



AUDIT, FINANCE & ADMINISTRATION COMMITTEE REPORT 14-005

9:30 a.m.
Monday, June 9, 2014
Council Chambers
Hamilton City Hall
71 Main Street West

Present: Councillors R. Powers (Chair), B. Clark (Vice Chair),
C. Collins, B. Johnson, M. Pearson, R. Morrow

THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 14-005 AND RESPECTFULLY RECOMMENDS:

1. **2014 First Quarter Tender Report (FCS14015) (City Wide) (Item 5.1)**

That Report FCS14015, respecting the 2014 First Quarter Tender Report, be received.

2. **2014 First Quarter Non-compliance with the Procurement Policy Report (FCS14014) (City Wide) (Item 5.2)**

That Report FCS14014, respecting the 2014 First Quarter Non-compliance with the Procurement Policy Report, be received.

3. **Municipal Act Regulation 284/09 and Public Sector Accounting Board Standards (FCS14037) (City Wide) (Item 5.3)**

That Report FCS14037, respecting Municipal Act Regulation 284/09 and Public Sector Accounting Board Standards, be received.

4. **Freedom of Information Quarterly Report (January 1 to March 31, 2014) (CL14005) (City Wide) (Item 5.4)**

That Report CL14005, respecting the Freedom of Information Quarterly Report, be received.

5. Annual Performance Reporting – Savings Generated from the Management of Information Technology Contracts (FCS14018) (City Wide) (Item 5.5)

That Report FCS14018, respecting the Annual Performance Reporting – Savings Generated from the Management of Information Technology Contracts, be received.

6. 2013 Annual Energy Report on Commodity Price Hedging (FCS14030/PW14056) (City Wide) (Item 5.6)

That Report FCS14030/PW14056, respecting the 2013 Annual Energy Report on Commodity Price Hedging, be received.

7. Federal Gas Tax Municipal Funding Agreement (FCS14035) (City Wide) (Item 5.7)

- (a) That the Mayor and City Clerk be authorized and directed to sign a Municipal Funding Agreement (MFA) attached as Appendix “A” to Report FCS14035 between the City of Hamilton and the Association of Municipalities of Ontario for the transfer of Federal Gas Tax Funds, together with all necessary associated documents, in a form satisfactory to the City Solicitor and with content acceptable to the General Manager of Finance and Corporate Services;
- (b) That the By-law to Authorize the Signing of the Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds between the Association of Municipalities of Ontario and the City of Hamilton, attached as Appendix “B” to Report FCS14035, be passed; and,
- (c) That a certified copy of the by-law authorizing the signing of the MFA be forwarded to the Association of Municipalities of Ontario upon Council approval;
- (d) That the 2014-2024 Federal Gas Tax Funds be allocated to the Federal Gas Tax Reserve 112213 and utilized as per the annual capital financing strategy approved by Council.

8. Follow Up of Audit Report 2012-06 - Public Works - Snow Clearing / Sand & Salt Contracts (AUD14018) (City Wide) (Item 5.8)

That Report AUD14018, respecting the follow up of Audit Report 2012-06, Public Works – Snow Clearing / Salt & Sand Contracts, be received.

9. Follow Up of the External Validation of the 2012 Self-Assessment Review (AUD14013) (City Wide) (Item 5.9)

That Report AUD14013, respecting the Follow up of the External Validation of the 2012 Self-Assessment of Audit Services, be received.

10. Provision of Information Technology Services to Global Spectrum Facilities Management L.P. (CM11013(g)) (City Wide) (Item 8.1)

(a) That Section 3.8 of the Management Agreement between the City of Hamilton and Global Spectrum Facilities Management L.P., respecting the provision of Information Technology Services by City of Hamilton Information Technology staff to Global Spectrum, which was extended from December 31, 2013 to March 31, 2014, be further extended to July 31, 2014 to provide sufficient time for Global Services Management L.P. to secure and implement the same or similar services from a private sector provider; and,

(b) That staff be directed to assist the Information Technology Services private sector provider, to be hired by Global Spectrum Management L.P., in the transition to enable a seamless transfer of service between the City of Hamilton Information Technology services and the new service provider, for a period not to exceed July 31, 2014.

11. City of Hamilton/Horizon Utilities Service Agreement (FCS14045) (City Wide) (Item 8.2)

That the General Manager of Finance and Corporate Services be authorized and directed to execute, on behalf of the City of Hamilton, the Service Agreement attached as Appendix "A" to Report FCS14045, and all necessary associated documents, all in a form satisfactory to the City Solicitor and with content acceptable to the General Manager of Finance and Corporate Services.

12. One Time Ice Storm Assistance Program (FCS14042) (City Wide) (Item 8.3)

(a) That the Mayor submit an Expression of Interest, under the Ice Storm Assistance Program, to the Minister of Municipal Affairs and Housing with respect to the ice storm event that occurred in Hamilton on December 21 and 22, 2013.

(b) That the General Manager of Finance & Corporate Services be delegated authority to submit claims to the Ministry of Municipal Affairs and Housing under the Ice Storm Assistance Program with respect to the ice storm event that occurred in Hamilton on December 21 and 22, 2013.

13. 2013 City of Hamilton Financial Report and Audited Financial Statements (FCS14036) (City Wide) (Item 8.4)

That the 2013 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "A" to Report 14-005, be approved.

14. City-Wide Cash Handling Policy (FCS14003(a)) (City-Wide) (Item 8.5)

That the revised City-Wide Cash Handling Policy, attached as Appendix "B" to Report 14-005 (a), be approved.

15. Audit Report 2013-17 - Public Works - Traffic Inventory (AUD14017) (City Wide) (Item 8.6)

- (a) That the Management Action Plans, as detailed in Appendix "C" of Report AUD14017, respecting Audit Report 2013-14 - Public Works Traffic Inventory, be approved; and,
- (b) That the General Manager of Public Works be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "C" to Report 14-005) implemented.

16. Performance Audit Report 2013-19 - GPS/AVL Systems Performance Review (Value for Money) (AUD14016) (City Wide) (Item 8.7)

- (a) That the Performance Audit Report 2013-19, respecting the Global Positioning System / Automatic Vehicle Location, attached as Appendix "D" to Report 14-005, be approved;
- (b) That the General Managers of the Planning & Economic Development, Public Works and Corporate Services Departments be directed to provide the Director of Audit Services with the appropriate management action plans to implement the recommendations as outlined in the attached Appendix "D" to Report 14-005, by August 31, 2014; and,
- (c) That the Director of Audit Services be directed to provide to the Audit, Finance and Administration Committee by the 2014 calendar year end an information report detailing these action plans.

17. Governance Review Sub-Committee Report 14-001, April 28, 2014 (Item 8.8)

(a) Disclosure of Expenses (no copy) (Item 4.1)

That staff be directed to proceed with posting the disclosure of expenses as presented, including the expense categories, to the City of Hamilton web site with an ongoing review of future capabilities and improvements.

(b) Integrity Commissioner By-law - Amendments to Section 22 (CL14003/LS14005) (Item 5.1)

That Report CL14003/LS14005, respecting the Integrity Commissioner By-law – Amendments to Section 22, be referred back to the Governance Sub-Committee.

18. Governance Review Sub-Committee Report 14-002, May 26, 2014 (Item 8.9)

(a) 2015 Committee/Council Calendar (Item 4.1)

That the 2015 Committee/Council Calendar, attached as Appendix “E” to Report 14-005, be approved.

(b) Standing Committee Membership – Changes for the Next Term of Council (no copy) (Item 4.2)

That the Procedural By-law be amended to change the membership minimum for the Audit, Finance & Administration Committee to 7 (seven) members.

19. Tax and Rate Operating Variance Report as of April 30, 2014 – Budget Control Policy Transfers (FCS14047) (City Wide) (Item 8.10)

That, in accordance with the “Budgeted Complement Control Policy”, the 2014 complement transfers, transferring complement from one department/division to another with no impact on the levy, as outlined in Appendix “F” to Report 14-005, be approved.

20. The Use of Federal Gas Tax Program funding for Brownfield Projects (Item 9.1)

That staff be directed to report to the General Issues Committee, during the 2015 Capital Budget process, with options/opportunities for use of Federal Gas Tax Program funding for Brownfield projects.

21. Creation of a Tax Stabilization Reserve Account for Social Housing (Item 9.2)

That, prior to the 2015 Capital Budget process, staff be directed to report to the Audit, Finance & Administration Committee, respecting the creation of a Tax Stabilization Reserve account for Social Housing, which is to include any surpluses from CityHousing Hamilton and a scope that outlines how that reserve may be utilized.

22. Policy respecting City of Hamilton Global Positioning System (GPS) Devices (Item 9.3)

- (a) That staff be directed to ensure that Global Positioning System (GPS) devices that are installed in City of Hamilton vehicles are tamper proof;
- (b) That staff be directed to determine methods of ensuring that the data from all City of Hamilton Global Positioning System (GPS) devices are secure with the appropriate firewalls and that the data is only accessible to designated members of Management.
- (c) That staff be directed to establish a Policy regarding the consequences of tampering with any City of Hamilton Global Positioning (CPS) device and report to the Audit, Finance & Administration Committee.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

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

- (i) Added as Item 8.10 – Report FCS14047, respecting Tax and Rate Operating Variance Report as of April 30, 2014 – Budget Control Policy Transfers

As the Senior Management Team was in attendance to speak to this matter, if required, it was requested that this item be moved up on the agenda just prior to Item 8.1.

- (ii) Item 11.1 – Amendments to the Outstanding Business List – the Proposed New Due Date for the Succession Development Program report has been changed from “June 23, 2014” to “July 9, 2014”.

The agenda for the June 9, 2014 Audit, Finance & Administration Committee meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

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

(i) May 12, 2014 (Item 3.1)

The Minutes of the May 12, 2014 meeting of the Audit, Finance and Administration Committee were approved, as presented.

(d) Governance Review Sub-Committee Report 14-001, April 28, 2014 (Item 8.8)

(a) Disclosure of Expenses (no copy) (Item 4.1)

That staff be directed to proceed with posting the disclosure of expenses as presented, including the expense categories, to the City of Hamilton web site with an ongoing review of future capabilities and improvements.

Councillor Clark requested to be recorded as OPPOSED to sub-section (a) above.

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

(i) Amendments to the Outstanding Business List (Item 11.1)

1. The proposed new due date for the following the Audit, Finance & Administration Committee's Outstanding Business List item was approved:

- (a) Item "I" – Succession Development Program
Current Due Date: June 9, 2014
Proposed New Due Date: July 9, 2014

2. The following items were considered complete and removed from the Audit, Finance & Administration Committee's Outstanding Business List:

- (aa) Item "J" – Follow Up of the External Validation of the 2012 Self-Assessment Review (AUD14013 - Item 5.9)
- (bb) Item "O" – Provision of Information Technology Services to Global Spectrum (CM11013(g) - Item 8.1)

- (cc) Item "M" – City Wide Cash Handling Guidelines / Policy (FCS14003(a) - Item 8.5)
- (dd) Item "AA" – Correspondence from Deputy Minister Laurie LeBlanc respecting the One-Time Ice Storm Assistance Program (FCS14042 - Item 8.3)

(f) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance & Administration Committee, adjourned at 11:00 a.m.

Respectfully submitted,

Councillor R. Powers, Chair
Audit, Finance & Administration Committee

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk

**City of Hamilton
2013 Consolidated Financial Statements
Analysis – May 2014**

General

The City of Hamilton's 2013 consolidated financial statements have been prepared by management and staff of the City of Hamilton in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

These financial statements, Appendix "B" to Report FCS14036, incorporate the changes to municipal financial reporting to the full accrual basis of accounting under the CICA Public Sector Accounting Handbook sections PS1200 Financial Statement Presentation and PS3150 Tangible Capital Assets made effective on January 1, 2009. These changes were first incorporated in the City's 2009 Consolidated Financial Statements.

As a result of the changes the City has recorded tangible capital assets with prior year comparative information along with expenses and revenues related to tangible capital assets. Other changes include standardization of the presentation of financial assets, liabilities, non-financial assets and accumulated surplus in the financial statements of governments. Expenses replace expenditures in the statement of operations in the full accrual accounting approach. Expenditures were outlays of assets to purchase goods and services. Expenses represent the consumption of assets to provide goods, services and intangibles. Expenses include the amortization of tangible capital assets over the useful life of the assets, the change in liabilities for post-employment, retirement and pension benefits and the change in liabilities for solid waste landfill closure and post closure care costs. The operating and capital budgets continue to be prepared on the modified accrual basis of accounting with expenditures for principal payments on debt, payments of retiree benefits and payments of landfill costs and revenues from the proceeds from the issuance of debt.

The consolidated financial statements report the financial transactions and estimates made by management during 2013.

The consolidated financial statements report the City's municipal operations including all departments, Hamilton Police Services, Library, Housing, Business Improvement Areas and government business enterprises (Hamilton Utilities Corporation and Hamilton Renewable Power Inc.).

The Consolidated Financial Statements consist of:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Changes in Financial Position
- Consolidated Statement of Net Financial Assets
- Notes to the Consolidated Financial Statements

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position consists of financial assets, liabilities, non-financial assets and accumulated surplus.

Financial Assets

The City's total financial asset position increased in 2013 by \$39.2 million to \$1.385 billion and is reported in the consolidated financial statements as:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Financial Assets		
Cash and cash equivalents	\$ 100,255	\$ 66,192
Taxes receivable	80,067	78,078
Accounts receivable	101,465	104,065
Other assets	475	816
Long term receivables	51,410	49,216
Portfolio investments	816,219	817,134
Investment in Government Business Enterprises	<u>235,405</u>	<u>230,610</u>
Total financial assets	<u>\$ 1,385,296</u>	<u>\$ 1,346,111</u>

Cash and cash equivalents \$ 100.3M (2013) \$66.2M (2012)

The total represents the balance in City's bank accounts, deposits held and housing short term investments. The bank accounts include the City's operating bank, accounts payable bank, payroll bank, Ontario Works bank, and CityHousing Hamilton bank. The balance increased in 2013 from 2012 as more money was held in the bank at year end.

Taxes Receivable \$80.1M (2013) \$78.1M (2012)

Taxes receivable represent unpaid property tax bills net of estimates for allowances for uncollectible accounts. Taxes Receivable represent 8.4% of current year's tax levies (2012 – 8.4%). The 2013 balance includes an allowance for doubtful accounts of \$1.6M (2012 - \$3.4M).

Accounts Receivable \$101.5M (2013) \$104.1M (2012)
 Accounts receivable represents revenues earned by the City but not received at year end net of estimates of allowances for uncollectible accounts. The 2013 balance primarily consists of water and wastewater receivables (\$36M), general receivables & accruals (\$35.2M), HST receivables (\$14.7M), provincial and federal grants receivable (\$11.3M), and interest receivable (\$4.5M).

Long Term Receivables \$51.4M (2013) \$49.2M (2012)
 Long Term Receivables represent the balance of loans and deferral agreements with agencies and organizations net of the provision for loans with concessionary terms. The long term receivables include:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Development charge deferral agreements	\$ 21,482	\$ 20,104
Mortgages receivable:		
Downtown convert to rent program	15,026	12,568
Hamilton Renewable Power Inc.	3,460	3,966
Sheraton Hotel loan	1,308	1,380
Other City loan programs	6,398	6,781
Loans to other agencies and organizations	7,786	8,459
Less: Provision for loans with concessionary terms	<u>(4,050)</u>	<u>(4,042)</u>
	\$ 51,410	\$ 49,216

Portfolio investments \$816.2M (2013) \$817.1M (2012)
 Portfolio investments represent the City's holdings, as prescribed by the Municipal Act, in short and long term fixed income securities. The investments earn various interest rates with different premiums, discounts and maturities. Portfolio investments have a market value of \$819.4 million.

Investment in Government Business Enterprises \$235.4M (2013) \$230.6M (2012)
 Investment in Government Business Enterprises represents net equity of the consolidation of the City's subsidiary corporations, Hamilton Utilities Corp. (H.U.C.) and Hamilton Renewable Power Inc. (H.R.P.I.). The consolidation of subsidiary corporations under the modified equity basis of accounting is required by the generally accepted accounting principles of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). This PSAB recommendation was instituted in 2000 and also affects the reporting of the accumulated surplus and net municipal position in the consolidated financial statements. The increase in the investment in the government business enterprises is reported as net income of \$4.8 million (2012 - \$8.6 million) in the Consolidated Statement of Operations. The net income excludes the dividend

income received during 2013 of \$11.4 million from H.U.C. and \$306,000 from H.R.P.I.

Liabilities

The City's total liabilities position increased in 2013 by \$49.0 million to \$1.216 billion and is reported in the consolidated financial statements as:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Liabilities		
Accounts payable and accrued liabilities	\$ 247,860	\$ 222,256
Deferred revenue - general	44,139	37,189
Deferred revenue - obligatory reserve funds	196,705	148,567
Long term liabilities – Municipal Operations	299,877	334,638
Long term liabilities – Housing Corporations	79,650	84,449
Employee future benefits and other obligations	318,645	307,514
Solid waste landfill liabilities	<u>28,655</u>	<u>31,967</u>
 Total liabilities	 <u>\$ 1,215,531</u>	 <u>\$ 1,166,580</u>

Accounts Payable and Accrued Liabilities \$247.9M (2013) \$222.3M (2012)

Accounts Payable and Accrued Liabilities represent obligations owing by the City to third parties and employees at year end. The balance primarily consists of amounts payable to vendors and contractors (\$91.9M), payroll accruals (\$29.4M), amounts for insurance claims (\$21.8M), security deposits (\$16.0M), and the present value of the City's commitment to the Randle Reef remediation project (\$12M).

Deferred Revenue -General \$44.1M (2013) \$37.2M (2012)

Deferred Revenue represents amounts received that will be recorded as revenue in future years to match expenditures incurred for goods received and services performed. The balance includes federal and provincial government grants and subsidies of \$8.1 million that are not recorded as deferred revenue – obligatory reserve funds.

Deferred Revenue – Obligatory Reserve Funds \$196.7M (2013) \$148.6M (2012)

Deferred Revenue – Obligatory Reserve Funds represents amounts received that will be recorded as revenues in future years to match expenditures incurred for goods received and services performed. The balance includes:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Development charge reserve funds	\$ 81,990	\$ 52,748
Subdivider contributions	52	51
Recreational land dedicated under the Planning Act	21,293	15,916
Gasoline tax revenue: Provincial	27,618	25,707
Federal	29,563	20,113
Building Permit Revenue	14,918	13,254
Other (Pan Am Games, Ivor Wynne)	<u>21,271</u>	<u>20,778</u>
	<u>\$ 196,705</u>	<u>\$ 148,567</u>

The increase in the balance in the Deferred Revenue – Obligatory Reserve Funds was primarily due to increases in Development Charge Reserve Funds, Recreational Land reserve, and the Gasoline tax reserves.

Development Charge and Special Area Reserve Fund balances increased in 2013 with \$44.1 million in collections with transfers to finance capital projects of \$9.6 million and transfers to operating of 12.4 million. During 2013 the City received federal gas tax transfers of \$31 million and provincial gas tax transfers of \$10.7 million. Federal Gas Tax was allocated to capital upgrades to roads and bridges for \$22 million. The provincial gas tax was allocated to transit related projects (\$0.1M) and transit operating budget (\$8.9M). During 2013 the City received parkland dedication fees of \$5.2 million and \$1.0 million was allocated to capital projects for future development of city parks. Approximately \$1.5 million of the surplus building permit revenue in 2013 was transferred to the building permit revenue reserve fund. A reserve fund established in 2011 with funds received from the Province for the reconstruction of Ivor Wynne Stadium for the 2015 Pan Am Games has grown with investment income to \$21.2M at 2013 year end.

Long Term Liabilities – Municipal Operations \$299.9M (2013) \$334.6M (2012)

Long Term Liabilities – Municipal Operations represents the outstanding principal for long term debt issued to finance capital expenditures and obligations for leased tangible capital assets. In 2013 the City made principal repayments on long term debt of \$32.8 million (2012 - \$28.4M) and principal repayments on leased tangible capital assets of \$1,997,000 (2012 - \$1,153,000). No new debt was issued in 2013 for capital projects (2012 – \$94.7 million).

Long Term Liabilities – Housing Operations \$79.7M (2013) \$84.4M (2012)

Long Term Liabilities – Housing Operations represents the outstanding principal for loans and mortgages obtained to finance certain housing capital expenditures and asset purchases. In 2013 CityHousing Hamilton made principal repayments on long term debt of \$4.8 million (2012 - \$4.2M). No new debt was issued in 2013 to finance the acquisition of new property and buildings (2012 - \$3.8 million).

Housing debenture debt issued by the Ontario Housing Corporation remains the obligation of the Province of Ontario as a result debenture debt of \$28.0 million (2012 - \$31.4M) is not reported in the consolidated financial statements.

Employee Future Benefits and Other Obligations \$318.6M (2013) \$307.5M (2012)

These estimates represent the liabilities associated with employee post-employment, retirement and pension benefits. The generally accepted accounting principles recognize the liabilities in the year in which the employees provide the services associated with the benefits.

The 2013 estimates are provided by independent actuaries from actuarial valuations performed for 2013 or performed for earlier years and extrapolated for 2013. The estimates use assumptions for inflationary increases of 2% annually, a discount rate of 4% to 4.5%, payroll increases of 3% to 4% and increases in pension plan assets of 5.5%. Projections for retirement benefits assume that medical costs will increase by 5.0% in 2014 with future annual increases grading down linearly by 0.5% to an ultimate rate of 3.5% and dental costs will increase by 3.5% annually. These liabilities are not reported net of any reserves already setup on the balance sheet in the Statement of Financial Position.

The employee future benefits and other obligations are summarized in the consolidated financial statements as:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Accrued Benefit Obligation		
Sick leave benefit plan	\$ 51,144	\$ 49,486
Long term disability plan	19,362	16,755
Workplace safety and insurance board liabilities (WSIB)	70,086	69,009
Retirement benefits	127,236	126,049
Vacation benefits	24,572	24,366
Pension benefit plans	<u>107,393</u>	<u>91,252</u>
	399,793	376,917
Net unamortized actuarial loss	<u>(81,148)</u>	<u>(69,403)</u>
Accrued Liability	\$ 318,645	\$ 307,514
Less: Provisions in Reserves	<u>(66,360)</u>	<u>(64,995)</u>
Unfunded Liability	\$ 252,285	\$ 242,519

PSAB's disclosure requirements for employee benefits and other obligations are quite extensive. Notes 9 and 10 to the Consolidated Financial Statements provide the details of the actuarial valuations, the actuarial gains and losses, payments and expenses related to these liabilities.

Actuarial gains and losses, permitted in the PSAB accounting standards, result from changes in valuation assumptions used for the current valuations versus

previous valuations. The net unamortized actuarial loss of \$81.1 million represents a gain in long term disability of \$0.2 million, a loss in retirement benefits of \$32.0 million, a loss in WSIB liabilities of \$4.7 million, a loss in sick leave obligations of \$9.4 million and a loss in the pension plans of \$35.4 million. These actuarial gains and losses will be spread over future periods through expenses under the category of salaries and benefits in the Statement of Operations.

Provisions have been made in the reserves for \$66.4 million (2012 - \$65.0 million) to fund a portion of these liabilities. These liabilities are only 20.8% funded (2012 - 21.0%) and there is no PSAB requirement to fund the net unfunded liability portion of these employee benefits of \$252.3 million from reserves or taxation at this time. These unfunded liabilities can be funded in future years as amounts are expensed in the operating budget for actual payments.

Solid Waste Landfill Liabilities	\$28.7M (2013)	\$32.0M (2012)
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This amount represents the estimate of the liability for closure and post closure costs of the City's twelve closed and one open landfill sites. The liability is calculated by discounting the future years' expected cash outflows for the spending on eligible activities on the landfill sites. The open landfill site is expected to close in 29 years in 2043. Expenses for the post-closure care of the open landfill site are estimated for 50 years after the site is expected to close from 2043 to 2093. The City's expenses related to spending on capital projects and the change in the estimated liability are reflected in the Statement of Operations.

Waste diversion rates, waste initiatives such as the green cart program and composting, new waste technologies and ongoing assessments of the closed sites impact the landfill liabilities. The City's waste diversion rate for 2013 was 50% (2012 - 43%).

Provisions have been made in a reserve of \$903,000 (2012 - \$853,000) to fund a portion of this liability. There is no PSAB requirement to fund the liability at this time.

Non-Financial Assets

The City's total non-financial assets position increased in 2013 by \$121.1 million to \$4.753 billion and is reported in the consolidated financial statements as:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Non-Financial Assets		
Tangible capital assets	\$ 4,732,241	\$ 4,613,151
Inventories	9,928	8,682
Prepaid expenses	<u>11,256</u>	<u>10,455</u>
	<u>\$ 4,753,425</u>	<u>\$ 4,632,288</u>

Tangible Capital Assets (TCAs) \$4.7B (2013) \$4.6B (2012)

The City's general and infrastructure tangible capital assets include land, land improvements, buildings, vehicles, computer, other machinery and equipment, roads, bridges and structures, water and wastewater plants and facilities and underground infrastructure networks. The net book value represents the cost of the tangible capital assets less accumulated amortization over the life of the asset. The TCA total includes amounts spent to the end of the year on tangible capital assets under construction.

A summary of the tangible capital assets valued as at December 31, 2013 include:

	<u>2013</u> \$000's	<u>2012</u> \$000's
General		
Land	\$ 265,406	\$ 252,555
Land improvements	134,479	131,206
Buildings	569,650	564,255
Vehicles	109,191	118,460
Computer hardware and software	4,928	5,503
Other	90,596	65,122
Infrastructure		
Roads	1,183,951	1,201,843
Bridges and structures	176,442	169,941
Water and wastewater facilities	388,850	323,503
Underground and other networks	<u>1,585,462</u>	<u>1,544,543</u>
Net Book Value	<u>\$ 4,508,955</u>	<u>\$ 4,376,931</u>
Assets under construction	<u>223,286</u>	<u>236,220</u>
Total	<u>\$ 4,732,241</u>	<u>\$ 4,613,151</u>

The Schedule of Tangible Capital Assets in the Consolidated Financial Statements contains additional information on these non-financial assets. The replacement cost of assets valued as at December 31, 2013 is estimated at \$18.5 billion.

Inventories	\$ 9.9M (2013)	\$8.7M (2012)
Prepaid expenses	\$11.3M (2013)	\$10.5M (2012)

Two other categories of non-financial assets are inventories of goods for use in the delivery of services and prepaid expenses for purchases made in 2013 for expenses to be incurred in 2014.

Accumulated Surplus
Net Municipal Financial Position **\$4.923B (2013)** **\$4.812B (2012)**

The City's accumulated surplus represents the net municipal financial position in PSAB's financial statement presentation requirements for 2013. The balance is comprised of the following:

	<u>2013</u> \$000's	<u>2012</u> \$000's
Accumulated surplus (Net municipal financial position)		
Operating surplus of BIA and Flamborough Recreation sub-committees	\$ 856	\$ 614
Operating surplus – housing	630	442
Capital surplus – municipal	(7,709)	24,191
Capital surplus – housing	9,451	14,105
Reserves and Reserve Funds	667,780	676,705
Unfunded liabilities – Employee benefits	(297,989)	(287,476)
Unfunded liabilities – Landfill sites	(28,655)	(31,967)
Investment in Government Business Enterprises	235,405	230,610
Investment in tangible capital assets	<u>4,343,421</u>	<u>4,184,595</u>
Total accumulated surplus	\$ 4,923,190	\$ 4,811,819

Consolidated Statement of Operations

The Consolidated Statement of Operations represents the revenue and expenses under the PSAB format for financial statements introduced in 2009. The budget and actual revenues and expenses reported in the Consolidated Statement of Operations will not match amounts reported to Council for a number of reasons. The consolidated financial statements include revenues from donated capital assets, expenses from the amortization of tangible capital assets and change in unfunded liabilities which are not included in the budget. Proceeds from the issuance of long term debt that are included as a source of funding in the capital budget and debt principal repayments that are included as expenditures in the operating budget are not reported in the consolidated statement of operations.

These financial statements reflect the transfers to reserves of the City's municipal tax and rate operating budget surplus of \$8.7 million as reported in report FCS14026.

The annual surplus in the Consolidated Statement of Operations of \$111.4 million represents the excess of revenue over expenses for 2013 under PSAB's full accrual basis of accounting and, therefore, is a different surplus than the operating budget surplus reported to Council.

Revenue decreased by \$15.0 million to \$1.582 billion in 2013 from \$1.597 billion in 2012 and is reported in the Consolidated Statement of Operations as:

	Budget <u>2013</u> \$000's	Actual <u>2013</u> \$000's	Actual <u>2012</u> \$000's
Revenue			
Taxation	\$ 764,170	\$ 764,684	\$ 739,264
Government grants and contributions	326,380	341,231	349,192
User charges	290,452	279,074	280,475
Development charges and subdivider contributions	82,642	22,031	54,840
Donated tangible capital assets	30,500	29,821	30,460
Investment and dividend income	27,752	44,070	45,062
Net income from Government Business Enterprises	-	4,795	8,609
Other	<u>110,608</u>	<u>96,512</u>	<u>89,321</u>
Total revenue	<u>\$ 1,632,504</u>	<u>\$ 1,582,218</u>	<u>\$1,597,223</u>

The increase in taxation revenue includes the 2013 Operating Budget property tax increase of 1.9%.

Government grants and contributions decreased by \$8.0 million in 2013 from 2012. Significant government grants and contributions for operating budget programs and capital projects include:

	<u>2013</u> \$ millions	<u>2012</u> \$ millions
Ontario Works	113.0	125.1
Child Care	42.0	39.4
Public Health Services	31.8	31.3
Social Housing	26.0	27.4
Federal Gas Tax	22.2	34.0
Homes for the Aged	19.5	19.1
Emergency Medical Services - Ambulance	18.7	17.9
Homelessness	17.5	7.6
Pan American and Parapan American Games	14.9	1.7
Provincial Gas Tax	8.9	9.2
Ontario Municipal Partnership Fund (OMPF)	5.7	-
Other capital grants	3.0	6.1
Canada Strategic Infrastructure Fund	1.4	12.2
Infrastructure Stimulus Fund (ISF) & RINC	-	1.0
Other operating program grants	16.6	17.1

User charges of \$279.0 million primarily consist of water and wastewater revenues of \$160.5 million (\$158.0 million in 2012) and transit fares and fees of \$51.5 million (\$50.2 million in 2012). Other user fees are recorded in Recreation & Cultural Services of \$20.3 million (\$23.3 million in 2012), Social and Family Services of \$12.1 million (\$12.1 million in 2012), Waste Diversion & Disposal of \$9.4 million (\$9.9 million in 2012), Planning and Development of \$7.6 million (\$9.7 million in 2012) and Protection Services of \$6.5 million (\$6.5 million in 2012).

Development charges and subdividers' contributions of \$22.0 million was recognized as revenue in 2013 while unearned revenue is recorded as deferred revenue on the Statement of Financial Position.

Donated tangible capital assets of \$29.8 million represent assets that were donated or contributed to the City by developers as required by the PSAB accounting standards.

Investment and dividend income consists of dividend income received in 2013 from Hamilton Utilities Corp. of \$11.4 million (\$11.8 million in 2012) and investment income of \$32.7 million from City municipal and housing operations from fixed income securities, bank balances and deposits.

Net income from Government Business Enterprises represents net income of \$4.8 million from HUC and HRPI for 2013 (\$8.6 million in 2012). Other Revenue of \$96.5 million represents revenue from licenses and permits of \$16.0 million (\$14.4 million in 2012), rents of \$40.1 million (\$39.8 million in 2012), fines and penalties of \$27.3 million (\$25.8 million in 2012) and other miscellaneous revenue of \$13.1 million (\$9.4 million in 2012).

Expenses increased by \$4.5 million to \$1.471 billion in 2013 from \$1.466 billion in 2012 and are reported in the Consolidated Statement of Operations as:

	Budget <u>2013</u> \$000's	Actual <u>2013</u> \$000's	Actual <u>2012</u> \$000's
Expenses			
General government	\$ 72,611	\$ 82,191	\$ 83,709
Protection services	270,898	277,047	270,851
Transportation services	283,631	276,569	275,357
Environmental services	199,324	196,046	193,852
Health services	86,278	90,282	84,340
Social and family services	270,230	272,957	276,635
Social housing	102,091	99,654	109,839
Recreation and cultural services	147,919	137,564	132,401
Planning and development	<u>42,204</u>	<u>38,537</u>	<u>39,399</u>
Total expenses	<u>\$1,475,186</u>	<u>\$ 1,470,847</u>	<u>\$ 1,466,383</u>

Expenses are summarized by the functional categories above in the Statement of Operations and by object of expenses in the Schedule of Operations for Business Segments in the Notes to the Consolidated Financial Statements. Expenses include salaries and benefits, interest on long term debt, material and supplies, contracted services, rents and financial expenses, external transfers, amortization of tangible capital assets and interfunctional transfers. Expenses include expenses in the operating budget programs and expenses from specific projects in the capital budget that are not tangible capital assets. Expenses exclude principal repayments on long term debt recorded as reductions of long term debt and capital expenditures recorded as acquisitions and construction of tangible capital assets.

Expenses are summarized in the following categories as:

	<u>2013</u> \$ millions	<u>2012</u> \$ millions
Salaries and benefits	\$ 665.7	\$ 648.8
Interest on long term debt	14.7	16.4
Materials and supplies	198.5	216.3
Contracted services	213.2	207.0

Rents and financial expenses	28.4	26.3
External transfers	177.7	183.4
Amortization	<u>172.7</u>	<u>168.1</u>
Total	\$1,470.9	\$1,466.3

The primary drivers for the increase in expenses of \$4.5 million are:

Salaries and benefits for Protection Services:	\$ 5.1M	increase
Salaries and benefits for Environmental Services:	3.2M	increase
Salaries and benefits for Social & Family Services:	2.6M	increase
Salaries and benefits for Social Housing:	2.1M	increase
Materials and supplies for Transportation Services	3.4M	increase
Materials and supplies for General Government	(4.4M)	decrease
Materials and supplies for Recreation & Cultural Services	(5.0M)	decrease
Materials and supplies for Environmental Services	(9.1M)	decrease
Contracted services for Environmental Services	4.1M	increase
Contracted services for Health Services	4.2M	increase
Contracted services for Recreation & Cultural Services	4.2M	increase
Contracted services for Social Housing	(7.5M)	decrease
Rents & financial expenses for Recreation & Cultural Services	3.2M	increase
External transfers for Environmental Services	2.4M	increase
External transfers for Social & Family Services	(6.3M)	decrease
Amortization for Environmental Services	2.4M	increase

**CITY OF HAMILTON
CITY-WIDE CASH HANDLING POLICY**

PURPOSE

The purpose of the Cash Handling Policy is to define the acceptable level of control for Cash Handling operations for all City departments to ensure clear and consistent practices within the City for the handling of cash. This policy is designed to avoid fraudulent activity in the handling of City cash and to prevent and minimize the risk to City employees when handling cash.

SCOPE

This policy applies to all City of Hamilton operating departments with employees, staff, volunteers, students, elected officials, contractors, consultants, boards, agencies, commissions and business partners who accept cash on behalf of the City and whose financial transactions are captured within the City's financial system.

DEFINITIONS

"Cash" is defined as coin, currency, cheques, money orders and credit/debit card transactions.

"Cash Handling Location" is defined as a location that accepts cash from citizens, residents, clients or customers.

"Cashier" is defined as any employee who performs the function of receiving, transmitting, safeguarding and/or depositing City cash.

"Segregation of Duties" - No single person handles a transaction from beginning to end. If one person does perform two or more of these functions, there is no independent check for mistakes, and errors and/or irregularities are very likely to go undiscovered for long periods. If possible, different people within a cash handling operation should perform the following four basic functional categories:

- Authorization or approval of transactions
- Recording of transactions
- Custody of funds
- Monitoring to ensure compliance with control procedures

It is not always practical for the City to maintain strict Segregation of Duties due to limited staff size and additional control measures that can be used to assist in this area are outlined in Schedule "A" - Cash Handling Guidelines.

"Cash float" is a fund that is issued for the purpose of making change for a cash transaction.

- Money from the float should not be retained or expended to pay invoices or miscellaneous expenses, replenish petty cash or make loans or

advances or used to cover cash drawer differences (Over/Short). The cash float should never change in value, only in denomination count.

SECURITY CONTROL REQUIREMENTS

All cash handling locations are required to have a safe on site that provides the appropriate burglary protection. The safe must be kept in a private area with restricted access. Access may be restricted by limiting those with access to keys or knowledge of the combinations. Access should be granted based on the employee's job duties.

- Cashiers are provided with individual secured cash drawers and floats.
- Bank deposits must be made on a regular basis as follows:
 - Less than \$25,000 collected annually must be deposited at a minimum on a weekly basis
 - Over \$25,000 collected annually must be transported to the bank by the city's contracted armoured car service as follows:
 - Over \$25,000 collected annually = Weekly
 - Over \$100,000 collected annually = Bi-weekly
 - Over \$500,000 collected annually = Daily

Due to the seasonality of some city operations, deposit frequency may vary. While operating, these locations must implement armoured car pick-ups as outlined above. In order to be exempted from using the armoured car service the department must forward a written request, describing the reason for the exemption, to the General Manager of Finance and Corporate Services for authorization.

Sections that have been approved to deposit directly to a designated bank must use pre-encoded deposit slips and record the deposit slip number in the header field on the journal entry processed to record the transactions. In order to prevent and minimize the risk of violence against City employees, the following safeguards must be in place when delivering deposits to the bank:

- Delivery routines must vary. (Routines can be observed, so do not make cash handling or bank deposits part of a routine).
- Monies held overnight must be secured in a safe.
- Health and safety training, including receiving, transmitting, safeguarding and/or depositing City cash must be provided to all cashiers.

RESPONSIBILITIES

To ensure proper and consistent cash handling practices across the organization the requirements outlined in this policy must be adhered to and the guidelines outlined in Appendix "A" must be incorporated in all cash handling procedures.

General Managers have the responsibility to:

1. Require clearly written and approved procedures for all areas of their department's Cash Handling locations. The procedure must:
 - Comply with the requirements of this policy
 - Incorporate the appropriate controls that are outlined in the Cash Handling Guidelines (Appendix A).
 - Include the ability to ascertain individual accountability and ensure the safeguarding of City funds.
 - Must be reviewed and updated annually.
2. Ensure that the required security equipment and services that are outlined in this policy are in place (safes, cash drawers, deposit pick-ups).
3. In the event of a loss, assure compliance with the procedures detailed in the City's Fraud Policy and Protocol.
4. Consult with Financial Services regarding new cash handling processes before implementation (e.g. credit cards, e-commerce, etc.)
5. Ensure that the required training has been provided to all staff performing cash handling functions.

Cash Handlers have the responsibility to:

1. Comply with cash handling procedures developed for and implemented in their respective service areas.
2. Report to their departmental management, or the General Manager of Finance and Corporate Services, any instance that is deemed to be a serious failure to give proper care to employee safety, cash, securities or other valuables, whether or not such failure has resulted in a loss.

COMPLIANCE

Failure of staff to comply with this Cash Handling Policy could result in disciplinary action.

SCHEDULE "A"
CITY-WIDE CASH HANDLING GUIDELINES

PURPOSE

The purpose of this document is to provide guidelines to:

- Promote proper and consistent cash handling practices across the organization;
- Establish a system of internal controls for cash handling to prevent mishandling of such funds; and
- Assist in strengthening the security over cash receipts within the City of Hamilton.

SCOPE

These guidelines should apply to all City of Hamilton operating departments with employees, staff, volunteers, students, elected officials, contractors, consultants, boards, agencies, commissions and business partners who accept cash funds on behalf of the City and whose financial transactions are captured within the City's financial systems.

These guidelines do not include controls pertaining to cheque payments, debit or credit card payments or the use of petty cash funds.

DEFINITIONS

Bonding of Employees – Agreement under which a bonding or insurance company guarantees payment of a certain amount as damages in the event that one or more employees covered in the agreement cause financial loss to the City.

Cash – Canadian and US currency, bills, coins, cheques, money orders and credit/debit card transactions.

Cashier – Employee, staff, volunteer, student, elected official, contractor, consultant, board, agency, commission or business partner assigned cash handling responsibilities.

PeopleSoft Financial System – Accounting software utilized by the City of Hamilton to record financial transactions.

Point of Sale System – A computer used in place of a cash register to record transactions, handle credit and/or debit payments and print receipts and reports.

Refund – Reimbursement to a customer for returned, cancelled or unsatisfactory goods or services after the original purchase transaction is completed.

Segregation of Duties – Internal control concept in which the same employee does not have responsibility for incompatible activities such as handling cash and recording and reconciling transactions.

Transaction Log – Manual record used to record transactions.

Voided Transaction – Reversal of an item entered into a cash register or point of sale system before the purchase transaction is completed.

CASH HANDLING GUIDELINES

Segregation of Duties

One employee given responsibility to collect cash, record transactions and/or reconcile daily cash activity has the opportunity to misappropriate cash and conceal the shortage in the accounting records.

No individual should have responsibility for both collecting cash and:

- Opening the mail;
- Depositing cash receipts;
- Recording or approving journal entries within the PeopleSoft Financial System;
- Performing bank reconciliations;
- Issuing invoices or posting payments within the PeopleSoft accounts receivable module;
- Initiating, approving or recording accounts receivable write-offs or other adjustments;
- Reconciling the numerical continuity of manual customer receipts, where applicable; and
- Using discretion as to whether a related charge will be levied and/or the amount of the charge.

Where segregation of duties is not practical, additional compensating controls and mitigation practices such as managerial oversight are required to reduce the risk of loss.

Cashiers should not carry out cash handling duties for at least one consecutive week per year. This may be accomplished through mandatory vacation, job rotation or other means. Such a routine may help to identify unusual or questionable practices of the regular cashiers.

Receiving and Recording Cash Payments

An incomplete record of cash transactions and adjustments provides an opportunity to misappropriate cash and omit the shortage from the accounting records.

Counterfeit and mutilated currency is not legal tender and should not be accepted. A counterfeit detection device should be used to identify forged currency. Where it is not practical to purchase or use such equipment, cashiers should be adequately trained in using common security features to identify counterfeit money.

All cash payments should be entered into the cash register or point of sale system immediately upon receipt from the customer. Where it is not practical to use a cash register or point of sale system, the cash payment should be recorded using pen in a transaction log which documents at a minimum the date, amount, type and purpose of the payment received.

Adjustments made to standard prices (e.g. coupons, discounts or rebates) or fee waivers should be captured separately from the purchase price. Documentation supporting the adjusted price or fee waiver should be retained. Adjustments or fee waivers appearing on the cash register summary tape, point of sale system report or manual transaction log at the end of the cashier's shift should be reconciled to supporting documentation retained. Management should review and approve price adjustments and fee waivers by the following business day or at least on a monthly basis. Management should investigate inappropriate price adjustments and fee waivers or those for which no supporting documentation exists. The investigation should include an assessment of unusual patterns.

A receipt should be printed from the cash register or point of sale system and provided to the customer for all payments received. A manual receipt should be prepared where it is not practical to use a cash register or point of sale system. The cash register, point of sale system or manual receipt should indicate at a minimum the transaction date, sequential transaction or receipt number, purpose of the payment, amount received and type of payment.

Manual receipts should be issued from a sequentially pre-numbered receipt book in numerical order. Spoiled receipts should be marked "VOID" and retained in the receipt book. Management should account for the numerical sequence of receipt numbers on a quarterly basis and when a new receipt book is requested. At a minimum, manual receipts should be produced in duplicate – one copy is provided to the customer and one copy is retained in the receipt book for accounting purposes. Where it is not practical to issue manual receipts for small dollar transactions, additional management review and oversight is required to ensure cash receipts are complete.

All cash payments should be collected by the cashier at a central location. Where this is not practical (e.g. donation box, vending machine), two employees should collect and count the funds, document the count, initial the form and observe the cashier enter the funds into the cash register, point of sale system or manual transaction log. The initialed form documenting the count should be retained. Such sales appearing on the cash register summary tape, point of sale system report or manual transaction log at the end of the cashier's shift should be reconciled to the initialed form documenting the count. Management should investigate documented funds not recorded in the cash register, point of sale system or transaction log.

Refunds and Voided Transactions

Lack of documentation and management oversight provides an opportunity to process an unfounded refund or void transaction for cash and misappropriate the funds.

Each department should develop and implement a refund policy as appropriate to its operations. Each policy should adhere to the following minimum requirements.

All refunds and voided transactions should have the following supporting documentation:

- Transaction date;
- Customer name, address, phone number and signature;
- Original customer receipt (where available);
- Reason for the refund or voided transaction;
- Amount and form of payment;
- Signature of the cashier issuing the refund or void; and
- Signature of the supervisor approving the transaction.

Total refunds and voided transactions appearing on the cash register summary tape, point of sale system report or manual transaction log at the end of the cashier's shift should be reconciled to the supporting documentation outlined above. Management should investigate refunds and voided transactions for which no supporting documentation exists.

Refunds should be returned using the same payment method as the original payment. For example, if the original payment was made using a VISA credit card, the refund must be returned to the same VISA credit card. If a cash refund will deplete all or part of the cash float, the refund should be requested by City of Hamilton cheque.

Cashiers should not have the ability to process a refund or voided transaction without management approval. Where it is not practical to obtain approval at the

time of the transaction, management should review and approve refunds and voided transactions by the following business day or at least on a weekly basis. The review should include an assessment of unusual patterns.

Receipts Reconciliation

Lack of management oversight and a proper receipts reconciliation process creates an opportunity to misappropriate cash and conceal the shortage.

Cash, cheque, debit and credit card receipts on hand should be counted and reconciled to amounts recorded in the cash register, point of sale system or transaction log at the end of the cashier's shift.

Cash appearing on the cash register summary tape, point of sale system report or manual transaction log covering the shift period should be compared to the actual amount of cash on hand once the float balance when utilized, is removed. Cash shortages or overages should be identified and explained. The receipts reconciliation should be documented, re-performed and reviewed by management and signed by both the cashier and management as evidence that the reconciliation is complete and accurate. Where it is not practical for management to review the receipts reconciliation, a second employee who did not participate in the particular cash handling activities may act on management's behalf.

Management should summarize cash shortages and overages by employee, date and amount. Management should review this summary at least on a monthly basis in order to identify trends or significant cumulative discrepancies.

Each operating department should define the dollar threshold for a significant single or cumulative cash shortage or overage. Significant shortages and overages should be brought to management's attention, investigated, documented and resolved. At a minimum, documentation should contain a description of steps taken to investigate the shortage or overage and what action (if any) was taken by management.

The float and cash awaiting deposit should be stored in a secure location with limited access. The cashier should not have access to cash awaiting deposit after the receipts reconciliation is complete.

Deposits

Large amounts of cash stored on-site for an extended period of time provides an opportunity to misappropriate, skim or lap funds.

All funds should be deposited intact. No cash receipts should be retained or expended to pay invoices or miscellaneous expenses, replenish petty cash or make loans or advances. Cash back for debit or credit card purchases must not be allowed.

Deposits should occur as outlined in the Cash Handling Policy. At a minimum, deposits should occur on a weekly basis. Cash awaiting deposit should be stored in a secure location with limited access.

Deposits that do not occur on a daily basis should be reconciled to the amount of cash receipts recorded for the days captured by the deposit. Cash appearing on the cash register summary tape, point of sale system report or manual transaction log covering the deposit period should be compared to the actual amount of cash on hand. Differences that were not previously identified as part of the receipts reconciliation process should be brought to management's attention, investigated, documented and resolved. The deposit reconciliation should be reviewed by management and signed by both the employee and management as evidence that it is complete and accurate.

A bank deposit slip should be prepared for the actual amount of cash on hand. The deposit amount should match the amount of cash appearing on the receipts reconciliation or deposit reconciliation. The deposit should be re-counted and bank deposit slip reviewed by management. The bank deposit slip should be signed by both the employee and management as evidence that the reconciliation is complete and accurate. At a minimum the bank deposit slip should be produced in triplicate – two copies are remitted to the bank with the deposit and one copy is retained by the department. The deposit and two copies of the bank deposit slip should be sealed in a bank deposit bag. The deposit should occur the same day on which it is prepared.

Bank deposits should be picked up by an armoured car service. Where armoured car service is not available, the deposit should be escorted to the bank by a City employee. Cash should not be sent through mail or inter-office mail for deposit.

Deposits picked up by an armoured car service should be recorded using pen in a pickup log which documents, at a minimum, the date, deposit bag number, deposit amount, initials of the City employee releasing the deposit and initials of the armoured car driver taking custody of the funds. The identification of the armoured car driver should be compared against a list of authorized personnel before releasing the deposit.

Bank Reconciliation

Lack of a bank reconciliation process creates an opportunity to misappropriate cash from the bank deposit and not detect the discrepancy.

Funds deposited should be recorded in the PeopleSoft Financial System and reconciled to City bank statements at least on a monthly basis.

Point of sale system transactions should be automatically downloaded into the PeopleSoft Financial System. Manual journal entries are required to record cash register and transaction log activity into the PeopleSoft Financial System. Each

department should forward pertinent documentation to Finance and Administration in order to prepare manual journal entries.

Finance Services/Finance and Administration should perform, document, review and sign off on bank reconciliations by the end of the month following the month being reconciled. Any discrepancies between funds deposited and bank activity should be investigated and resolved with assistance from the operating department.

Safeguarding Cash

Inadequate physical security provides an opportunity to misappropriate cash from the float, daily cash receipts and/or bank deposit. It may be difficult to identify when and why cash shortages occur or the person responsible if access to cash is not limited.

Background checks should be performed on prospective cash handlers. Employees handling cash receipts should be bonded.

Cash should be kept secure at all times. This includes but is not limited to:

- Keeping all cash in a locked cash register, cash drawer or cash box;
- Locking the cash register, cash drawer or cash box when cash is left unattended; and
- Affixing cash registers and boxes to a fixed surface to prevent removal.

Physical access to the safe or storage areas where cash is kept should be restricted to a limited number of people. Access may be restricted by limiting those with access to keys or knowledge of the combinations. Access should be granted based on the employee's job duties.

Safe combinations should be kept in secure locations and records should be maintained listing those who have knowledge of the combinations. Safe combinations should be changed periodically or when there is a change in staff (e.g. termination, change in position, retirement, etc.).

For safes, lock boxes, filing cabinets or cash drawers with keys, all keys and copies must be kept secure and there should be a log to track the issuance of keys. When an employee leaves the employment of the City or changes responsibilities, all keys should be turned in. Operating departments should have a plan in place for re-keying safes / lockboxes periodically.

If security proximity cards are used to restrict access, the access listing should be obtained from Facilities yearly and reviewed by management to ensure only required personnel have access.

Security devices (e.g. cameras, alarm buttons, bullet proof glass) should be installed at locations where a considerable amount of cash is collected.

Cash should be counted in a non-public, secure area, out of sight.

Cash Float

Continuous access to the cash float for an extended period of time without management oversight provides an opportunity to misappropriate, skim or lap funds.

A cash float is issued for the purpose of making change for a cash transaction. Money from the float should not be retained or expended to pay invoices or miscellaneous expenses, replenish petty cash or make loans or advances.

The cash float should be stored in a secure location with limited access at all times. Access to the cash float should be limited to the cashier and their direct supervisor during a given shift.

The cashier should count the cash float at the start and end of their shift. At a minimum, the float should be re-counted by management or their designate at the end of the cashier's shift as part of the receipts reconciliation process. Shortfalls in the float balance should be brought to management's attention, investigated, documented and resolved.

Management should conduct a surprise count on a periodic basis to reconcile the float balance. The count should be witnessed by another employee and the reconciliation documented and initialed by both employees. At a minimum, surprise counts should occur on a quarterly basis.

RESPONSIBILITIES

The General Managers, in conjunction with departmental management, shall be responsible for:

- Ensuring that the above guidelines and internal controls are incorporated into cash handling procedures developed for and implemented in their respective service areas;
- Ensuring that cash handling procedures and related internal controls are in place and operating;
- Establishing additional procedures and controls required to meet specific departmental needs; and
- Ensuring that personnel, who handle cash, are informed of, understand and adhere to the provisions of departmental cash handling procedures.

Employees handling cash receipts are responsible for complying with cash receipt handling procedures developed for and implemented in their respective service areas.

The Director of Audit Services or designate is responsible for completing cash handling reviews of select departmental or service areas on a periodic basis to identify opportunities for improving and strengthening cash handling controls.

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2013-17
PUBLIC WORKS – TRAFFIC INVENTORY**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Inventory Management</u> Traffic Operations have a stockroom containing the parts and materials needed by staff. The parts and materials removed from stock by staff are not tracked by the Inventory Clerks. Therefore, it is not possible to reconcile the parts and materials obtained from the stockroom to the parts and materials reported as having been used on the Daily Activity Sheets (DAS) that are completed by staff. These daily records are used to maintain the inventory records in Hansen.</p>	<p>That Traffic Operations management develop a system to track parts and materials taken from the stockroom by staff in order that accurate inventory records are maintained.</p>	<p>Agreed. Traffic will develop revised practices and procedures to ensure the inventory is tracked through streamlined processes to ensure the inventory records are accurately maintained.</p> <p>Improvements in parts and materials tracking will require segregation of inventory in a closed off stock room to limit access to inventory. Some additional construction costs will be required to segregate the stock room.</p> <p>The timeline for completion of the recommendation is December 2015.</p>
2.	<p><u>Parts and Materials Orders</u> A minimum re-order quantity has not been set for any of the parts and materials in inventory. Management has stated that, generally, three months worth of supplies are maintained. The Inventory Clerks rely on physical observation and experience to gauge re-order timing.</p> <p>However, due to the large number of parts and materials in the stockroom, the risk exists that some needed parts and materials could run too low before the shortage would be noticed. This could delay some of the work performed by Traffic Operations.</p>	<p>That management set minimum re-order quantities for the frequently used parts and materials deemed critical to Traffic Operations.</p> <p>That the Inventory Clerks re-order parts and materials using the minimum re-order quantity levels set above.</p>	<p>Agreed. Traffic Staff have already commenced the implementation of the minimum re-order quantities for all parts.</p> <p>Agreed. Inventory Clerks will re-order parts and materials using the minimum re-order quantity levels established in the Hansen system.</p> <p>The implementation of the minimum re-order point will commence no later than September 2014.</p>

**PUBLIC WORKS – TRAFFIC INVENTORY
FEBRUARY 2014**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
3.	<p><u>Parts and Materials - Segregation of Duties</u> The Inventory Clerk that orders the parts and materials also takes receipt of the order, places it in stock and records it in Hansen. The current process and poor segregation of duties does not mitigate the risk of fraudulent activity.</p>	<p>That the Inventory Clerk that places and receives an inventory order be different from the Clerk responsible for stocking and recording the delivery in Hansen.</p>	<p>Agreed. Traffic is working in conjunction with the Finance group to change the workflow system to establish a more defined segregation of duties.</p> <p>This process will be completed by December 2014.</p>
4.	<p><u>Inventory Manufactured In-House</u> The type and quantity of the materials obtained from the stockroom for the in-house manufacture of signs are recorded on a form called the Material Transfer Sheet. The quantities actually used when manufacturing the signs are tracked on a DAS. The amount transferred from the stockroom typically exceeds the amount actually used. Management does not monitor this difference in quantities. The risk is that material may be wasted or the excess misappropriated.</p> <p>A table that is used to calculate the total cost (including labour, materials and overhead) of various traffic signs that are manufactured in-house has been developed and used to value signs inventory. This table has not been updated since January 2009. Costs have increased over the past five years but are not reflected in the table, resulting in undervaluation of in-house manufactured signs.</p>	<p>That management perform periodic 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 DAS. Evidence of such reviews should be maintained.</p> <p>That Traffic Operations management annually update the table used in costing signs manufactured in-house.</p>	<p>Agreed. Traffic Operations has commenced a review of our current practices for the consumption of materials used in in-house manufacturing in order to accurately track materials.</p> <p>Agreed. Traffic Operations management will up-date costs on an annual basis beginning in 2014.</p> <p>This process will be completed by December 2014.</p>

**PUBLIC WORKS – TRAFFIC INVENTORY
FEBRUARY 2014**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
5.	<p><u>Stock – Year-end Inventory</u> Periodic cycle counts have not been performed on fast moving or high value parts and materials as required by internal procedures. Cycle counts can reduce the effort required during the year-end inventory count and identify discrepancies earlier in the year.</p>	<p>That management perform cycle counts as required by the internal procedures.</p>	<p>Agreed. Upon the completion of item #1 – Inventory Management (December 2015), cycle counts as required by internal procedures will commence.</p>
6.	<p><u>Physical Inventory Count</u> A physical inventory count is conducted in order to verify the existence of inventory items and adjust corresponding records to match the subsequent valuation of those items.</p> <p>A physical inventory count was conducted in November, 2013. The count information gathered was manually loaded into a spreadsheet and valued. Comparison of data with records maintained in Hansen originally produced a variance of almost \$127,000 worth of inventory (representing 6.8% of the total Traffic inventory). Further investigation by staff provided instances of errors made in the physical count and in the Hansen records, reducing the variance to approximately \$102,000.</p> <p>Year end valuation in Hansen produced another value for the inventory and the general ledger was adjusted to match, resulting in a final variance of over \$111,000 (5.5%) from the original updated physical count. Management has indicated that variances of 5% are acceptable.</p> <p>The effectiveness of a physical count as a sound inventory control is lost when the inventory records are not adjusted to the actual count. Differences are carried forward year over year without resolution.</p>	<p>That physical inventory taking instructions be reinforced with individuals conducting the counts. Management should ensure the accuracy and completeness of the counts by spot checking count information to/from the item in inventory.</p> <p>That Hansen records be adjusted to match the physical count details as at the time of the count.</p>	<p>Upon the implementation of Item #1 – Inventory Management (December 2015), the physical inventory count process and cycle count process will be revised to ensure accuracy and completeness of the counts.</p> <p>Agreed. Hansen records will be adjusted to match the physical count details as at the time of count. This process will be completed by December 2015.</p>

**CITY OF HAMILTON
PERFORMANCE AUDIT REPORT 2013-19
GPS/AVL SYSTEMS PERFORMANCE REVIEW**

Background

GPS/AVL is the acronym for Global Positioning System/Automatic Vehicle Location. These units provide a means for automatically determining and transmitting the geographic location of a vehicle. This data, from one or more vehicles, may then be collected by a vehicle tracking system to present a picture of vehicle travel.

A motion passed by the A,F&A Committee on March 25, 2013 requested that the 2013 Internal Audit Work Plan be revised to include GPS audits of randomly selected divisions where City vehicles have been retrofitted with a GPS system.

At the April 20, 2013 A,F&A Committee meeting, the proposed initial Performance Audit Work Plan was approved and included the following:

Various City vehicles are equipped with Global Positioning System (GPS) technology. Management may use recorded GPS travel information to assess employee productivity. This project will entail comparing GPS records to documented work assignments in order to identify areas where productivity and efficiencies may be gained.

Objectives

The objectives of this review were:

- 1) To determine if documented completed work assignments and labour hours are supported by GPS data collected;
- 2) To identify opportunities to utilize the GPS/AVL systems to better manage staff for improved productivity and /or efficiency; and
- 3) To assess any capabilities within the various GPS/AVL systems for gathering data that could result in cost savings.

Scope

The scope of the audit included service areas with 15 or more GPS/AVL units, excluding HSR and EMS. The test date coverage ranged from September 2012 to August 2013. The processes involved in scheduling or providing work assignments to staff for the period of time being audited, the tracking of the vehicle operated by the individual selected for detailed testing and the back-end output of the work performed were reviewed. The capabilities of the GPS/AVL systems used, what aspects of the systems implemented and the extent to which management used the data generated were assessed.

Methodology

The work performed involved observation, discussion and detailed testing of samples selected from service areas with the greatest potential for maximizing the capabilities of GPS/AVL systems.

More specifically, the work included:

1. Environmental Scan
 - performed review across the City of Hamilton to identify the service areas that had GPS/AVL units within some/all of their vehicles.
2. Knowledge of Business
 - held meetings with the respective managers to obtain an understanding of the tracking software used and the number of GPS/AVL units installed in each division's vehicles.
 - reviewed the processes and information systems used to document work scheduled and performed by the staff operating the vehicles with the GPS/AVL units installed.
3. Risk Assessment
 - performed risk analysis on each of the service areas based on factors affecting the efficiency, effectiveness and economy that could be impacted by the utilization of GPS/AVL technology. This risk analysis combined with the number of GPS/AVL units installed in vehicles for each respective service area provided the basis for determining the number of samples to be tested in each area.
4. Pilot Test of Systems and Supporting Documentation
 - determined the mapping capabilities of each GPS/AVL system used by the City to track the movement of vehicles.
 - obtained samples of front end scheduling documentation, if available.
 - obtained samples of the back end recording of work performed for subsequent matching of reported work to the mapping obtained in step above.
5. Vehicle / Operator Cross-reference
 - obtained listings of specific vehicle numbers cross-referenced with their respective assigned operators.
6. Detail Testing
 - tested selected samples to determine if the work that work assigned and indicated as completed was supported by the GPS/AVL mappings.
7. Management Opportunities
 - identified any opportunities where the GPS/AVL systems could be used to better manage staff for improved productivity and/or efficiency.
8. GPS/AVL Capabilities
 - identified any GPS/AVL capabilities that could potentially save costs based on research and discussions with management, users and Information Technology.

Audit Services conducted this review in conformity with the *International Standards of Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the work to obtain sufficient, appropriate evidence to support the findings and conclusions based on the project objectives. Audit Services believes that the work performed provides a reasonable basis for the findings and conclusions.

Findings and Analysis

The City of Hamilton has three different tracking systems in place - Trapeze used by HSR, Interfleet software used by the Roads Division of Public Works and Trackforce (by Intergraph) used by Emergency Medical Services, Building, Municipal Law Enforcement, Water, Parking and Animal Control.

Not only does the fact that there are three different systems complicate efficiencies with respect to support and increase costs but the Trackforce (Intergraph) system is at its "end of life" in that there will no longer be any further development of this product. As such, the AVL Initiative Committee will be identifying whether a single Corporate-wide solution can be achieved which will satisfy the needs of all service areas.

There are 565 GPS/AVL units installed in City vehicles used by various divisions and sections. Roads (177), Building (35), Water (16) and Municipal Law Enforcement (29) were selected as areas for sample testing. HSR (234) and EMS (49) accounted for the largest areas not sampled.

The purchase and installation of GPS units is at the discretion and cost of the division/department. As such, various models are installed with differing functionalities. Tracking maps and data in regards to vehicle location can be obtained from all GPS/AVL systems. Additionally, the speed, start time and shut down time can also be provided from all the systems. Beyond these capabilities, systems vary as does the use by individual areas. The areas selected for review by Audit Services use either Interfleet or Trackforce software. Since the introduction of GPS technology into City vehicles, close to \$1.5 million has been spent from 2006 – 2013 for the Interfleet and Trackforce software. Annual maintenance and connectivity costs run close to \$200,000 a year.

With respect to the first objective of this review, i.e. **whether GPS data collected supports the other corporate documentation of completed work assignments**, the detailed testing of specific vehicles/operators resulted in GPS/AVL data and subsequent analysis that generally supported the locations where staff had been assigned or had indicated work had been completed in other records and/or documents maintained by the City. However, in many instances, the hours of actual equipment movement (use) as per the GPS/AVL records did not account for the equipment hours booked to the activities. For example, according to GPS data, a sweeper was active for approximately 4¾ hours of an 8 hour shift. Even allowing for the driver's lunch and breaks as well as truck clean up, fueling and water fill ups, as required, does not account for the difference in the 8 hours booked as equipment use to the street sweeping activity and the span of time that the Stop Reports indicated that the equipment was actually active. Management could only surmise what other activities might have been done for the balance of the 8 hours of labour booked to the sweeping activity as no records were kept for the last hour of the shift.

In investigating **opportunities to better utilize the GPS/AVL systems**, a number of operational practices that may negatively impact the usefulness and functionality of GPS/AVL systems and data were noted during the review. They include:

- Standard recording and record management procedures did not exist.
- The maintenance of all supporting documentation including work schedules, daily activity reports and/or system reports was not evident for some of the test samples.

- In situations where specific routes for work activities are not applicable (e.g. patrol units, fixing shoulders of roads, etc.), the back-end documentation of work completed, including the locations visited and approximate times, were not always available. This made comparison to GPS/AVL data inefficient.
- The records of vehicle assignments were not kept on a current basis. In the test sample, instances were found where the date of a new vehicle assignment or the identity of a vehicle assigned as a temporary replacement were not known. Installation of GPS/AVL units in these vehicles could not be confirmed.
- The data entry in AMANDA and Hansen of the work completed was not performed on a timely basis. Even though some vehicles are equipped with laptop holders and modems to facilitate "on the go" data input, information was often not entered into these systems until the next day or even later. This reduced the potential for management to match work reported as having been performed against the locations visited.
- Municipal Law Enforcement Officers (MLEs) record their notes manually in a small notepad and then subsequently transcribe the notes into AMANDA. When the notes were entered into AMANDA, the officers were not required to utilize the "Attempts" section to record the date of their work and the amount of time spent. Instead the "Comments" field was sometimes used. As it is a text field, it was not conducive to extracting data for reporting and comparing to GPS/AVL data.
- Safety of staff is the primary reason given by management for acquiring and maintaining GPS/AVL units installed in City vehicles. In several instances noted in which the vehicles had not moved in a lengthy period of time, management had not investigated and could not provide reasons for such immobility.

Addressing these identified issues would provide more opportunities to utilize the GPS/AVL systems to a greater extent in managing staff productivity and efficiency.

In assessing **GPS/AVL functionality and capabilities**, the review identified a functionality provided by the GPS/AVL systems that could potentially result in cost savings. Idling time is tracked by the Roads Interfleet system. For the applicable test samples selected, the range of idling time as a percentage of the total shift time ranged from 13% to 36%. The cost of idling for all trackable times through Interfleet for the period January 2013 to August 2013 was estimated at \$43,136 (which is about \$64,704 annually when extrapolated).

In regards to reporting, the Trackforce software is not user friendly. During testing, the users in various divisions utilizing this software were not able to produce a mapping based on historical data. Even with support from IT, file conversions and use of other software were required to view a trail of a vehicle's path. There were also numerous instances where completed tasks had been indicated by inspectors, MLEs or vehicle operators. However, no activity data for the assigned vehicles could be located in Trackforce. No definitive reasons for such discrepancies could be provided.

The functionality that would notify a supervisor or management of situations when a vehicle has not moved for a predetermined length of time was not available. This was one of the primary justifications for installing GPS/AVL units given by staff in interviews.

Recommendations

This first set of recommendations deals with suggested steps which should be implemented in order that management can utilize the GPS/AVL systems to more effectively and efficiently manage staff and work activities and potentially improve productivity and save costs.

It is recommended:

1. That standardized procedures be developed by service areas utilizing the GPS/AVL systems to ensure that all supporting documentation including scheduling and subsequent data entry of work performed be developed and enforced to enable the matching of reported tasks completed to the tracking of the vehicles' travel paths. (Public Works – Roads & Water; Planning and Economic Development – Building & MLE)
2. That work/task completion data be entered into the supporting systems on an as completed daily basis to ensure reflection of current status. (Public Works – Roads & Water; Planning and Economic Development – Building & MLE)
3. That data be entered into the appropriate fields of the supporting systems rather than general text fields in a Comments area to enable the extraction of information for improved analysis by management. (Planning and Economic Development – MLE)
4. That a process to regularly track the assignment of vehicles to specific individuals be developed. The ability to manage the appropriate movement of staff is predicated on the assurance that the individual that is assumed to be driving a particular vehicle is actually using the identified vehicle. (Public Works – Roads & Water; Planning and Economic Development – Building & MLE)
5. That, upon completion of the above recommendations, user training be conducted to ensure that staff are aware of and comply with the new procedures. (Public Works – Roads & Water; Planning and Economic Development – Building & MLE)
6. That the Roads Division analyze the idling exception reports provided through Interfleet to identify opportunities to reduce the amount of idling in excess of 5 minutes (especially instances in excess of 30 minutes) to potentially reduce fleet fuel costs and to ensure compliance with the City's Idling Bylaw. (Public Works – Roads)

The next set of recommendations will identify some additional opportunities to improve the capabilities within the existing GPS/AVL systems or to be considered during the search for a replacement system for the current corporate Trackforce solution to better serve the City's operating departments.

It is recommended:

7. That the ability to track idling times and locations be incorporated into the new corporate GPS/AVL system. An analysis of results obtained could lead to a decrease in the cost of fuel and enable compliance with the City of Hamilton's Idling By-law. (Corporate Services (IT) – AVL Initiative Group)

8. That the Geofence capabilities be considered. Such a function would alert a supervisor whenever a vehicle traveled outside its assigned area or the boundaries of the City of Hamilton. (Corporate Services (IT) – AVL Initiative Group)
9. That signals be implemented whenever a vehicle has not moved from a location for an extended period of time. This would provide management a tool to assess the appropriateness of the length of stay at a location based on the work that is being assigned or being performed. It may alert a supervisor to a safety issue with the driver that needs to be addressed or may identify situations in which the GPS/AVL unit has ceased to operate and requires repairs. (Corporate Services (IT) – AVL Initiative Group)
10. That appropriate telemetric capabilities be implemented in order that data collected be analyzed on a regular basis to improve the management of the operations or reduce costs. Telemetrics involve the electronic determination of status (e.g. plow up or down) or measurement of a quantity (e.g. amount of salt distributed over a particular area). (Corporate Services (IT) – AVL Initiative Group)
11. That the GPS/AVL data collected related to the locations of vehicles be reported on a streetview map to allow for the visualization of the tracking of a vehicle's travel path. Such data should be readily available for the printing of mappings. (Public Works – Roads & Water; Planning and Economic Development – Building & MLE)
12. That integration between the AMANDA & Hansen systems and the GPS/AVL system be implemented such that the locations where work was reported as having been performed in the AMANDA & Hansen systems appear on the mappings produced. (Planning and Economic Development – MLE)

Conclusion

In the detail testing of randomly selected vehicles equipped with GPS/AVL systems, the resulting tracking maps and data of the vehicles compared appropriately to the locations where work was reported as having been performed. However, equipment use and corresponding labour hours booked to particular activities in supporting systems did not fully align with GPS/AVL data for vehicle use. Management could not provide documentation or other records detailing the differences.

Based on the amount of time required to currently obtain the supporting documentation, the difficulty in obtaining Trackforce data (in particular historical data) for vehicle mapping and the fact that it is very time consuming to compare the locations where work was alleged to have been performed against the mapping, it is Audit Services' opinion that the use of the current GPS/AVL systems as a regular management tool is not effective or efficient.

Without the improvements to the operational processes external to the GPS/AVL systems, as noted under the Recommendations section, and either replacement of the systems or significant changes to the existing systems and interfaces, the comparison process is tedious and time consuming and may not be relied upon as records do not appear complete.

The current corporate GPS/AVL solution implemented in EMS, Building, Municipal Law Enforcement, Parking, Water and Animal Control is at its "end of life". This provides the City of Hamilton with an opportunity to obtain a newer system with greater functionality that meets the needs of all users.

There are a number of potential benefits that can be achieved with a fully functional GPS/AVL system. These include:

- The ability to monitor idling time and potentially reduce fuel costs;
- The safety of staff in that the location of the vehicles could be tracked;
- Support to challenge legal claims as GPS will provide proof of the time and location of vehicles, speed, telemetrics such as whether the plow was up or down, the amount of salt put down, etc.;
- Potential integration with scheduling to identify the most effective route selection; and
- Improved worker productivity and accountability as well as management oversight.

However, the dollars that have been invested and the costs that continue to be incurred annually for the current GPS/AVL systems do not represent a good value for the money spent as the benefits noted earlier are not being realized.

The underlying premise is whether the potential benefits plus the ability and discipline to make and enforce the recommended adjustments to the operational processes as noted above outweigh the cost.

January 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 NEW YEAR'S DAY	2	3
4	5	6	7	8	9	10
11	12 PW – 9:30 a.m. BoH – 1:30 p.m.	13 Planning – 9:30 a.m.	14 GIC – 9:30 a.m.	15	16	17
18	19 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	20	21 5:00 p.m. COUNCIL	22	23	24
25	26	27	28	29	30	31

GIC = General Issues Committee
 PW = Public Works Committee
 PLANNING = Planning Committee
 AF&A = Audit, Finance & Administration Committee
 E&CS = Emergency & Community Services Committee
 BOH = Board of Health
 All meetings will be in the COUNCIL Chambers, Hamilton City Hall

** Denotes meeting is subject to change

February 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 PW – 9:30 a.m.	3 Planning – 9:30 a.m.	4 GIC – 9:30 a.m.	5	6	7
8	9 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	10	11 5:00 p.m. COUNCIL	12	13	14
15	16 FAMILY DAY	17 Planning – 9:30 a.m.	18 GIC – 9:30 a.m.	19 BoH – 1:30 p.m.	20	21
22	23 AF&A – 9:30 a.m. (if required) E&CS – 1:30 p.m. (if required)	24	25 5:00 p.m. – COUNCIL	26	27	28

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March 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 PW – 9:30 a.m.	3 Planning – 9:30 a.m.	4 GIC – 9:30 a.m.	5	6	7
8	9 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	10	11 5:00 p.m. COUNCIL	12	13	14
15 <i>MARCH BREAK</i>	16	17 <i>MARCH BREAK</i>	18	19 <i>MARCH BREAK</i>	20	21 <i>MARCH BREAK</i>
22	23	24	25	26	27	28
29	30 GIC – 9:30 a.m.	31 Planning – 9:30 a.m.				

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April 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 PW – 9:30 a.m. BoH – 1:30 p.m.	2	3 GOOD FRIDAY	4
5	6 EASTER MONDAY	7	8 5:00 p.m. – COUNCIL	9	10	11
12	13 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	14 Planning – 9:30 a.m.	15 GIC – 9:30 a.m.	16	17	18
19	20 PW – 9:30 a.m. BoH – 1:30 p.m.	21	22 5:00 p.m. – COUNCIL	23	24	25
26	27	28	29	30		

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May 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4 PW – 9:30 a.m.	5 Planning – 9:30 a.m.	6 GIC – 9:30 a.m.	7	8	9
10	11 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	12	13 5:00 p.m. – COUNCIL	14	15	16
17	18 VICTORIA DAY	19 Planning – 9:30 a.m.	20 GIC – 9:30 a.m.	21 PW – 9:30 a.m. BoH – 1:30 p.m.	22	23
24	25 AF&A – 9:30 a.m. (if required) E&CS – 1:30 p.m. (if required)	26	27 5:00 p.m. – COUNCIL	28	29	30
31						

June 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 PW – 9:30 a.m.	2 Planning – 9:30 a.m.	3 GIC – 9:30 a.m.	4	5	6
7	8 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	9	10 5:00 p.m. – COUNCIL	11	12	13
14	15 PW – 9:30 a.m. BoH – 1:30 p.m.	16 Planning – 9:30 a.m.	17 GIC – 9:30 a.m.	18	19	20
21	22 AF&A – 9:30 a.m. (if required) E&CS – 1:30 p.m. (if required)	23	24 5:00 p.m. – COUNCIL	25	26	27
28	29	30				

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July 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 CANADA DAY	2	3	4
5	6 GIC – 9:30 a.m.	7 Planning – 9:30 a.m.	8 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	9 PW – 9:30 a.m. BoH – 1:30 p.m.	10 9:30 a.m. – COUNCIL	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

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August 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 CIVIC HOLIDAY	4	5	6	7	8
9	10 GIC – 9:30 a.m.	11 Planning – 9:30 a.m.	12 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	13 PW – 9:30 a.m. BoH – 1:30 p.m.	14 9:30 a.m. – COUNCIL	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31 PW – 9:30 a.m.					

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September 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Planning – 9:30 a.m.	2 GIC – 9:30 a.m.	3	4	5
6	7 LABOUR DAY	8	9 5:00 p.m. – COUNCIL	10	11	12
13	14 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	15 Planning – 9:30 a.m.	16 GIC – 9:30 a.m.	17	18	19
20	21 PW – 9:30 a.m. BoH – 1:30 p.m.	22	23 5:00 p.m. – COUNCIL	24	25	26
27	28 AF&A – 9:30 a.m. (if required) E&CS – 1:30 p.m. (if required)	29	30			

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October 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5 PW – 9:30 a.m.	6 Planning – 9:30 a.m.	7 GIC – 9:30 a.m.	8	9	10
11	12 THANKSGIVING	13 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	14 5:00 p.m. – COUNCIL	15	16	17
18	19 PW – 9:30 a.m. BoH – 1:30 p.m.	20 Planning – 9:30 a.m.	21 GIC – 9:30 a.m.	22	23	24
25	26 AF&A – 9:30 a.m.(if required) E&CS – 1:30 p.m. (if required)	27	28 5:00 p.m. – COUNCIL	29	30	31

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November 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 PW – 9:30 a.m.	3 Planning – 9:30 a.m.	4 GIC – 9:30 a.m.	5	6	7
8	9 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	10	11 5:00 p.m. – COUNCIL	12	13	14
15	16 PW – 9:30 a.m. BoH – 1:30 p.m.	17 Planning – 9:30 a.m.	18 GIC – 9:30 a.m.	19	20	21
22	23 AF&A – 9:30 a.m. (if required) E&CS – 1:30 p.m. (if required)	24	25 5:00 p.m. – COUNCIL	26	27	28
29	30					

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December 2015

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Planning – 9:30 a.m.	2 GIC – 9:30 a.m.	3	4	5
6	7 PW – 9:30 a.m. BoH – 1:30 p.m.	8 AF&A – 9:30 a.m. E&CS – 1:30 p.m.	9 5:00 p.m. – COUNCIL	10	11	12
13	14			17	18	19
20	21	22	23	24	25 CHRISTMAS DAY	26 BOXING DAY
27	28 SHUTDOWN	29 SHUTDOWN	30 SHUTDOWN	31 SHUTDOWN		

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CITY OF HAMILTON BUDGETED COMPLEMENT TRANSFER SCHEDULE

STAFF COMPLEMENT CHANGE

Complement Transfer to another division or department ⁽¹⁾

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title (2)	FTE	Department	Division	Position Title (2)	FTE
1.1	Community & Emergency Services	Recreation	Recreation Various	(1.0)	Community & Emergency Services	Children's and Home Management Services	Manager of Business Support	1.0
	Explanation: Reallocation of FTE to Children's and Home Management Services in response to a review of the division's structure. The position will support the financial accountability, contractual obligations and monitoring responsibility of the division as the local CMSM (Consolidated Municipal Service Manager). Position will be funded 100%.							
1.2	Public Health Services	Medical Officer of Health	Delivery Clerk	(1.0)	Public Health Services	Clinical and Preventive Services	Delivery Clerk	1.0
	Explanation: Reallocation of FTE from Medical Officer of Health division to Clinical and Preventive Services division for oversight of vaccine program requirements.							

Note - Complement transfers include the transfer of corresponding budget.

(1) - All other budgeted complement changes that require Council approval per Budgeted Complement Control Policy must be done through either separate report or the budget process (i.e., Increasing/decreasing budgeted complement, changing budgeted complement type).

(2) - If a position is changing, the impact of the change must be within 1 pay band or separate Council approval is required.