



Hamilton

Office of the City Auditor

# Hamilton Future Fund Audit

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# Recommendations and Management Action Plans

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**September 22, 2022**

**Office of the City Auditor  
Brigitte Minard, Deputy City Auditor  
Charles Brown, City Auditor**

## Introduction

The following ten recommendations made in December 2021 resulting from the Hamilton Future Fund (HFF) audit will improve oversight and governance of the HFF.

Please note that in December 2021, Management provided one, short management response, with a commitment to provide comprehensive management action plan to the Office of the City Auditor (OCA) by June 2022. The OCA received these action plans in August 2022 and finds that they adequately address the audit recommendations, and are therefore submitted to the Audit, Finance and Administration Committee for approval and for direction to be provided to Management to implement their action plans.

## Comment from Corporate Services

Further to the management response in AUD21013, Appendix B, Council has approved Hamilton Future Fund Governance Review and Reserve Strategy (FCS22045).

## Recommendation 1

That a terms of reference and a reserve strategy for the HFF be developed in order to ensure fund transparency, sufficiency and that the mission and guiding principles are achieved. A reserve strategy for the HFF can outline how the funds will be used in alignment with the City’s strategic plan.

## Recommendation 2

That Management (in consultation with the HFF Board of Governors), consider conducting public consultations regarding the development of a fund strategy that includes ensuring future approve projects are in alignment with the City’s strategic plan.

## Management Action Plan – Recommendations 1 and 2

### Agree

HFF Governance and Reserve Strategy including public consultation

Recommendations 1 and 2 of “Recommendations and Management Response” (Appendix “B” to Report AUD21013) focus on creating a fund strategy that aligns with the City’s strategic plan and for that purpose, staff is

recommending the development and execution of a public consultation to gain public input on fund governance and the future use of the reserves.

On fund governance, staff will consult citizens on the option of continuing with the Board of Governors or make the HFF a City fund consistent with other funds such as the City Enrichment Fund. A number of investment alternatives will be presented including infrastructure, affordable housing, economic prosperity and community initiatives. Staff will also consult with Councillors, HFF Board members and other interested stakeholders.

Staff will report back to the Governance Review Sub-Committee in 2023 with the results of the public engagement and recommendations on a fund strategy and governance model.

**Estimated Completion:** Q4 2023

### **Recommendation 3**

That the roles, responsibilities and accountabilities of City staff who support the HFF be formalized, including the assignment of fund administrator duties so that HFF administrative matters are adequately managed on an ongoing basis.

### **Management Action Plan**

#### **Agree**

Upon conclusion of the consultation process, and subsequent development of a reserve strategy, staff will develop the appropriate roles and responsibilities of a fund administrator.

**Estimated Completion:** Q4 2023

### **Recommendation 4**

That there be a defined meeting schedule for the Board of Governors, including a specified number of meetings per year, to provide adequate and timely oversight to the HFF activities.

## Management Action Plan

### Agree

In consultation with Clerks and the Board Chair, a schedule will be proposed for 2023, during this interim review period.

**Estimated Completion:** Q1 2023

## Recommendation 5

That the existing Fund B checklist be revised to become an evaluation form that includes scoring of grants in each application category/criteria. Consistent evaluation practices will enhance the objectivity and transparency when evaluating the following:

- The grant application's alignment with the objectives of the program; and
- Justification of the selection of the grant recipients based on the merit of the proposal.

## Recommendation 6

That the Board consider revising the grant application form and scoring checklist/evaluation to include criteria on how the project contributes to equity, diversity and inclusion in Hamilton.

## Recommendation 7

That the processes for contract management of grants be formalized and strengthened, with attention to the following areas:

- Development of a standard format or template for progress and final reporting of grant activities including project expenditures and outcomes;
- Requiring that progress and final reports on expenditures and project outcomes be submitted at regular intervals as part of the grant agreements;
- City staff (Fund Administrator) be required to follow-up on the receipt and completeness of progress and final reports including the use of funds and outcome measures;
- Consideration be given to the payment of funds in installments according to the length and progress of the project;

- Develop guidelines around the right to audit grant recipients if required according to the monitoring of progress reporting and use of funds; and
- Consult with Legal Services, as appropriate.

### **Recommendation 8**

That the HFF Administrator develop performance measures and reporting to demonstrate the achievement of program goals and value-for-money for funded projects, both internal and external to the City.

### **Recommendation 9**

That performance reporting be used to develop future evaluation criteria and HFF investment priorities that are in alignment with the objectives and guiding principles of the HFF.

## **Management Action Plan – Recommendations 5, 6, 7, 8, and 9**

### **Agree**

Pending the outcomes of the consultation process, Council's decisions regarding Reserve Strategy and Governance, actions plans will be prepared.

**Expected Completion:** Q4 2023

### **Recommendation 10**

That management follow the direction of Council and provide regular reporting (i.e. at least annually) on the reserve and projects funded from the HFF.

## **Management Action Plan**

### **Agree**

Regular reporting to HFF Board of HFF reserve balances and investment performance for Funds A and B can be scheduled on an annual basis. Board meetings will be scheduled as per Management Action Plan to Recommendation 4.

**Expected Completion:** Q1 2023