the Employee and Family Assistance Program to City Employees from July 1, 2022 to an end date no later than July 1, 2023 and that the City Manager be authorized to negotiate and execute an amendment to the Contract and any ancillary documents required to give effect thereto with Homewood Health Inc. in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

The City of Hamilton has received Employee and Family Assistance Program (EFAP) services from Homewood Health since January 1, 2016, as the successful proponent for a Request for Proposals (RFP) for the Provision of the Employee and Family Assistance Program to City for 5 years.

Release of a new RFP was delayed and the current contract with Homewood Health was extended by the City Manager for a total of 18 months through a Policy #11 Non-Competitive Procurements due to the demands placed on Human Resources staff by the pandemic that took them away from issuing the RFP and to provide uninterrupted access to the EFAP services by employees and their families during the emergency response and recovery. The extension will end on June 30, 2022. As per Policy #11 under By-law No. 21-215, Council must approve any further extension.

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**SUBJECT: Extension of Employee and Family Assistance Program Contract
(HUR22006) (City Wide) - Page 2 of 4**

Human Resources intends to issue an RFP for EFAP services as soon as possible but, depending on availability staff resources and other factors, Human Resources may need to the end of June 2023 to complete the RFP process and select a successful bidder.

Alternatives for Consideration – See Page 3

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: EFAP services are budgeted for 2022

Staffing: none

Legal: none

HISTORICAL BACKGROUND (Chronology of events)

The EFAP service is available 24/7 and provides short-term counselling and health and wellness services to staff and their dependents. Services include consultation and access to resources on topics such as:

- Parent support
- Elder Care
- Finances
- Legal Advice
- Relationships
- Grief and Loss
- Stress Solutions
- Nutrition
- Career Coaching

Homewood Health was the successful bidder on a Request for Proposals (RFP) for the provision of Employee and Family Assistance Program services for the period of January 1, 2016 to December 31, 2020.

The contract with Homewood Health was extended for 12 months in 2021 and a further 6 months in 2022. The extensions were made due to staff being unavailable to issue a new RFP for EFAP service. These staff members were assigned to duties related to the pandemic response, including managing employees COVID-19 absences and developing new policies and procedures. It was also beneficial to provide uninterrupted access to EFAP services during our emergency response by continuing with the current service provider and not have to potentially change to a different provider of these services.

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**SUBJECT: Extension of Employee and Family Assistance Program Contract
(HUR22006) (City Wide) - Page 3 of 4**

Our pandemic response continues but demands on staff have lessened and resources can now be assigned to issue a new RFP, review bid submissions and select a successful bidder.

Human Resources intends to issue an RFP for EFAP services as soon as possible but, depending on availability staff resources and other factors, Human Resources may need to the end of June 2023 to complete the RFP process and select a successful bidder.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

By-law 21-215 City's Procurement Policy – Policy #11 Non-Competitive

RELEVANT CONSULTATION

Procurement has provided guidance as to adherence to the Procurement Policy.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The Employee and Family Assistance Program is an important component of the employee health and well-being benefits offered by the City to its employees. The utilization rate is a healthy 14.27% (2021). Employees and their dependents will need access to these services and resources while a RFP for EFAP services is being processed and a successful bidder awarded with a new contract.

It is not likely that a successful provider will be identified, and a contract secured for EFAP services before the current contract expires on June 30, 2022. Approval of the recommendation in this report will guarantee uninterrupted access to critical EFAP supports during the RFP period.

ALTERNATIVES FOR CONSIDERATION

1. Proceed with issuing a RFP for EFAP Services as soon as possible and pay the existing EFAP provider on a month-to-month basis past June 30, 2022 without Council approval. This is not recommended as it does not comply with the Procurement Policy and will require a notification to Council of the non-compliance under Policy #19 - Non-compliance with the Procurement Policy.
2. Allow current contract to expire and stop providing EFAP services to staff until new contract is put in place. This is not recommended as it will remove a critical component of our mental health and well-being resources and leave staff and their dependents without access to these supports.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

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**SUBJECT: Extension of Employee and Family Assistance Program Contract
(HUR22006) (City Wide) - Page 4 of 4**

Our People and Performance

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

APPENDICES AND SCHEDULES ATTACHED

Not applicable


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

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 2, 2022
SUBJECT/REPORT NO:	Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Nancy Hu, CFE, CIA (905) 546-2424 Ext. 2207 Brigitte Minard, CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
SUBMITTED BY:	Charles Brown City Auditor Office of the City Auditor
SIGNATURE:	

Discussion of Confidential Appendix “C” to this Report in closed session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-law and the *Ontario Municipal Act, 2001*:

- The security of the property of the City or a local board

RATIONALE FOR CONFIDENTIALITY

Appendix “C” to this report is being considered in Closed Session as it contains information about a Fraud and Waste Investigation and details the circumstances regarding the security of City assets.

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SUBJECT: Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide) **Page 2 of 5**

RATIONALE FOR MAINTAINING CONFIDENTIALITY

The City Auditor recommends that the Appendix “C” to this Report remain confidential, because in addition to the rationale noted above, the City Auditor in their capacity as an Auditor General for investigations (as approved by Council per Report AUD19005) has a duty of confidentiality as per the *Municipal Act, 2001 Section 223.22*.

RECOMMENDATION

- (a) That Report AUD22005, respecting the follow up of the original recommendations presented in Audit Report AUD20008 Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory be received;
- (b) That the General Manager of Public Works be directed to finish the implementation of the Management Responses listed in AUD20008 and that remain incomplete in Appendices “A” and “B” to Report AUD22005 and report back to the Audit, Finance and Administration Committee by May 2023 on the nature and status of actions taken in response to the audit report; and
- (c) That Confidential Appendix “C” to Report AUD22005, respecting the Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory, be received and remain confidential.

EXECUTIVE SUMMARY

Audit Report AUD20008 was originally issued in November 2020 to the Audit, Finance and Administration Committee.

In Q1 2022, the Office of the City Auditor (OCA) conducted a follow up audit to determine if the Management Responses had been implemented as directed by Council.

Of the 17 recommendations as part of the main audit (as originally listed in Appendix “B” in Report AUD20008) eight are complete and nine are in progress. Of the nine recommendations from Audit Report 2013-17 (the “Follow Up” as originally listed in Appendix “C” in Report AUD20008), three are completed, five are in progress, and one is not completed. Of the four recommendations made as part of the Fraud & Waste Investigation (as originally listed in Appendix “D” in Report AUD20008), all four are in

SUBJECT: Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide) **Page 3 of 5**

progress. Of the recommendations made as part of the Private and Confidential Appendix “E”, all are complete.

It should be noted that several Standard Operating Procedures (SOPs) were published in 2021 as a result of the audit which included many of the Audit recommendations made, however, more work is needed to ensure full compliance with the procedures.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

The Council-approved Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) included work to conduct follow up audits for previously issued audit reports to determine whether action plans committed to by department management have been implemented, and the associated savings realized. As such, a follow-up was performed on AUD20008 in Q1 2022.

Audit Report AUD20008 Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory, was originally issued in November 2020. The Report consisted of new audit work performed in 2020 to help identify gaps that expose inventory to the risk of misuse, loss or misappropriation; a Fraud & Waste Investigation also performed in 2020 resulting in four recommendations; and additional work resulting in a Private and Confidential Appendix with additional recommendations. The follow-up to Audit Report 2013-17 was a review of the progress on the nine original recommendations from the 2013 report. This report also included management responses.

SUBJECT: Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide) **Page 4 of 5**

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

RELEVANT CONSULTATION

The results of the follow up audit were provided to management responsible for the administration and operations of Public Works - Transportation Operations & Maintenance Division.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

A new Senior Project Manager of Inventory Management (SPM-IM) position was created and filled in 2021 to be an on-site specialist for inventory management. Since this new role has been in place, the Transportation Operations and Maintenance Division has published several Standard Operating Procedures (SOPs) in 2021 as recommended by the audit which addressed the recommendations regarding roles and responsibilities, Key Performance Indicators (KPIs), and detailed instructions on procedures. The SOPs are well-written with good internal controls; however, more work is needed to ensure the procedures are followed and accepted by all teams within the Division, including those with roles and responsibilities outside of the Inventory Management team.

Additionally, the Transportation Operations & Maintenance (TOM) Division is expected to switch over to the Enterprise Asset Management (EAM) from the current inventory system, Infor Hansen, sometime in late 2024 to early 2025. EAM will potentially allow for more and different capabilities than Hansen which may result in different procedures to address remaining management responses to the audit.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

SUBJECT: Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to Audit Report 2013-17 – Public Works – Traffic Inventory (AUD22005) (City Wide) **Page 5 of 5**

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

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 AUD22005 – Follow up Audit Report

Appendix “B” to Report AUD22005 – Follow Up to Fraud and Waste Investigation Case 2020-28312

CONFIDENTIAL Appendix “C” to Report AUD22005 – Follow Up Audit Report for Security Observations

Report AUD22005
Follow Up Audit: Transportation
Operations Inventory Audit

FOLLOW UP AUDIT REPORT

June 2, 2022

Office of the City Auditor
Nancy Hu, Senior Auditor
Brigitte Minard, Deputy City Auditor
Charles Brown, City Auditor

Recommendation #1

We recommend that standard operating procedures be created for all inventory-related processes, including the disposal of obsolete and excess inventory (that aligns with Procurement By-Law No. 17-064), disbursement of inventory to contractors and other City employees, inventory counts and security footage review. These procedures should apply to all current and future inventory locations. These procedures should include roles, responsibilities, process flow charts, sample documents and clear instructions to assist employees understand what is expected. A change management plan should be created to introduce the new operating procedures, including training and reinforcement with staff. Procedures must be reviewed at least annually and updated (as required). Evidence of the annual review should be documented and retained for audit purposes.

Management Response

Agreed.

The Transportation Operations & Business Initiatives sections will develop an operational plan to include all components of inventory management. The purpose of this operational plan is to document policies and procedures related to the operation and maintenance of the inventory system.

Anticipated completion date: Q3 2021.

Follow up Status

In Progress.

Eleven Standard Operating Procedures (SOPs) were published in 2021 relating to Inventory Management. The procedures include defined roles and responsibilities, process flow charts (where applicable), and sample or reference documents related to the procedure. Per staff, more procedures are in the process of being drafted which include an overarching inventory operational plan and a procedure for disbursement of inventory to contractors and other city employees. Per staff, training for staff was provided, however, documentation of attendance was not retained. Since the procedures were published in 2021, in most cases a full year has not passed. Per staff, the procedures will be reviewed and updated in 2022.

Recommendation #2

We recommend that management implement a more robust system of measurement by incorporating performance metrics into the standard operating procedures outlined in Recommendation #1. These metrics should be monitored by management and used to enhance inventory management around obsolescence, shrinkage, waste and scrap values.

Management Response

Agreed.

The definition of performance metrics will be a key element in the development of the operational plan. The optimization of the new metrics will be monitored through the existing performance measurement methodology via the divisional balanced scorecard and annual reports.

The definition of metrics will be in alignment with the development of standard operating procedures in recommendation #1. The reporting and monitoring of metrics via the divisional scorecard and annual report will be incorporated in the 2022 work plan.

Anticipated completion date: Q4 2021.

Follow up Status

Completed.

Performance metrics (KPIs-Key Performance Indicators) are incorporated into all published SOPs. KPIs are tracked weekly by staff and critical divisional KPIs that roll up to the departmental goals are tracked using Business Intelligence Maintenance Application (BIMA). BIMA is the input application for the Public Works Balanced Scorecard. The results (actual KPIs) are monitored using the scorecards.

Some of the KPIs documented in the SOPs are not the KPIs being tracked. Management should update these in the SOPs as part of the annual updates.

Recommendation #3

We recommend that management review the job duties and roles performed for all positions to ensure that responsibility and accountability for inventory management is included at appropriate levels and duties are appropriately organized overall. Changes should be reflected in standard operating procedures as well as in job descriptions (as required).

Management Response

Agreed.

The division is reviewing and will modify the organizational structure implementing the changes accordingly. The associated changes to the roles and responsibilities will be outlined in the operational plan and standard operating procedures.

Anticipated completion date: Q1 2021.

Follow up Status

Completed.

Roles and responsibilities are documented in all published SOPs including responsibilities for individuals in the field using the inventory. Additionally, the Senior Project Manager-Inventory Management role was created and filled in January 2021. Per the job description, the position is "accountable for ensuring that inventory and supply chain management for the Transportation and Operations Maintenance Division meet or exceed inventory best practices/standards..."

Recommendation #4

We recommend that Transportation Operations management be provided with read-only access and training to view inventory levels in Hansen and run inventory reports.

Management Response

Agreed.

Business Initiatives will coordinate immediate access to Hansen with revised permission settings and complete require training for Supervisor level and above. Business Initiatives will develop an inventory report schedule for staff reference.

Anticipate completion date: Q4 2020.

Follow up Status

Completed.

Management was provided with read-only access and training. Training was held in Q1 2021. In addition to the read-only access, three weekly reports are sent out every Monday on stock levels to other applicable positions.

Recommendation #5

We recommend that management undertake initiatives to break down silos between various sections and build a more inclusive, cooperative and collaborative environment. Such activities should focus on building awareness, desire, knowledge, ability, and reinforcement to support change.

Management Response

Agreed.

The operational plan will also include the development of a change management plan so that the construction of an operational plan will assist in building awareness and enhance collaboration among cross-functional groups.

Anticipated completion date: 2020-2022.

Follow up Status

In Progress.

This item is in progress, however, OCA found that there is evidence of a more collaborative culture, though there is more work to be done. The key to the successful implementation of the some of the procedures described in the SOPs are the roles and responsibilities described for individuals in the field and Superintendents. For the procedures to be effective, there needs to be cooperation/compliance among all individuals across all Transportation Operations and Business Initiatives roles in the SOPs.

Recommendation #6

We recommend that management review the primary and secondary inventory structure and what is stored in each area. Focus should be placed on the level of risk, control and access required when decided which items are stored in primary or secondary inventory.

Management Response

Agreed.

Management will undertake the risk-based assessment of storage and complete a Kaizen event to optimize the inventory structure and breakdown.

Anticipated completion date: Q2 2021.

Follow up Status

Completed.

A Kaizen event was completed in the summer of 2021 where there was a reorganization of the stockroom that considered the risk, accessibility, and frequency of use of many items. The OCA was able to validate that management has reviewed the primary and secondary inventory structure and how inventory is stored in each area.

Recommendation #7

We recommend that management implement additional controls to monitor higher risk items that remain in secondary inventory. Such controls may include cycle counts, reasonability analyses, utilizing usage-tracking technology (such as vending machines and rope counters), or creating and monitoring additional inventory classifications (such as **work vehicles**).

Management Response

Agreed.

The definition of control measures required for the secondary inventory will be in alignment with the development of standard operating procedures in recommendation #1.

Anticipated completion date: Q3 2021.

Follow up Status

In Progress.

An inventory classification method was developed as part of the Cycle Count SOP which assigns a classification to all inventory parts based on their per unit value and/or total inventory value. This classification is assigned to inventory items in both Primary and Secondary locations and the cycle count cadence is scheduled based on the classification and location of the part. A schedule based on this classification was created, however, a cycle count for items in secondary locations was not performed in 2021. Additionally, there were inconsistencies in the classification of parts which drive the cadence of the counts.

Recommendation #8

We recommend that management record all non-consumable items as inventory in Hansen. As part of this work, management should consult with Hansen support personnel to determine whether current capital items may be recorded in Hansen for tracking purposes only without charging costs out when materials are used.

Management Response

Agreed.

Management will prioritize the implementation of this recommendation before the end of this calendar year to ensure correct identification and tracking of all non-consumable items. Alternative approaches to Hansen will be investigated and may be adopted for tracking purposes.

Anticipated completion date: Q4 2020.

Follow up Status

In Progress.

Work still needs to be done to move non-consumable items into inventory in Hansen, however, any new non-consumables received are being added to inventory in Hansen. For example, OCA observed that there were some new traffic radios (a non-consumable) in the stockroom which were listed in inventory.

Recommendation #9

We recommend that Business Initiatives undertake a Kaizen or Kanban exercise to improve the organization of the stockroom and other secondary locations. Consideration should be given to designating specific areas to segregate and hold materials set aside for specific projects, obsolete goods awaiting disposal and items designated as "do not inventory".

Management Response

Agreed.

We will undertake a Kaizen event or a methodology that results in a stockroom that is clean, uncluttered, safe and well organized.

Anticipated completion date: Q2 2021.

Follow up Status

Completed.

A Kaizen event was conducted in the summer of 2021 which resulted in an area in the yard for large obsolete items waiting disposal and a holding area for materials set aside for specific projects. In the stockroom, obsolete goods awaiting disposal and items designated as "do not inventory" are not held in one location in the stockroom. Instead, the items are tagged at their locations in the bin as "Do Not Inventory" or "Obsolete."

Recommendation #10

We recommend that Business Initiatives review current part numbers and improve how inventory items are classified. This should include creating individual identifiers for kit components and signage.

Management Response

Agreed.

Business Initiatives will prioritize the implementation of this recommendation to ensure the correct identification and tracking of all existing part numbers before the end of the calendar year.

Anticipated completion date: Q4 2020.

Follow up Status

In Progress.

The process to review and create individual identifiers for kit components and signage has begun but more work needs to be done.

Recommendation #11

We recommend that Business Initiatives include a description, picture and location code in Hansen for each part number to assist Traffic Operations Clerks locate items quickly within the warehouse.

Management Response

Agreed, in part.

Business Initiatives will investigate alternative approaches to fulfill the need of an ideal classification and identification of the inventory. Management may not necessarily use the current system Hansen for implementation of this recommendation.

Anticipated completion date: Q2 2021.

Follow up Status

In Progress.

An SOP, "Classification and Identification of Inventory", was developed that established a labeling convention for locations by bins has been implemented. Significant strides have been made to clean up the warehouse bins. There is still some updating in Hansen to be done to ensure a complete and accurate location for all items. This location and description are in Hansen for all primary inventory. Hansen has descriptions for all secondary inventory but since secondary inventory is spread across trucks, locations are not in Hansen. Per staff, consideration for pictures/schematics of parts will be a consideration for the new EAM system which will replace Hansen. Completion of this recommendation is dependant upon EAM implementation for Transportation Operations & Maintenance (TOM) which is planned for late 2024 – early 2025 according to the EAM team.

Recommendation #12

We recommend that management revise the returned materials policy to include more oversight and a more formal process over the reuse and disposal of goods (e.g. storage location, disbursement, etc.). A record should be kept of more significant disposed items which should be reviewed by management to identify possible product issues or warranty opportunities. Training should be provided to staff to build awareness of how items may be reused and recycled. Inappropriate behavior should be reinforced through the performance management process.

Management Response

Agreed.

The development of a returned material policy will be incorporated in the standard operating procedures in recommendation #1.

Anticipated completion date: Q4 2020.

Follow up Status

Completed.

A "Return Merchandise Authorization (RMA) Procedure" SOP was published in April 2021 which provides guidance on materials which require repair by an approved vendor. There is also a "Materials Returned from the Street Procedure" SOP published in April 2021 which covers materials which may be replaced, damaged, obsolete, or excess. Staff uses an Order Tracking file which includes an RMA tracker tab to track RMA items sent for repair. Any disposed items would follow the "Disposal of Obsolete Excess and Dormant Inventory" SOP. Appropriate staff assess materials returned from the street. Any disposals of obsolete items are submitted by relevant staff and approved by higher management. When items that are no longer needed in the field are brought back (disposition may be scrap/obsolete, repairable, or can be reused in current condition), in the last case and after items repaired, a Stock Return ticket is used. The ticket is signed by employee and the supervisor for return of items to stock.

Recommendation #13

We recommend that Business Initiatives reach out to Finance and Tangible Capital Assets to determine the best way to value materials returned from the street and how these transactions are recorded in Hansen. The valuation choices in Hansen should be restricted to eliminate possible data entry errors.

Management Response

Agreed.

Business Initiatives will collaborate with Finance to define the best methodology to record system transactions and value materials returned from the street.

Anticipated completion date: Q4 2020.

Follow up Status

Completed.

Per the Materials Returned from Street SOP, parts which can be reused, or repaired parts once repaired, and warranty items are also returned to Hansen at average cost. This was decided in collaboration with Finance. When items are re-entered into Hansen it is an "adjustment" and adjustment reports are run weekly and would catch if any item was going back into Hansen at \$.01 which was what was previously noted.

Recommendation #14

We recommend that management explore the feasibility of going paperless or adopting a paper-lite approach in both inventory management and operations. Opportunities should be explored in advance of implementing a new Enterprise Asset Management system in early 2021. A change management plan should be developed to support staff at all levels.

Management Response

Agreed, in part.
Management will adopt a paper-lite approach in accordance with the implementation of the Enterprise Asset Management System.

Anticipated completion date: To be determined – timeframe is dependent on the implementation of the Enterprise Asset Management System.

Follow up Status

In Progress.

How the system will be used for the paper-lite approach is still to be determined by management, depending on what EAM will be able to support. Completion of this recommendation is dependant upon EAM implementation for TOM which is planned for late 2024 – early 2025 according to the EAM team.

Recommendation #15

We recommend that management develop an inventory count procedure describing the strategy and methodology to be followed for both year end and cycle counts. Management should oversee and monitor staff performance during inventory counts, including observation during the count, review of count documents and performing sample recounts.

Management Response

Agreed.
Business Initiatives will prioritize the implementation of this recommendation to ensure an accurate inventory count procedure is adopted before the end of the calendar year.

Anticipated completion date: Q4 2020.

Follow up Status

In Progress.

A Year-End (YE) Inventory SOP and Cycle Count SOP was published in February 2021 which details the strategy and methodology to be followed for each of the respective counts including criteria for recounts. OCA observed portions of the 2021 YE inventory performed the week of January 4, 2022

and subsequent documentation in January and February 2022. For cycle counts, there was no documentation for 2021 secondary inventory cycle counts, only primary inventory cycle counts. Additionally, the count for the primary inventory cycle counts were entered into a spreadsheet for the monthly count but the physical count sheets were not retained. Per staff, for 2022 cycle counts, they will be retained. OCA also identified some inconsistencies with the classification assignment and cycle count frequencies as described per the SOP so more work is needed towards properly conducted and documented cycle counts.

Recommendation #16

We recommend that management create a schedule indicating when cycle counts will occur and what will be counted. Staff should provide the cycle count forms to management at the end of the count for review and approval.

Management Response

Agreed.

Business Initiatives will prioritize the implementation of this recommendation to create a schedule for cycle counts before the end of the calendar year.

Anticipated completion date: Q4 2020.

Follow up Status

In Progress.

A schedule for cycle counts of primary and secondary inventory was created for 2021 and 2022. As noted in items 7 and 15 above, there are still aspects of the cycle count procedure which need to be performed in compliance with the SOP. Cycle count forms are not retained after the counts are entered into the monthly cycle count form (an Excel spreadsheet). Counts are reviewed by staff from the spreadsheet. Per staff, for 2022 cycle counts, and count sheets will be retained.

Recommendation #17

We recommend that management implement safeguards for adjusting inventory within the system. One consideration may be for management to review and approve all inventory adjustments on a weekly basis. Management should compare the adjustment to the count form and explanations provided by staff to validate that the adjustment is appropriate. Management should sign and retain the transaction listing, along with supporting documentation, as evidence of their review for future audit purposes.

Management Response

Agreed.

The associated changes to the roles and responsibilities for inventory adjustments will be outlined in the operational plan and standard operating procedures.

Anticipated completion date: Q4 2020.

Follow up Status

Completed.

Relevant staff reviews inventory adjustments and tracks related adjustment KPIs weekly. A weekly report for inventory adjustments is run and relevant staff reviews the adjustments made and investigates and inquires as needed. These also include any adjustments made as a result of a scheduled cycle count.

Recommendation #18

We recommend that management recommit to the nine management action plans outlined in the original audit. Management should review the audit observations to understand the issues which led to the audit recommendations and consider implementing alternative action plans (as required) considering the new recommendations brought forward.

Management Response

Agreed.

All outstanding recommendations will be addressed by the Transportation Operations & Business Initiatives sections with the development of an operational plan to include all components of Inventory Management.

The purpose of this operational plan is to document policies and procedures related to the operation and maintenance of the inventory system.

Anticipated completion date: Q3 2021.

Follow up Status

In Progress.

During the follow-up performed as part of the Audit Report 2020-04 Transportation Operations Inventory Audit (AUD20008), of the nine audit recommendations originally made in the Audit Report 2013-17-Public Works-Traffic Inventory (AUD14017), two recommendations were in progress, two recommendations were initiated and five remained not completed.

As of February 2022, three recommendations are completed, five are in progress, and one remains not completed.

The three completed recommendations are regarding Parts and Materials Orders (minimum re-order quantities) and Inventory Manufactured In-House (updating of table to cost in-house manufactured signs).

The five that are in progress are regarding Inventory Management (tracking of parts used on Daily Activity Sheets), Parts and Materials-Segregation of Duties (additional controls needed to mitigate SODs), Stock-Year-end Inventory and Physical Inventory Count (issues with cycle counts keeping three items from being deemed complete).

The one item that is not complete is related to management performing reviews to compare the quantities of materials transferred from the stockroom to the in-house sign shop and the quantities of materials tracked on the Daily Activity Sheets. This is to assess whether raw materials are being used in an efficient manner for intended purposes

Please note that there are four additional recommendations with Follow Up Audit updates contained in the Confidential Appendix "C" to Report AUD22005.

Follow Up to Fraud & Waste Investigation – Case 2020-28312 Control Weaknesses Related to Specialized Copper Wire

June 2, 2022

**Office of the City Auditor
Nancy Hu, Senior Auditor
Brigitte Minard, Deputy City Auditor
Charles Brown, City Auditor**

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Introduction

The OCA completed an investigation and substantiated that there was copper wire missing and identified four vulnerabilities. This follow up audit assessed the progress made by management in addressing the recommendations made by the OCA to address the vulnerabilities. A follow up status is listed for each vulnerability based on work performed by the OCA.

Vulnerability #1: Careless Disposal of Copper Wire

The copper wire that was deemed obsolete, was disposed of in a way that could have been misappropriated as it was tossed into an open dumpster at the Traffic Operations Centre (TOC). This dumpster is accessible to any City staff, at any given time, as some staff use the gas pump at the TOC to fuel their City vehicles. As noted above, this material was listed in the 2019 Year End Inventory report as part number TRSG1966, 2,000 m of copper wire valued at approximately \$5K. However, the value noted on the inventory report reflects the cost of the item to the City, rather than the scrap value of the item. The two Team Lead's who decided to scrap this wire because it was deemed obsolete did so without giving thought to the potential value of this asset.

Recommendations

It is recommended that the process of disposing of assets be consistent with that outlined in the Procurement Policy section 4.16 (1) the Disposal of Surplus and Obsolete Goods. That is, the Director of the client department shall:

- a) declare a good as surplus or obsolete to the needs of the City before it may be disposed; and,
- b) recommend the appropriate disposal methods, which are cost effective and in the best interest of the City, for the declared surplus or obsolete good.

It is recommended that when disposing of assets containing copper wire, the Traffic Operations Centre Management work together with the Manager of Procurement and the City's Director of Financial Services & Corporate Controller in a manner consistent with Procurement Policy section 4.16 (2) to obtain the best scrap value and/or wholesale value for the item(s) being disposed.

It is recommended that all scrap metals be kept under constant surveillance to guard against theft and to ensure that they are disposed properly.

Management Response

Agreed.

A full review and training on the Procurement Policy is underway. The Transportation

Operations and Business Initiatives sections will coordinate with Corporate Security to ensure appropriate disposal methods of copper wire. The definition of a returned material policy will be in alignment with the construction of standard operating procedures in recommendation #1 from Appendix B (in AUD20008).

Anticipated completion date: Q4 2020.

Follow up Status

In Progress.

An SOP was published in October 2021 regarding the Disposal of Obsolete Excess and Dormant Inventory. It is in alignment with the current Procurement Policy (By-Law No. 20-205) Section 4.16, Policy # 16 - Disposal of Surplus and Obsolete Goods.

OCA observed that the same copper wire part number TRSG1966 as noted in the investigation is sitting in the yard of the compound instead of being in the secured cage in the garage designated for copper wire. The yard of the compound is now secured by restricted gated access and there is a fence around the perimeter. Per staff, this cable is rarely used. Even though the cable may be of limited or infrequent use by the field, it still has scrap value beyond its daily usage and should be stored in a secured location.

Vulnerability #2: Inadequate Tracking of Copper Wire Usage

The amount of copper wire used is not tracked adequately. The copper wire spools known as part numbers TRSG1967, TRSG1970 and TRSG1994, are stored in the garage near the staff trucks. At the start of their work day, the staff pull the length of different copper wires needed from these spools and load it onto their work trucks. The amount of wire taken is neither recorded by these staff nor by the clerical staff as the copper wire spools are not located in the main stockroom.

When the staff finish their job, they complete the Daily Activity Sheet (DAS) and indicate the quantities of materials used. At the end of their shift, the staff return to the Traffic Operations Centre and discard any scrap copper wire left over from the job into the dumpster, located at the back of the TOC. The staff submits their DAS to the Team Lead. On the DAS, the Team Lead can see the amount of wire reportedly used by the TSS. However, the amount of wire scrapped by the staff is not reported. Therefore, a reconciliation cannot be performed to ensure that the amount of wire loaded onto the truck, corresponds to the amount of wire used on a job and the amount that is scrapped upon return to the TOC location at the end of the shift. In addition, third party contractors working on City projects will sometimes come to the

Traffic Operations Centre and pull out lengths of copper wire from the spools in the garage themselves, without TOC staff or management knowing the amount of wire that was taken.

Recommendations

It is recommended that the spools with the copper wire part numbers TRSG1967, RSG1970 and TRSG1994 are stored in a location where they will only be distributed by the clerical staff.

It is recommended that the staff, at the end of their work day, return any waste or unused copper wire to the clerical staff instead of disposing of the wire themselves.

It is recommended that clerical staff maintain a log showing the amount of copper wire pulled off the spools; to whom the wire was issued (including third party contractors); and the amount of wire returned to be scrapped at the end of the day.

It is recommended that Team Leads perform spot checks on a regular basis by comparing the amount of wire issued to the amount of wire used (as indicated on the DAS), and the amount of wire returned for scrap. Management should also investigate whenever the amount of wire issued exceeds the sum of that used and that returned for scrap.

Management Response

Agreed.

Management will undertake the risk-based assessment of storage and complete a Kaizen event to optimize the inventory structure and breakdown. Copper wire stock will be moved into primary stock location as part of the reorganization of the facility.

Anticipated completion date: Q2 2021.

Follow up Status

In Progress.

For copper wire/cable needed that is kept in a primary stock location (locked, secured cage), when copper wire is needed by field staff, they submit a Stock Pick Ticket to clerical staff. Clerical staff will then go into the secured cage and cut the amount requested. The Stock Pick Tickets serve as a record of what was issued and to whom it was issued. There is no separate log tracking for this. Any copper wire issued but not used may be kept on trucks for future projects. Any scrapped cuttings are to be returned to the clerks. There are also separate secondary inventory locations which include wire/cable issued to field staff which are kept in their trucks, a cable trailer, and the yard (see Vulnerability #1 re: TRSG1966). These can be accessed directly by field staff. Per management, the cable trailer location is necessary for operational requirements and security coverage was considered by Corporate security's review. There are procedures drafted in the Cable Management and Reconciliation SOP for a

supervisor to perform periodic audits and spot checks. These audits are to be performed at least once a month and documented. At the time of this review, these spot checks were not being performed. Redefining audits and spot checks will be incorporated in Revision 02 of the Cable Management and Reconciliation SOP.

Vulnerability #3: Errors Recording Copper Wire Usage in Hansen

The data entry of copper wire usage into Hansen is prone to errors. Upon receiving the TSS Daily Activity Sheet, the Team Lead reviews and authorizes the DAS. The authorized DAS are forwarded to the clerical staff. The clerical staff enter the activity into Hansen including the amount of wire used. Since this is a manual process, there will sometimes be a difference between the amounts recorded in the DAS and the amounts keyed into Hansen.

The OCA compared the copper wire usage reported on the DAS to what was keyed into Hansen over the past four years (2017 to 2020). The OCA noted that the variance was greatest for copper wire TRSG1994 CABLE 14-14; the most expensive of the three copper wires in this review. In 2019, the usage reported by Daily Activity Sheets was 724 m less than that reported by Hansen. The value of this discrepancy totalled approximately \$4,900.

Recommendations

It is recommended that periodic reconciliations be performed to ensure that the quantities of materials used by staff, as reported on the Daily Activity Sheets, are accurately recorded in Hansen. A record of such reconciliations should be retained for at least three years.

It is recommended that management investigate and implement a method to automate the uploading of the actual quantity of materials used by staff in the field from the Daily Activity Sheets into Hansen.

Management Response

Agreed.

The associated changes to the roles and responsibilities for inventory adjustments will be outlined in the operational plan and standard operating procedures related to inventory adjustment. Staff corporate policy training to be completed in Q4 – 2020, as per recommendation in Vulnerability #1.

Anticipated completion date: Q1 2021.

Follow up Status

In Progress.

There are no periodic reconciliations of quantities used by staff as reported on the DAS to ensure they are accurately recorded in Hansen. Per staff, between the spot checks in the Cable Management and Reconciliation SOP as mentioned in Vulnerability #3 and the Year-End Inventory and Cycle Counts, this would help maintain accurate inventory amounts in Hansen.

The spot checks were not performed in 2021 (as noted in Vulnerability #2 above). Per Management, redefining audits and spot checks will be incorporated in Revision 02 of the Cable Management and Reconciliation SOP. Copper wire was not counted as part of the 2021 Cycle Counts.

Staff is advocating for capabilities in Enterprise Asset Management (EAM), the new asset management system to replace Hansen, to possibly allow for the loading of the actual quantity of materials used directly into the system, rather than rely on manual documentation on timesheets (DAS). Completion of this recommendation is dependant upon EAM implementation for Transportation Operations & Maintenance (TOM) which is planned for late 2024 – early 2025 according to the EAM team.

Vulnerability #4: Inadequate Safeguarding of Copper Wire Assets

The 2019 Year End Inventory report indicated that a total of 14,394 m of copper wire (part numbers TRSG1967, TRSG1970 and TRSG1994,) with a combined value of \$52.6K, was stored in the compound outside of the garage. That is, when the inventory count was taken in late December 2019, these wires were stored in the outside yard. Here, they would have been accessible to different City staff that use the TOC gas pumps to fuel their City vehicles after regular business hours. When questioned, both management and the clerical staff stated that this type of copper wire has never been stored in the compound outside the garage. However, they could not produce any documentation showing who counted this inventory and where the copper wire was stored while being counted.

The three wire cables have indicators placed at regular intervals on the rubber sheathing covering the copper cable. These indicators show the amount of wire remaining on each spool. It was not possible to validate that these indicators were used to calculate the amount of wire remaining in inventory.

TOC Procedures indicate that periodic cycle counts are usually performed on inventory items with high value or those that cycle in and out of inventory quickly. Yet, despite their high value, part numbers TRSG1967, TRSG1970 and TRSG1994 were not included in the cycle counts in 2019 or 2020.

Recommendations

It is recommended that management re-organize the storage and inventory of all copper wire at the Traffic Operations Centre to ensure that all copper wire is stored in a secure location, safeguarded from potential theft.

It is recommended that periodic cycle counts performed throughout the year include all copper wire and that the indicators on the rubber sheathing be used as a quick way to gauge the amount of wire in inventory.

Management Response for this Section

Agreed.

Copper wire stock will be moved into primary stock location as part of the reorganization of the facility. Management will create a schedule for inventory counts.

Anticipated completion dates: Q2 2021 for relocation of copper wire. Q4 2020 for cycle counts (to align with Recommendations #19 and #20 in Appendix "B" in Report AUD2008).

Follow up Status

In Progress.

A locked cage has been set up in the garage as a primary stock location and most of the copper wire has been moved to this location. There is restricted access to the lock key. Exceptions to this are the cable (TRG1966) sitting out in the yard of the compound noted in Vulnerability #1 and the copper wire in secondary stock locations (trailer and some surplus on trucks as noted in Vulnerability #2).

Copper wire/cable was not counted as part of the 2021 Cycle Counts. Per staff, the copper wire was not moved to the secured location until Q4 2021, so it was just counted as part of the annual inventory in January 2022. For 2022, it is intended to be counted as part of the regular cycle count schedule.

OCA noted there were challenges to getting an accurate measurement on spools which have been partially used. There are measurement indicators on the rubber sheeting of the cable, however, that is not necessarily an indication of the length on the spool. For example, the end measurement on a spool may say "1365 m," but not all spools of cable start with a "1 m" measurement indicator. Also, if it is not possible to access the innermost point of the cable to read the measurement indicator, there is no way to know exactly how much cable is on the spool. Additionally, some spools count "up," meaning the end measurement indicator may say "1365 m" and the next measurement going towards the inner part of the spool may say "1366 m."

The new cable and wire tender specify that the vendor provides the cable reels with the cable indicators starting at 0 and counting up; however, for some of the spools currently in inventory this may not be the case. Unless they are unopened/unused

spools where the full spool amount is known or the innermost cable measurement can be accessed, inventory counts of cable/copper wire are at best, an estimate.

OCA recommends noting the end measurement indicator on a spool when it is first used and even if estimates have to be used for cycle counts and year-end inventory count, a final adjustment can be made when the spool reaches the end and the inner measurement indicator can be read to verify the amount that was on the spool.

CITY OF HAMILTON MOTION

Audit, Finance and Administration Committee: June 2, 2022

MOVED BY COUNCILLOR B. JOHNSON.....

SECONDED BY COUNCILLOR.....

City Enrichment Fund Budget Request

WHEREAS, the City Enrichment Fund is the overall name for the City of Hamilton’s municipal investment in a wide range of program areas that supports the City’s strategic plan;

WHEREAS, the fund comprises 6 Program Areas (Agriculture, Arts, Communities, Culture & Heritage, Community Services, Environment, Sports & Active Lifestyles) with funding streams and categories;

WHEREAS, the last budget increase to the City Enrichment Fund was approved in 2019, to bring total budget allocation to \$6,088,340; and,

WHEREAS, the 2022 request from applicants totalled \$9,858,419; total value of eligible requests based on 2022 applications totalled \$8,110,633; funding allocation was capped at \$6,088,340 or 75% of the total request;

THEREFORE, BE IT RESOLVED:

That an increase to the City Enrichment Fund be forwarded for consideration to the 2023 Budget submission.