



**CITY OF HAMILTON**  
*City Manager's Office*  
**Audit Services Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	November 21, 2016
<b>SUBJECT/REPORT NO:</b>	Follow Up of Audit Report 2014-04 – Corporate Services – Long Term Debt (AUD16015) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard CPA, CA, CIA, CGAP 905-546-2424 x2088
<b>SUBMITTED BY:</b>	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That Report AUD16015, respecting the follow up of Audit Report 2014-04, Corporate Services - Long Term Debt, be received.

**EXECUTIVE SUMMARY**

Audit Report 2014-04 was originally issued in January, 2015 and management action plans with implementation timelines were included in the Report. In early 2016, Audit Services conducted a follow up exercise to determine if appropriate and timely actions had been taken, with some additional work conducted during summer 2016. Of the three recommendations made in the original Report, two recommendations are in progress. The remaining recommendation is not applicable. Management disagreed with this recommendation, no further follow up will be performed by Audit Services for this item. Details of implementation specific to each recommendation are included in Appendix "A" to Report AUD16015.

***Alternatives for Consideration – Not Applicable***

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

Financial: None.  
Staffing: None.  
Legal: None.

### **HISTORICAL BACKGROUND (Chronology of events)**

Audit Report 2014-04, Corporate Services – Long Term Debt was originally issued in January, 2015. The report provided three recommendations to improve administrative controls and Council reporting.

It is normal practice for Audit Services to conduct follow up reviews within 12-18 months following the issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

- City of Hamilton Debt Management Policy (FCS13074)
- Several City of Hamilton By-laws authorizing the borrowing of monies by way of bank loans and debenture issuance
- Ontario Municipal Act, 2001, Ontario Regulation 276/02, Bank Loans
- Ontario Municipal Act, 2001, Part XIII Debt and Investment, Section 408 (Bylaws re: debentures)
- Ontario Municipal Act, 2001, Ontario Regulation 403/02, Debt and financial obligation limits for municipalities

### **RELEVANT CONSULTATION**

The results of the follow up were provided to management in the Financial Planning, Administration, and Policy Division and the Financial Services Division of the Corporate Services Department.

### **ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)**

The report attached as Appendix “A” to Report AUD16015 contains the first three columns as originally reported in Report 2014-04 along with an added fourth column indicating Audit Services’ comments as a result of the follow up work.

There were three recommendations. Two recommendations were “In Progress” (policies and procedures, and financial measures) and one was “Not Applicable” (long term debt and financial sustainability reporting) because management disagreed with this recommendation. No further follow up will be performed by Audit Services for the “Not Applicable” item. Appendix “A” to Report AUD16015 should be examined for details of implementation by recommendation.

Audit Services conducted this follow up assignment in conformity with the *International Standards for the Professional Practice of Internal Auditing*. Audit Services believes that the work performed provides a reasonable basis for the follow up comments and conclusions.

**ALTERNATIVES FOR CONSIDERATION**

**(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)**

Not applicable

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

**Built Environment and Infrastructure**

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

**Our People and Performance**

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

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report AUD16015

BM:ah