



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	August 15, 2019
SUBJECT/REPORT NO:	Audit and Accountability Fund Transfer Payment Agreement (FCS19059(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the Mayor and City Clerk be authorized and directed to sign a Transfer Payment Agreement substantially in the form and content attached as Appendix "A" to Report FCS19059(a) between the City of Hamilton and Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the transfer of funds from the Audit and Accountability Fund, 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 Transfer Payment Agreement for the transfer of funds from the Audit and Accountability Fund between the Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing and the City of Hamilton, attached as Appendix "B" to Report FCS19059(a), be approved;
- (c) That a certified copy of the approved by-law authorizing the signing of the Transfer Payment Agreement be forwarded to the Ministry of Municipal Affairs and Housing upon Council approval.

EXECUTIVE SUMMARY

Council, at its June 12, 2019 meeting, directed staff to provide options for potential application to the Audit and Accountability Fund (Fund), that fall within the criteria of the program guidelines, with an associated cost of up to \$250,000.

The Province announced, on May 21, 2019, the creation of the \$7.35 M Fund for large urban municipalities and school boards in Ontario “to help municipalities become more efficient and modernize service delivery while protecting front line jobs.” The Fund is a conditional grant program available to 39 large urban municipalities and 10 school boards across the province.

To be eligible for this funding, the Province expects a review of municipal expenditures to find efficiencies. The Province has outlined three forms a review project could take including:

- A line-by-line review of the municipality’s entire budget;
- A review of service delivery and modernization opportunities;
- A review of administrative processes to reduce costs.

Given the parameters / options of the program, on June 26, 2019, Council approved that the City explore an Expression of Interest under “a review of service delivery and modernization opportunities” stream specifically, a third-party review of the City’s use of external consultants and contractors. The Review will examine feasible and innovative service delivery options where external consultants and contractors are utilized extensively. The Review will focus on the overall service performance in relation to approved service standards. The outcome of the Review will be to identify sustainable long-term service delivery efficiencies and associated cost savings.

The reporting requirement of this Fund is extremely short with a final report by the third-party to be posted publicly by November 30, 2019 and therefore, the City will need to single source a third-party consultant to complete this work to meet the provincial timelines.

On August 8, 2019, the City was notified that it will receive funding of up to \$250 K towards the Review of Use of External Contractors and Consultants (refer to Appendix “C” to Report FCS19059(a)). A condition of the Fund is for the City to enter into a Transfer Payment Agreement (refer to Appendix “A” to Report FCS19059(a)) and the enactment of a by-law authorizing it to sign a Transfer Funding Agreement (TPA) with the Ministry of Municipal Affairs and Housing (refer to Appendix “B” to Report FCS19059(a)).

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Execution of the TPA will allow the City to become eligible to receive up to \$250 K in funding from the Audit and Accountability Fund.

Staffing: The Review will be conducted by a third-party consultant with the assistance of City staff, where required. It is not expected to dedicate staff for this purpose.

Legal: The attached by-law (Appendix “B” to Report FCS19059(a)) authorizing the signing of the TPA, along with a signed copy of the TPA, is required to be submitted to the Ministry of Municipal Affairs and Housing for the City to receive funds under the TPA.

HISTORICAL BACKGROUND

On May 21, 2019, the Premier announced the creation of the Audit and Accountability Fund (Fund) for the 39 large urban municipalities and 10 school boards in Ontario. The City received a follow up letter on May 29 from Laurie LeBlanc, Deputy Minister in Municipal Affairs and Housing with the program eligibility and requirements for next steps.

The Fund is a conditional grant program under which large urban municipalities can apply to undertake expenditure reviews with the goal of finding efficiencies. For a municipality to be eligible for funding under the Fund, the proposed review project must:

1. Review municipal expenditures to find efficiencies. The review project could take a number of forms including:
 - A line-by-line review of the municipality’s entire budget;
 - A review of service delivery and modernization opportunities;
 - A review of administrative processes to reduce costs.
2. Result in a final report by the independent third-party reviewer that provides specific and actionable recommendations for cost savings and improved efficiencies.
3. Be completed by November 30, 2019. Municipal applicants will be required to post publicly the independent third-party report that outlines the analysis, findings and actionable recommendations by November 30, 2019.

On June 27, 2019, staff submitted an Expression of Interest to the Ministry of Municipal Affairs and Housing as required in the Fund’s guidelines after receiving Council approval on June 26, 2019.

On August 8, 2019, the City was notified by the Ministry of Municipal Affairs and Housing that it will receive funding of up to \$250 K towards the Review of Use of External Contractors and Consultants (refer to Appendix “C” to Report FCS19059(a)). A condition of the Fund is for the City to enter into a Transfer Payment Agreement (refer to Appendix “A” to Report FCS19059(a)) and the enactment of a by-law authorizing it to sign a Transfer Funding Agreement (TPA) with the Ministry of Municipal Affairs and Housing (refer to Appendix “B” to Report FCS19059(a)).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

N/A

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

N/A

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

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 FCS19059(a) – Ontario Transfer (Audit and Accountability Fund) Transfer Payment Agreement

Appendix “B” to Report FCS19059(a)) – City of Hamilton By-law To Authorize the Signing of a Transfer Payment Agreement for the Transfer of Audit and Accountability Funds

Appendix “C” to Report FCS19059(a) – August 8, 2019 Letter from Minister of Municipal Affairs and Housing

JS/dt