




CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 22, 2022
SUBJECT/REPORT NO:	Hamilton Future Fund Audit – Management Action Plans (AUD21013(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard, CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
SUBMITTED BY:	Charles Brown, CPA, CA City Auditor Office of the City Auditor
SIGNATURE:	

RECOMMENDATION

- (a) That the Management Action Plans, as detailed in Appendix “A” of Report AUD21013(a) be approved; and,
- (b) That the General Manager of Finance and Corporate Services be directed to implement the Management Action Plans (attached as Appendix “A” to Report AUD21013(a) and report back to the Audit, Finance and Administration Committee by September 2023 on the nature and status of actions taken in response to the audit report.

EXECUTIVE SUMMARY

The Hamilton Future Fund (HFF) was established in 2002 when Hamilton Hydro was sold for \$137M. Two reserve funds were created:

- \$100M invested to provide income which will be used to fund various projects and initiatives (Fund A); and

- \$37M to provide funding for various City and community organizations and initiatives (Fund B).

The mission of the HFF is to create a permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life. As a result, the HFF awards loans and grants to fund various capital projects to benefit the citizens of Hamilton. Oversight of the HFF is provided by a Board of Governors comprised of both City Councillors and citizen members.

An audit of the HFF was completed in December 2021. The overall objective of the audit was to perform an assessment of the effectiveness of the HFF, including:

- Fund governance and oversight;
- Adequacy of the processes to manage grants and loans;
- Sufficiency and transparency of reporting of the fund financial position, including investments to the Board of Governors and GIC; and
- Adequacy of performance measures including the outcomes achieved from the HFF grants and loans.

A total of 10 recommendations were made in December 2021 (Report AUD21013). At that time an overall management response was provided, with Council direction to Corporate Services to provide detailed management action plans to the OCA by June 2022.

This report presents these management action plans Committee as Report AUD21013(a) so that direction to staff can be provided regarding implementation of the action plans.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

The Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) included the completion of a compliance and value for money audit of the Hamilton Future Fund. The results of that audit were reported in December 2021 as Report AUD21013.

Council provided direction to staff regarding Report AUD21013:

- (c) That the General Manager of Corporate Services be directed to formulate comprehensive management action plans and submit these to the Office of the City Auditor by June 2022.

The Office of the City Auditor received the management action plans in August 2022. We reviewed the management action plans, found them to be adequate and are presenting them to Committee as Report AUD21013(a) so that direction to staff can be provided regarding implementation.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

RELEVANT CONSULTATION

Appendix “A” to Report AUD21013(a) includes management action plans from management responsible for overseeing for overseeing the Hamilton Future Fund within the City’s Corporate Services Department.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The overall objective of the Hamilton Future Fund audit was to perform an assessment of the effectiveness of the HFF, including the governance, oversight and management processes.

The OCA brought forward ten recommendations in Report AUD21013 in December 2021 to strengthen fund governance, including:

- Development of a strategic plan for the use of funds, which incorporates public consultation;

- Formalization of the roles of City employees to support the HFF, including a fund administrator;
- Improvements in the processes for grant awards; and
- Monitoring of performance measures for projects receiving funding.

Management agreed with all 10 recommendations. Management committed to providing a comprehensive management action plan to the OCA by June 2022. These were received by the OCA in August 2022. We reviewed these responses and found that they adequately address the audit recommendations and are submitted to this Committee for approval and to direct Management to implement these action plans. The recommendations and management action plans can be found in Appendix “A” to Report AUD21013(a).

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community

Economic Prosperity and Growth

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

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 AUD21013(a) – Recommendations and Management Action Plans