



5.1

Hamilton Police Services Board Deputation Request Form

(Request to appear before the Police Services Board)

****Please note** - The information on this form will be published on a public agenda and therefore released to the public and media.**

Your Name: MIRLE B (SHEKAR) CHANDRASHEKAR

Firm / Organization: —
(if applicable)

E-mail Address: shekarfamily@hotmail.com

Home Phone: 905-525-3082

Fax No.: —

Business Phone: —

Mailing Address: 39 HADDON AVE. SOUTH, HAMILTON L8S1X5

Details of Deputation to be discussed including a summary and the objective(s) of the presentation:

- a) Refer to FCS 18030. It went directly to A+A Committee without being reviewed by HPSD. As a result it undermines HPSB credibility.
- b) Information contained in law enforcement accounting info to A+A Committee is incorrect and violates CMA code of conduct. (copy attached)

Will you require a LCD Projector: Yes No
(Please note, you must bring your own computer)

Have discussions or correspondence taken place with a member of the Hamilton Police Services Board or the Administrator? If so, with whom and when?

Please submit the completed form either in person, via fax or e-mail to:

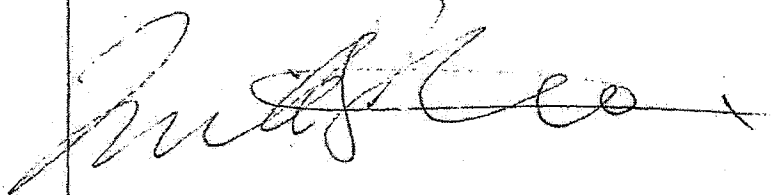
Administrator
Hamilton Police Services Board
155 King William Street
P.O. Box 1060, LCD1
Hamilton, ON
L8N 4C1

Fax: 905-546-4720
E-Mail: lois.morin@hamilton.ca



Hamilton

INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	March 26, 2018
SUBJECT/REPORT NO:	Response to Mr. Shekar Chandrashekar, Respecting a Freedom of Information Request to Access to Police Services Accounting Records (FCS18030) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Rick Male (905)546-2424 Ext. 4157
SUBMITTED BY:	Mike Zegarac General Manager Finance and Corporate Services Department
SIGNATURE:	

Council Direction:

Council approved the following recommendation:

“That staff be directed to report back to the Audit, Finance and Administration Committee addressing Mr. Chandrashekar’s concerns and outline next steps that may be required in addressing them.”

Information:

Mr. Chandrashekar’s concerns can be broken down into two components. The first is concerns related to Hamilton Police Services (HPS) and the second part is concerns related to the City of Hamilton (City). The following are staff responses to the concerns raised. The HPS issues were shared with HPS staff and where a response is provided it was provided by HPS staff.

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

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

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

Hamilton Police Services

1. The Municipal contribution on the HPS Schedule of Operations is wrong:

The City's Internal Auditor reviewed this claim and determined that the Municipal contribution on the Schedule of Operations was correct and in accordance with reporting requirements of the Public Sector Accounting Board (see Appendix "A" to Report FCS18030)

2. Pan Am Games Claim:

The City's Internal Auditor reviewed this assertion and determined that the correct amount was claimed and reimbursed. The claim was audited by PricewaterhouseCoopers, who were engaged by the Ministry of Community Safety and Correctional Services to audit the claims. (see Appendix "A" to Report FCS18030)

3. HPS budgeted salary contingency exceeded the settlement by \$3 million:

The City's external auditor, KPMG, audited the Schedule of Operations and reviewed the budget for salary contingency and the contract settlement retro payments and provided an unqualified opinion of no errors or misstatement.

4. HPS pre-planned excess budgeting for the salary settlement and Pan Am reimbursement to provide financing for the forensic building:

This is Mr. Chandrashekar's personal opinion and no question was posed.

5. Employment and retirement benefits for Police Services staff are excessive:

This is Mr. Chandrasekhar's personal opinion; benefits provided are part of a collective agreement or employment contract.

6. A HPS employee retired and purchased their HPS provided vehicle and amount and details not disclosed:

This is a statement by Mr. Chandrasekhar and no question was posed.

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

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

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

SUBJECT: Respond to Mr. Shekar Chandrashekar, Respecting a Freedom of Information Request to Access to Police Services Accounting Records (FCS18030) (City Wide) (Outstanding Business List Item) - Page 3 of 5

7. Former Chief allowed to keep cell phone and computer with confidential data on them:

This is a statement by Mr. Chandrasekhar and no question was posed.

8. There are vast differences in employment contracts for HPS Chief and Deputies and those of Fire Chief and Deputies:

This is Mr. Chandrashekar's personal opinion and no question was posed.

9. HPS Chief and Deputies get vehicle and car allowance and they are the only ones who do:

This pertains to former Chief and Deputies and these contracts have ended.

10. HPS staff receive two additional weeks of vacation at retirement and no other Police Services or Municipality provides this benefit:

This entitlement is contained in the collective agreements.

11. HPS does not provide the Board a detailed line item budget with prior years actuals:

This is a statement by Mr. Chandrasekhar and no question was posed.

12. Mr. Chandrashekar said he can reduce Police budget by \$2million:

This is Mr. Chandrashekar's personal opinion and no details were provided on how this would be obtained.

13. Two past funerals cost HPS \$375,000 – how were they financed without adjusting budget and reducing service:

No details were provided as to which funerals this was in reference to. Mr. Chandrashekar should make a formal request for information (FOI) to HPS for information he is specifically seeking.

14. Composition of HPS Board needs to be reviewed:

This is Mr. Chandrashekar's personal opinion, no staff response

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

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

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

SUBJECT: Respond to Mr. Shekar Chandrashekar, Respecting a Freedom of Information Request to Access to Police Services Accounting Records (FCS18030) (City Wide) (Outstanding Business List Item) - Page 4 of 5

15. Employment Contracts for HPS Chief and Deputies should be the responsibility of the City of Hamilton Human Resources not Legal Counsel who reports to the Chief:

This is Mr. Chandrashekar's personal opinion, no staff response

City of Hamilton

1. FOI request for Police accounting transactions should come from the City not Police:

The Information Privacy Commissioner has ruled that this information is the property of HPS and should come from HPS, not the City of Hamilton.

2. There were errors on the City's remuneration and Expenses Report:

Mr. Chandrashekar submitted a FOI request to HPS seeking details of Board member expenses. HPS asked the Manager of Accounts Payable, Account Receivable and Business Application Support, for information regarding conference expenses which was then provided to Mr. Chandrashekar. The amounts provided did not include airfares for Mrs. Madeleine Levy and Ms. Nancy Di Gregorio, as these were paid via credit card and not reimbursed through the submission of the travel expense form and receipts. Instead the airfares were submitted as part of monthly expenses and reimbursed through payroll. These amounts were captured and correctly reported on the Remuneration and Expenses report (all expenses including conferences and mileage are combined and shown as expenses on this report).

3. Finance staff didn't submit claim for \$90,000 of funeral expenses:

Mr. Chandrashekar did not provide details as to which funeral this was in reference to. Staff were not able to find information pertaining to this assertion. The staff member Mr. Chandrashekar said made the statement no longer works at the City.

4. Chief and Deputies provided car and car allowance, Mr. Chandrashekar claims the City absorbed these costs: ~~XX~~

These costs are taxable benefits and were charged through Payroll to HPS salary/benefit accounts. The City does not absorb these costs.

SUBJECT: Respond to Mr. Shekar Chandrashekar, Respecting a Freedom of Information Request to Access to Police Services Accounting Records (FCS18030) (City Wide) (Outstanding Business List Item) - Page 5 of 5

5. The City no longer publishes detailed line budget, why not?

City Council approved revisions to the budget process, moving to service level performance measures and multi-year budgeting.

6. Why does the City need 19 communication officers?

Staff from the City Manager's office has had numerous discussions with Mr. Chandrashekar in person, via phone and e-mail, explaining the duties of the communication officers and the communication officer staffing level at the City and other Municipalities.

7. Why did the City hire external for Manager of Accounting Services when there were qualified internal candidates and it was appropriate to go internal?

This is Mr. Chandrashekar's personal opinion, no response provided

8. Human Resources should be working closely with senior management on hiring:

All hiring for the City of Hamilton is done through and must be approved by Human Resources.

No further action is required to address the concerns raised by Mr. Chandrashekar.

Appendices and Schedules Attached

Appendix "A" to Report FCS18030- Issues Identified by Shekar Chandrashekar - City Manager's Office - Audit Services, City of Hamilton

RM/dw

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

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

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

Memorandum

Date: January 15, 2018

To: Mike Zegarac, General Manager, Finance and Corporate Services
Corporate Services

From: Charles Brown, Director of Audit Services
City Manager's Office - Audit Services

Subject: Issues Identified by Shekar Chandrashekar

I have reviewed two items referred to me by yourself pursuant to the letter tabled by Shekar Chandrashekar at AF&A Committee. My review comments are based on information I have received from the relevant departments responding to my enquiries and analysis. I did not conduct an audit of this information.

Municipal Contributions to Police Services

The letter states that "KPMG of Hamilton arbitrarily reduced the municipal contribution to police services operations by over \$1.5 million without explaining the basis for the change in their note two of the Statement of Operations [December 31, 2015]".

The budgeted municipal contribution to the Hamilton Police Service for the year ended December 31, 2015 was \$149,091,955. The municipal contribution as it appears on audited financial statements for the same period was \$147,287,587. I was advised by finance staff and it was confirmed with the external auditor that the reduction was necessary to ensure the financial statements conform to PSAB requirements (Public Sector Accounting Board). Essentially what this means is that the definitions of what constitutes a revenue or expense item are different in PSAB and therefore do not precisely match what are considered revenues or expense items in the budget format approved by Council. This is a reality faced by all municipalities.

The individual explanations I've been given for each line item adjustment in note 2 are consistent with changes that would be necessary under PSAB. Thus, the rationale for a reduction in amount, i.e. to meet PSAB requirements, appears to be valid. The financial statements of HPS, in order to receive an unqualified opinion from external auditors must be conformed to PSAB accounting principles.

On the issue of whether the disclosure made in note 2 provides adequate explanation of the adjustments to the original number, the situation is more problematic. While the adjusting entries themselves appear to be appropriate and consistent with requirements to meet PSAB standards, the disclosure format and explanations of individual adjustments are lacking. A general reference is made to PSAB in note 1 but there is no articulation of how it is being applied to each element in note 2.

Subject: Investigation of Whistleblower Allegations (Case 2016-001)

Page 2 of 3

In the financial statements of the following year, December 31, 2016, the disclosure was much improved. With Hamilton City Council approval (FCS17073, August 2017) to eliminate the Police Services annual audit of their Schedule of Operations, separate PSAB reporting for HPS will no longer be required. However, should separate statements be produced and audited in the future, you may wish to consider opening discussions with HPS and the auditors about adding individual explanations of the required PSAB changes, perhaps with footnoting, to further enhance and improve transparency and avoid confusion.

Pan-Am Games

The key issue presented in the letter by Mr. Chandrashekar is that the claim submitted to, and received by the Ministry of Community Safety and Correctional Services in the amount of \$2.7 million "is significantly higher than the actual expenditures recorded in their actual available funds report obtained through FOI."

I have examined the available funds reports for the relevant years and concur with the observation made by Mr. Chandrashekar that the recorded "Pan Am Dept. ID" expenses in those reports fall short of the amount claimed.

After making enquiries to HPS about the discrepancy between the amount of the claim and the accumulated Pan AM Dept. ID expenses I received the explanation that the Pan Am cost centre expenses only covered those related to staff assigned full-time to the planning phase of the games and away from their regular duties. Expenditures for front line officers intermittently assigned to Pan Am security were expensed to their home departments due to the cost and administrative burden of transferring them temporarily to another Dept. ID. Accordingly, a significant portion of eligible costs were not captured by the Pan Am Dept. ID account.

In reviewing the matter with HPS staff I learned that the claim was substantiated by individual invoices sent monthly to MCSCS with all supporting documentation. This documentation was made available to PricewaterhouseCoopers (PwC), the auditors who attested to the accuracy of the claim in accordance with the Cost Contribution Agreement with the Ministry of Community Safety and Correctional Services. The financial statement of eligible expenditures, which accounted for the full amount of claim, received PwC's unqualified audit opinion that it was prepared in accordance with the Cost Contribution Agreement. An unqualified audit opinion rendered by an independent third party is the highest form of assurance available and the auditors must adhere to rigorous standards, including adequate testing, to render such an opinion.

Given all the above, I have no reason to doubt the validity of the claim submitted and paid to HPS for eligible Pan Am expenditures.

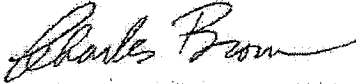
For your additional information, you may recall that there were media reports linking the claim to the fact that HPS had a surplus, and by implication the claim was overstated. I discussed this with HPS and the primary reason for a surplus appears to be that there were operational requirements for Pan Am security that HPS was obligated to fulfill which couldn't have been met simply by making use of off duty personnel. So, a command decision was made to cancel leave for the sworn contingent of HPS.

Subject: Investigation of Whistleblower Allegations (Case 2016-001)

Page 3 of 3

As a result of the cancellation of annual leave, HPS incurred substantially less overtime and costs related to calling in off duty personnel that ultimately saved \$1.2M.

I trust you will find this information satisfactory.



Charles Brown, CPA, CA, CPA (Illinois)

Director of Audit Services

(905) 546-2424 ext.4469

Charles.Brown@hamilton.ca

cc: Brian McMullen

Rick Male

John Randazzo