



AUDIT, FINANCE & ADMINISTRATION COMMITTEE REPORT 13-001

9:30 a.m.

Thursday, January 17, 2013

Council Chambers

Hamilton City Hall

71 Main Street West

Present: Councillors M. Pearson (Chair), B. Clark and B. Morelli

Absent with

Regrets: Councillors B. Johnson and R. Powers – Other City Business

THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE PRESENTS REPORT 13-001 AND RESPECTFULLY RECOMMENDS:

- 1. Treasurer's Apportionment of Land Taxes (FCS13001) (Wards 8 and 13) (Item 5.1)**
 - (a) That the 2011 land taxes in the amount of \$43,866.71 for 531 Rymal Rd. W., Hamilton (Roll #2518 081 101 08210 0000 and Roll #2518 081 101 08591 0000) be apportioned and split amongst the forty-eight newly created parcels as set out in Appendix "A" to Report 13-001; and,
 - (b) That the 2012 land taxes in the amount of \$4,511.13 for 316 MacNab St., Dundas (Roll #2518 260 140 33400 0000) be apportioned and split amongst the two newly created parcels as set out in Appendix "A" to Report 13-001.

- 2. Appointment of Treasurer and Deputy Treasurers (FCS13006) (City Wide) (Item 5.2)**
 - (a) That the By-Law, to provide for the appointment of the Treasurer and Deputy Treasurers, attached as Appendix "A" to Report FCS13006, be passed;
 - (b) That By-Law 09-078, to appoint a Treasurer, be repealed; and,

(c) That By-Law 11-139, to provide for the appointment of Deputy Treasurers, be repealed.

3. Follow Up of Audit Report 2011-05 – Ontario Works - Overpayments to Active Clients (AUD13002) (City Wide) (Item 5.3)

That Report AUD13002, respecting the follow up of Audit Report 2011-05, Ontario Works – Overpayments to Active Clients, be received.

4. Follow Up of Audit Report 2011-03 - Sole and Single Source Procurement (AUD13003) (City Wide) (Item 5.4)

That Report AUD13003, respecting the follow up of Audit Report 2011-03, Sole and Single Source Procurement, be received.

5. Follow Up of Audit Report 2010-11 - Citizen Service Centre - Funds Handling (AUD13004) (City Wide) (Item 5.5)

That Report AUD13004, respecting the follow up of Audit Report 2010-11, Citizen Service Centre – Funds Handling, be received.

6. 2013 Temporary Borrowing and Interim Tax Levy By-laws (FCS13003) (City Wide) (Item 5.6)

(a) That Appendix “A”, attached to Report FCS13003, a By-law to Authorize the Temporary Borrowing of Monies to Meet Current Expenditures Pending Receipt of Current Revenues for 2013, be passed; and,

(b) That Appendix “B”, attached to Report FCS13003, a By-law to authorize an Interim Tax Levy for 2013, be passed.

7. 2013 Business Plan – City Manager’s Office (CM12017) (City Wide) (Item 7.1)

That the 2013 Business Plan for the City Manager’s Office be approved, as amended.

8. 2013 Business Plan – Finance & Corporate Services (CM12017) (City Wide) (Item 7.2)

- (a) That staff be directed to develop a method of incorporating the *Accessibility for Ontarians with Disabilities Act* (AODA) requirements into reports and policies being provided to City Committees, and report to the Governance Review Sub-Committee.
- (b) That the 2013 Business Plan for the Corporate Services Department be approved, as amended.

9. Treasurer’s Write-Off of Taxes under Section 354 of the *Municipal Act, 2001* (FCS13004) (Ward 4) (Item 8.3)

That staff be authorized to write-off taxes up to \$203,709 for four properties at 1154 and 1162 Barton Street East and 50 and 52 Fraser Avenue, known as the Olympia Banquet Centre.

10. Annual Follow Up of Outstanding Audit Recommendations (AUD13007) (City Wide) (Item 8.4)

That Report AUD13007, respecting the Annual Follow up of Outstanding Audit Recommendations, be received.

11. 2013 Internal Audit Work Plan (AUD13001) (City Wide) (Item 8.5)

That Appendix “B” attached to Report 13-001, respecting the 2013 Internal Audit Work Plan, be approved.

12. Audit Report 2012-06 - Snow Clearing / Salt & Sand Contracts (AUD13005) (City Wide) (Item 8.6)

- (a) That the Management Action Plans, attached as Appendix “C” to Report 13-001 be approved; and,
- (b) That the General Manager of Public Works be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix “C” to Report 13-001) implemented.

13. Audit Report 2012-10 - Public Health Services (PHS) - Tobacco Control Program (AUD13006) (City Wide) (Item 8.7)

- (a) That the Management Action Plans, attached as Appendix "D" to Report 13-001, be approved; and,
- (b) That the Medical Officer of Health be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "D" to Report 13-001) implemented.

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised of the following change to the agenda:

- (i) Added as Item 4.1 – a delegation request, submitted by John Gray, of Municipal Solutions, respecting Item 8.2 – Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule

The agenda for the January 17, 2013 Audit, Finance & Administration Committee meeting was approved, as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

(i) December 10, 2012 (Item 3.1)

The Minutes of the December 10, 2012 meeting of the Audit, Finance and Administration Committee were approved, as presented.

(d) DELEGATION REQUESTS (Item 4)

- (i) John Gray, of Municipal Solutions, respecting Item 8.2 – Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule (Item 4.1)**

The delegation request from John Gray, of Municipal Solutions, respecting Item 8.2 – Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule, was approved.

(e) DELEGATIONS (Item 6)

- (i) Sunil Angrish (previously Matthew Sweet), respecting Green Venture's Community Partnership Program Grant Application for Open Streets Hamilton (Item 6.1)**

The delegation from Sunil Angrish (previously Matthew Sweet), respecting Green Venture's Community Partnership Program Grant Application for Open Streets Hamilton remained tabled to the February 11, 2013 meeting.

- (ii) Pete Wobschall, Director, Green Venture, respecting Green Venture's Community Partnership Program Grant Application for Open Streets Hamilton (Item 6.2)**

The delegation from Pete Wobschall, respecting Green Venture's Community Partnership Program Grant Application for Open Streets Hamilton remained tabled to the February 11, 2013 meeting.

- (iii) Gord O'Coin, of the Christian Labour Association of Canada (CLAC), respecting Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule (Item 6.3)**

The delegation from Gord O'Coin, of the Christian Labour Association of Canada (CLAC), respecting Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule, was tabled to the March 25, 2013 Audit, Finance & Administration Committee meeting.

- (iv) Joe Beattie, of the Hamilton-Brantford, Ontario Building and Construction Trades Council, respecting Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule (Item 6.4)**

The delegation from Joe Beattie, of the Hamilton-Brantford, Ontario Building and Construction Trades Council, respecting Report (FCS12083/HUR12015), Proposed Fair Wage Policy and Fair Wage Schedule, was tabled to the March 25, 2013 Audit, Finance & Administration Committee meeting.

(f) STAFF PRESENTATIONS (Item 7)

(i) 2013 Business Plan – City Manager’s Office (CM12017) (City Wide) (Item 7.1)

Chris Murray, City Manager, addressed Committee and provided a PowerPoint presentation, respecting the 2013 Business Plan for the City Manager’s Office. Mr. Murray’s presentation included, but was not limited to, the following:

• The 2012 Accomplishments:

(i) Audit Services Division

- Approval of and budget for the Value for Money Audit Program (including two additional staff).
- Completion of the 2012 Internal Audit Work Plan.

(ii) Legal Services Division

- Rural Official Plan in effect. Outstanding appeals tied to other development initiatives and projects.
- HECFI Request for Proposal process and award completed.
- In 2012, resolved claims against the City totaling \$124 million for \$4.7 million.

(iii) City Manager’s Office

- Neighbourhood Development Strategy.
- Approval of the 2012 – 2015 Strategic Plan.
- Development of first ever Corporate based Departmental Business Plans for 2013.
- Approval of revised Media Plan.
- Vision 2020 Sustainability Indicators Report.
- Supported International Council for the Local Environmental Initiatives Liveable Cities Conference in Hamilton in November 2012.

- Increased communication with supervisory staff and union leadership.
 - First ever Expanded Extended Management Team meeting (550+ staff).
 - Facilitated Randle Reef community funding solution.
 - Facilitated early return of Piers 7 & 8 process (MOU slated for 2013).
 - Facilitated HECFI review and RFP process.
- (iv) Human Resources Division
- Completion of Workforce Profile, including projected retirements.
 - Employee Attendance Management Action Plan launched.
 - Succession Planning Risk Assessment completed for Senior Management positions.
 - Leadership Pathway, Learning and Development Framework and Tuition Reimbursement policy developed to support a culture of continuous learning and succession development.
 - Performance management system revised and core competencies established for all positions; system to be piloted in 2013 and evaluated before Corporate wide roll-out.
 - Eight (8) collective agreements finalized.
 - Casual/part time and in-scope arbitrations settled with savings of approximately \$4.5 million.
 - Labour relations/legal review of Pan Am contract with ProjectCo and Infrastructure Ontario plus negotiation with Carpenters Union to enable general contractor construction of stadium.
 - Developed six (6) policies arising from Recruitment and Selection Audit.
 - Other policies developed - Telecommuting, Influenza Immunization, Organization Restructuring, Vacation Entitlement, and Inclement Weather.
- **2013 Business Plan Highlights**
 - Neighbourhood Action Plans
 - Complete agreements related to implementation plan and financing strategy for Randle Reef.
 - Complete the Memorandum of Understanding (MOU) and operating agreement for Piers 7 & 8.

- Complete operational agreements with new managers of HECFI assets.
- Initiate a community and stakeholder engagement process that will lead to the development of a draft Community Vision and goals around “what Hamilton will look like in 2050” to replace Vision 2020. Adoption of the Vision is expected in 2014.
- Development and implementation of a Foreign Direct Investment Strategy with an emphasis on immigrant entrepreneurs.
- Continue to support, participate in and implement the Service Delivery Review.
- Develop an Open Data Strategy for Council approval and initiate implementation strategies.
- Review municipal comparators and prepare reports for the Non-Union Compensation Sub Committee.
- Continue to implement management action plan arising out of internal audit on recruitment and selection.
- Implement the Value for Money performance audit program.
- Focus on enhanced efficiency of *Provincial Offences Act* prosecutions.
- The City Manager and staff through increased engagement activities.
- Continue to develop and implement the Workforce Management Strategy – succession planning for leadership and critical need positions, leadership and management development program, attraction and retention that fosters diverse and inclusive workforce.
- Continue to develop and update Human Resource policies and procedures.
- Standardize across the corporation the Employee Recognition Program.
- Continue to progress Employee Attendance Management Action Plan; implement Healthy Workplace strategy.
- Establish and progress the desired organizational culture.
- Continue to plan for and implement Workforce Management technology, as per capital budget approvals (e.g. automated workflow and approvals).
- Collective bargaining with CUPE 1041 and Hamilton Professional Fire Fighters Association Local 288.

Staff was directed to amend the 2013 Business Plan for the City Manager’s Office to include the development of a Social Media Policy and report back to the Audit, Finance & Administration Committee.

The presentation, respecting the 2013 Business Plan for the City Manager's Office, was received.

(ii) 2013 Business Plan – Finance & Corporate Services (CM12017) (City Wide) (Item 7.2)

Mike Zegarac, Acting General Manager of Finance & Corporate Services, addressed Committee and provided a PowerPoint presentation, respecting the 2013 Business Plan for the Corporate Services Department. Mr. Zegarac's presentation included, but was not limited to, the following:

- **2012 Accomplishments:**
 - Records Management - over 2,800 file transfer requests in and out of off-site storage. Accepted more new file boxes for storage (1,800) than were shredded (1,000) (City Clerks).
 - Clerked over 1,800 hours of Committee/Council meetings; prepared 2,130 agendas/minutes/reports and processed over 2,700 staff reports (City Clerks).
 - Early Resolution began March 31, 2012 for Part One Offence Notices allowing defendants to meet with a Prosecutor to arrive at a resolution and avoid a trial (City Clerks – POA).
 - Coordinated electronic building permit data transfer to MPAC (Taxation).
 - Assisted Economic Development in evaluation and recommendation of changes to Tax Incentive Programs (Taxation).
 - Improved focus on Quality Management at Customer Contact Centre.
 - After hours dispatch radio system update to computer-based system at Customer Contact Centre.
 - Completed 2013-2017 Multi-Year Accessibility Plan (Access & Equity).
 - Initiated improved control tracking measures at Municipal Service Centres.
 - Completed 2012 Accessibility Plan Status Report (Access & Equity).
 - Completed Service Delivery Review, establishing performance measures and identification of recommended service levels (Financial Planning & Policy – FP&P).
 - Initiated first phase of web re-development project (FP&P).
 - Coordinated 2012 budget processes (FP&P).
 - Resolved 2009 and 2011 DC appeals (FP&P).
 - Maintained AA credit rating status (FP&P).
 - Placed approximately \$98 million in debt (FP&P).

- Generated \$5M in capital gains through investment strategy – reserve funds (FP&P).

- **2013 Business Plan Highlights - Strategic Priority #1**
 - Provide tax analysis on Enterprise Projects (Tax).
 - Strive for a zero % levy increase (all).
 - Develop an implementation plan for a Common Address Database (IS).
 - Support the development of an RFP for a residential water/wastewater protection plan (FP&P).
 - Develop financial case/impact of LRT Financial Sustainability Debt policy (FP&P).
 - Reserve policies (FP&P).
 - Review of multi-year tax-supported operating budget (FP&P).

- **2013 Business Plan Highlights - Strategic Priority #2**
 - Enterprise wide Geographic Information systems (GIS) upgrade (IS).
 - Automated Vehicle Location (AVL) System software upgrade (IS)
 - IS business process improvements in response to an Internal Audit (IS).
 - Upgrades to the City's voice and data network to meet increased demands (IS).
 - Enhance efficiency in POA Court Administration by scheduling phone-in early resolution requests (City Clerks).
 - Complete RFP for 2014 Municipal Election voting equipment (City Clerks).
 - Promote different payment options (Taxation).
 - Implementation of KPMG recommendations from the "Accounts Payable Review" (Financial Services).
 - Web redevelopment, including addressing AODA requirements (Customer Service, Access & Equity).
 - Call Handling review follow-up for efficiencies and improved service (Customer Service, Access & Equity).

- **2013 Business Plan Highlights - Strategic Priority #3**
 - Multi-Year Accessibility Plan implementation (Customer Service, Access & Equity).
 - Equity and Inclusion Policy Implementation (Customer Service, Access & Equity).

- Barrier Free Guidelines Update (Customer Service, Access & Equity).

The presentation, respecting the 2013 Business Plan for the Corporate Services Department, was received.

- (g) Green Venture for Open Streets Hamilton (SE-9) (GRA12006(a)) (Tabled at October 4, 2012 AF&A meeting.) (Item 8.1)**

This matter remained tabled until the February 11, 2013 meeting.

- (h) Proposed Fair Wage Policy and Fair Wage Schedule (FCS12083/HUR12015) (City Wide) (Item 8.2)**

Report FCS12083/HUR12015, respecting the Proposed Fair Wage Policy and Fair Wage Schedule was lifted from the table.

Report FCS12083/HUR12015, respecting the Proposed Fair Wage Policy and Fair Wage Schedule, was referred back to staff for a report to the March 25, 2013 Audit, Finance & Administration Committee.

- (i) Treasurer's Write-Off of Taxes under Section 354 of the *Municipal Act, 2001* (FCS13004) (Ward 4) (Item 8.3)**

That staff be directed to report back to the Audit, Finance & Administration Committee, respecting the outcome of the Power of Sale and proceeds with regard to the four properties at 1154 and 1162 Barton Street East and 50 and 52 Fraser Avenue, known as the Olympia Banquet Centre.

- (j) GENERAL INFORMATION/OTHER BUSINESS (Item 11)**

- (i) Amendments to the Outstanding Business List (Item 11.1)**

The following item was considered complete and removed from the Audit, Finance & Administration Committee's Outstanding Business List:

- (i) Item "O" - Annual Follow Up of Outstanding Audit Recommendations (AUD12018)

(k) ADJOURNMENT (Item 13)

There being no further business, the Audit, Finance & Administration Committee adjourned at 11:56 a.m.

Respectfully submitted,

Councillor M. Pearson, Chair
Audit, Finance & Administration Committee

Stephanie Paparella
Legislative Coordinator
Office of the City Clerk

APPORTIONMENT OF TAXES

That the original land taxes recorded against;

- (a) **Roll #2518 081 101 08591 0000** – (531 Rymal Rd. W., Hamilton) in the amount of \$43,866.71 be split amongst the forty-eight newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2011	0 Rymal Rd. W.	2518 081 101 08210 0000	180,083	\$ 2,663.92
2011	3 Raphael Court	2518 081 101 08991 0000	61,133	904.32
2011	7 Raphael Court	2518 081 101 08992 0000	58,384	863.65
2011	11 Raphael Court	2518 081 101 08993 0000	58,935	871.80
2011	15 Raphael Court	2518 081 101 08994 0000	58,384	863.65
2011	19 Raphael Court	2518 081 101 08995 0000	64,443	953.28
2011	23 Raphael Court	2518 081 101 08996 0000	63,341	936.98
2011	20 Raphael Court	2518 081 101 08997 0000	60,036	888.09
2011	16 Raphael Court	2518 081 101 08998 0000	64,994	961.43
2011	12 Raphael Court	2518 081 101 08999 0000	57,833	855.50
2011	8 Raphael Court	2518 081 101 09000 0000	57,282	847.35
2011	4 Raphael Court	2518 081 101 09001 0000	58,935	871.80
2011	7 Bernini Court	2518 081 101 09002 0000	69,400	1,026.62
2011	11 Bernini Court	2518 081 101 09003 0000	64,994	961.43
2011	15 Bernini Court	2518 081 101 09004 0000	69,400	1,026.62
2011	19 Bernini Court	2518 081 101 09005 0000	67,748	1,002.17
2011	20 Bernini Court	2518 081 101 09006 0000	58,935	871.80
2011	16 Bernini Court	2518 081 101 09007 0000	59,486	879.95
2011	12 Bernini Court	2518 081 101 09008 0000	56,732	839.22
2011	8 Bernini Court	2518 081 101 09009 0000	55,630	822.91
2011	4 Bernini Court	2518 081 101 09010 0000	55,630	822.91
2011	12 Giotto Lane	2518 081 101 09011 0000	56,732	839.22
2011	8 Giotto Lane	2518 081 101 09012 0000	55,630	822.91

Appendix "A" to Item 1 of AF&A Report 13-001
Page 2 of 3

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2011	4 Giotto Lane	2518 081 101 09013 0000	58,935	871.80
2011	7 Michelangelo Lane	2518 081 101 09014 0000	56,181	831.06
2011	11 Michelangelo Lane	2518 081 101 09015 0000	56,181	831.06
2011	15 Michelangelo Lane	2518 081 101 09016 0000	55,630	822.91
2011	19 Michelangelo Lane	2518 081 101 09017 0000	55,079	814.76
2011	23 Michelangelo Lane	2518 081 101 09018 0000	55,079	814.73
2011	57 Michelangelo Lane	2518 081 101 09019 0000	59,486	879.95
2011	64 Michelangelo Lane	2518 081 101 09020 0000	53,978	798.48
2011	60 Michelangelo Lane	2518 081 101 09021 0000	53,978	798.48
2011	56 Michelangelo Lane	2518 081 101 09022 0000	56,732	839.22
2011	52 Michelangelo Lane	2518 081 101 09023 0000	60,036	888.09
2011	48 Michelangelo Lane	2518 081 101 09024 0000	58,935	871.80
2011	44 Michelangelo Lane	2518 081 101 09025 0000	56,181	831.06
2011	40 Michelangelo Lane	2518 081 101 09026 0000	53,978	798.48
2011	34 Michelangelo Lane	2518 081 101 09027 0000	53,978	798.48
2011	28 Michelangelo Lane	2518 081 101 09028 0000	53,978	798.48
2011	22 Michelangelo Lane	2518 081 101 09029 0000	53,978	798.48
2011	61 Eagleleglen Way	2518 081 101 09030 0000	53,978	798.48
2011	65 Eagleleglen Way	2518 081 101 09031 0000	53,978	798.48
2011	69 Eagleleglen Way	2518 081 101 09032 0000	53,978	798.48
2011	73 Eagleleglen Way	2518 081 101 09033 0000	53,978	798.48
2011	77 Eagleleglen Way	2518 081 101 09034 0000	53,978	798.48
2011	81 Eagleleglen Way	2518 081 101 09035 0000	53,978	798.48
2011	85 Eagleleglen Way	2518 081 101 09036 0000	56,732	839.22
2011	Bellini Lane	2518 081 101 09037 0000	118,421	1,751.76
		Total	2,965,444	\$43,866.71

(b) **Roll #2518 260 140 33400 0000** – (316 MacNab St., Dundas) in the amount of \$4,511.13 be split amongst the two newly created lots listed below:

YEAR	ADDRESS	ROLL NUMBER	APPORTIONED ASSESSMENT	TAX AMOUNT
2012	316 MacNab St.	2518 260 140 33400 0000	248,700	\$ 3,233.19
2012	325 Mill St.	2518 260 140 34410 0000	98,300	1,277.94
		Total	347,000	\$ 4,511.13

CITY OF HAMILTON
PROPOSED 2013 INTERNAL AUDIT WORK PLAN PROJECTS

1. ANNUAL RESPONSIBILITIES

Audit Project	Project Description
Police Cash Accounts, Revenue Process and Procurement Card Usage	A requested independent verification of selected cash accounts and procurement card usage as well as a review of controls in various revenue collection processes are conducted.
Follow Up of Outstanding Recommendations from Previous Audit Reports	This work relates to the verification of the implementation status of audit recommendations from approximately 11 audit reports issued in the prior 12-18 months.
Procurement Card Usage	Several changes in processes and oversight have been made in this area over the last few years based on Audit Services annual reviews. Council has requested annual reviews until such time as the processes have all been tested for compliance and adequate control.
Annual Follow Up Process	In order to ensure that the Audit, Finance and Administration Committee has adequate information to fulfill its responsibilities for the oversight of governance and control, a follow up system of yearly updating on the status of uncompleted recommendations (and how they measure against a proposed 95% overall corporate completion rate) was developed and the results are reported annually to the Committee.

2. NEW PROJECTS

Audit Projects	Project Description
Information Services – Review of Asset Management (Hardware)	Considerable dollars are spent in the provision of technology resources for the City. In 2012, a contract for desktop and mobile computers and servers was awarded. A review of the roll out of the hardware as well as the administrative and management process is being considered after the audit of this subject was delayed from 2012. Such processes will be reviewed and assessed as to their ability to ensure sustainability of assets, provide adequate service to users and guide sound decision making.
Continuous Monitoring	A program to be known as Continuous Controls Monitoring will be investigated and developed. Specific data will be extracted from the financial system on an ongoing basis in order to identify and further investigate transactions that are unusual. A corporate-wide process will be selected as the first pilot project for the development of continuous control reports.

2. NEW PROJECTS (Continued)

Audit Projects	Project Description
Ethics	Ethics are at the heart of the control environment. The audit will review the most recent code of ethics/conduct, stakeholder understanding through communication within the City and the code’s alignment with corporate values. Handling of complaints under the code and the reporting of issues dealt with under the code will be investigated.
Construction Contracts Review	The review will focus on selected construction contracts and the adequacy of controls in tendering, awarding and managing of two selected contracts under Roads. Contract payments and other costs will be reviewed for supporting documents and reasonableness. Compliance with policies, procedures and contract terms and conditions will be assessed. Monitoring of deficiencies identified in the warranty period will also be included.
Inactive Landfill Sites – Controls and Liabilities	The City of Hamilton is responsible for the post closure maintenance of 12 inactive landfill sites. The perpetual care of any closed site can include various activities from simple monitoring to construction of containment structures. A liability of \$33.4 million for the closure of the current operational site and post closure care of the closed sites has been reported in the 2011 financial statements. In addition a reserve of \$666,000 has been established to finance future costs for closed landfill sites.
Overtime – Transit - Fire	Based on the January to August, 2012 overtime expenses, 2012 annual overtime expenses will likely fall in the range of \$9.7 million. Two areas which contribute greatly to this cost have been selected for review. Justification for the extent of overtime, its approval and related controls will be included in the audit.
Building Permit Fees	The Building Code Act authorizes Council to set and collect building permit fees in order to recover costs for the administration of the building permit process. This review will assess compliance with legislative requirements and City policies and procedures for charging, collecting and reporting on building permit fees.
Review of Inventory Controls at Water/WasteWater Storage Facilities	Water/WasteWater holds approximately \$1 million of parts and materials related to operations. This audit will include an evaluation of the adequacy of controls in managing this inventory.
Animal Services	The audit will review administrative practices with particular emphasis on the process relating to animal licences as well as control over collection of annual revenues of approximately \$1.4 million.

2. NEW PROJECTS (Continued)

Audit Projects	Project Description
Public Health – Cold Chain/BIOS Program	The Cold Chain/BIOS program receives vaccine from the Ontario Government Pharmacy and manages and distributes it to area physicians and institutions. Annually, Public Health receives over \$11 million worth of vaccine. The audit will review the various processes involved with the receipt, storage, management and distribution of the vaccines.
Traffic Operations	The Traffic Operations section of Public Works maintains and operates approximately 550 traffic signals and is also responsible for maintaining approximately 250,000 traffic signs on an annual basis. The section manufactures 10,000 traffic signs annually in the City’s in-house sign fabrication facility. The audit will involve an assessment of the management and administrative processes over these operations as well as inventory controls over parts and materials.
Homes for the Aged – Fees	The City operates two Homes for the Aged – Macassa and Wentworth Lodges, providing care and living accommodations to elderly and disabled adults. The Ministry of Health and Long Term Care provides standards for operation and fee schedules. The audit will concentrate on the determination of accommodation fees and their collection. In addition, a review of the administration of the residents’ trust funds will be assessed.
Investments	The Investment Section of Corporate Services is responsible for investing the assets of the City’s Reserve Funds, inline with the investment framework provided by the Statement of Investment Policies and Procedures (SIP&P). The audit will review the investment processes and procedures for initiating, tracking, maintaining and accounting for the investments of the funds.
EMS – Controlled Substances	For the provision of emergency health care, EMS maintains a stock of controlled medical substances in emergency vehicles and in stock inventory. In addition to comply with the Controlled Drug and Substances Act, processes and procedures for controls and administration over controlled substances inventory will be assessed.
Community Services – Employment Services	The City’s Community Services provides employment supports under the Ontario Works program. The facilitation or provision of services including training and skills development, case management, the employment centre and job development to eligible individuals in accordance with the Ontario Works Act and Directives will be reviewed.

2. NEW PROJECTS (Continued)

Audit Projects	Project Description
Community Services – Food Services and Revenue	Food and beverages are provided at various City locations – golf courses, arenas and recreation facilities. Expenditures related to the preparation and delivery of the food services will be reviewed as well as the controls and administration related to the collection of related revenues.
Network Security and Access	The City’s network allows large amounts of information to be easily transmitted and permits the sharing of data amongst departments. An environment of this nature is not without risk. Information must be secured against inappropriate use or destruction. The accuracy and integrity of records must be ensured. The audit will assess the administration and security practices which govern the City’s network environments.

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2012-06
SNOW CLEARING / SALT & SAND CONTRACTS**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Inventory Control – Salt and Salt/Sand Mix</u> The City uses a variety of materials such as salt and a salt/sand mix for winter snow and ice control. During the past winter season, the City purchased more than \$2.6 million in salt and \$270,000 of salt/sand mix.</p> <p>End of the year inventory counts of salt and salt/sand were performed at the 14 yards across the City. At nine of the 14 yards, there were salt variances between the inventory count and the amount reported in the Hansen inventory system greater than 100 tonnes. In four of the eight yards, there were salt/sand mix variances of over 100 tonnes.</p> <p>As a result, salt inventory was understated in Hansen by \$16,510 and the salt/sand mix was understated by approximately \$87,150.</p>	<p>That management improve practices of inventory control. By reconciling inventory in the yards to that recorded in the Hansen system more often throughout the year, overages and shortages may be easier to investigate and thus, take corrective action, if applicable.</p>	<p>Agreed. Loadrite will be installed on all the yard loaders. There will be a complete removal and reload of all stock from storage structures using the Loadrite system before and after the winter season.</p> <p>If a full time Winter Project Manager position is approved, Loadrite tickets will be reconciled each month and compared to the monthly estimates of inventory. This will allow staff to address any discrepancies between the actual inventory and Hansen.</p>

**SNOW CLEARING / SALT & SAND CONTRACTS
OCTOBER 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
2.	<p><u>Inventory Replenishment</u></p> <p>Salt and salt/sand mix are ordered by the Operations' Supervisors as their inventory is depleted. The contracts specify that the City is to receive the materials ordered the next day, weather permitting. The Supervisors in the East and West District yards do not maintain a log documenting when the order was placed. The lack of documentation makes it difficult for management to evaluate the vendor's performance with respect to deliveries as per the contract.</p> <p>The City does not confirm the inventory delivered from the vendor when it agrees to the quantity listed on the invoices. Inventory is not weighed upon delivery and City management does not visit the vendor periodically to inspect the process.</p> <p>The salt/sand mix contract has a provision that the materials delivered will meet specified quality requirements. The salt/sand mixture is required to be at a ratio of one part salt and three parts sand (1:3 ratio). Management does not confirm that the product received meets this standard. There is a risk that the City could be paying for a more expensive material than actually received. If a sub-standard mixture of salt/sand was applied to the roads, it may affect the safety conditions.</p>	<p>That Supervisors maintain a log with the material ordered and the date of the order. This information should be compared to the actual delivery date in order to evaluate the vendor's performance per the contract terms.</p> <p>That management weigh trucks on a sample basis throughout the year on the City's weigh scales at the transfer stations to determine the reasonableness of the quantities billed.</p> <p>That management confirm the materials purchased meet the quality standard provisions specified in the contract.</p>	<p>Agreed. The East and West Districts will implement a similar recording practice that is currently being used in the North.</p> <p>Agreed. There will be spot checks of inventory being delivered by sending the delivery trucks to local transfer stations for weight verifications.</p> <p>Agreed. Quality control spot checks will be performed by external companies during various times throughout the season.</p>

**SNOW CLEARING / SALT & SAND CONTRACTS
OCTOBER 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
3.	<p><u>Reconciling IMOS Timesheets</u></p> <p>The City has a contract with Integrated Maintenance & Operations Inc. (IMOS) to provide winter road maintenance on some of the City roads. IMOS is responsible for monitoring and keeping the roads clear of ice and snow. IMOS submits invoices to the City for work performed and City staff verify the accuracy of the invoices by comparing the hours charged to the information provided from the Global Positioning System (GPS) units installed on IMOS vehicles. Discrepancies in time between the Operator timesheets and the output from the GPS units are required per the contract to be returned to IMOS for verification.</p> <p>During audit testing, several instances were noted where time claimed by IMOS exceeded what was recorded in the GPS records. City management attributed the differences to the time taken by IMOS to load trucks at the beginning of the shift and unload them on their return. However, no billing for idle time is to be made as per the term of the contract and as recently clarified under the new contract. The City could be paying more for the services provided by IMOS than provided for in the contract.</p>	<p>That management ensure IMOS is only being paid for "Operational Time" as per the terms of the new contract, which began on October 15, 2012.</p>	<p>Agreed. The recommendation has been addressed through the new contract and the full use of the GPS system.</p>

**SNOW CLEARING / SALT & SAND CONTRACTS
OCTOBER 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
4.	<p><u>GPS on City Vehicles</u></p> <p>The City's vehicles used in the clearing of winter snow and ice are equipped with GPS units. GPS data is used to verify that all streets have been cleared and/or salted. The GPS can also be used to verify that the work reported on the Daily Activity Sheets by the Supervisors is accurate.</p> <p>Currently, there is no reconciliation between the information provided by the GPS units and the work reported by the Supervisors in the Daily Activity Sheets which is recorded in the Hansen system.</p> <p>Accurate GPS records reconciled to the Daily Activity Sheets will improve the City's ability to limit its liability for accidents on City roads during winter conditions.</p>	<p>That management and staff compare the ploughing and materials spread information available from GPS reports to the Daily Activity Sheets and Hansen data. Differences should be investigated and documented.</p>	<p>Agreed. Random spot checks will be performed throughout the year. Due to existing staff limitations, it is not feasible to compare every GPS report to the Daily Activity Sheets and Hansen data.</p>
5.	<p><u>Snow Clearing Services</u></p> <p>Vendors (on-call or standby equipment and operators) are required to be on the work site within one hour of being called into services to assist with snow clearing and removal. Supervisors are not documenting when calls are made to on-call vendors, when they arrive for work and late arrivals. Vendors that do not show up within an hour impact the City's ability to clear snow in a timely manner and comply with a term of the contract.</p>	<p>That Operations' Supervisors responsible for contacting the vendors for snow clearing and removal document the time they place the calls to the vendors and the arrival times in the yard. Follow up should be performed with vendors that do not arrive within an hour as per the terms of the contract.</p>	<p>Agreed. The Contract Winter Project Manager will monitor the performance parameters of the vendors for 2013. If a new full time position is approved, this task will be part of his ongoing duties.</p>

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2012-10
PUBLIC HEALTH SERVICES (PHS) - TOBACCO CONTROL PROGRAM**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
1.	<p><u>Tobacco Vendor Inventory</u> A key deliverable specified in Schedule A-4 of the agreement between the City of Hamilton's Public Health Services (PHS) and the Ministry of Health Promotion and Sport (Ministry) (now the Ministry of Health and Long Term Care) is the maintenance by PHS of an inventory of all premises where tobacco products are sold.</p> <p>PHS maintains an inventory of such premises based on inspection data in the Tobacco Inspection System (TIS). However, the City's Municipal Law Enforcement Section also has a database of premises licensed to sell tobacco products. A comparison of the information in these two sources identified several differences - e.g. five locations with licenses to sell tobacco which were not included in the TIS. These vendors are not inspected by the Tobacco Enforcement Officers (TEOs) and present a risk that they may not be complying with the Smoke-Free Ontario Act (SFOA).</p>	<p>That PHS update their inventory of tobacco vendors to reflect all the premises licensed to sell tobacco products and thus, subject to inspection.</p> <p>That PHS and the Municipal Law Enforcement Section work co-operatively to regularly exchange related tobacco database changes and update their respective tobacco vendor inventories.</p>	<p>Agreed. Public Health Services will update their inventory of tobacco vendors.</p> <p>Agreed. PHS has been providing its current list of known tobacco vendors to Municipal Law Enforcement annually since 2006. PHS and Municipal Law Enforcement will develop a semi-annual process to jointly review current tobacco vendors with the intent of updating the respective departments' active lists. To be completed by June 2013.</p>

PUBLIC HEALTH SERVICES (PHS) - TOBACCO CONTROL PROGRAM
October 2012

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
2.	<p><u>Tobacco Vendor Inspections</u></p> <p>One of the program requirements specified in Schedule A-4 of the agreement between the City's PHS and the Ministry is the daily reporting in the TIS of the data collected from the inspections of tobacco vendors.</p> <p>One of the three TEOs that performs inspections has had difficulties intermittently throughout 2011 and 2012 in uploading inspection data from her computer tablet into the TIS. This results in incomplete records and any statistical information obtained from the TIS can be misleading. In addition, without the daily update of inspection data, PHS is not in compliance with the applicable term of the agreement with the Ministry even though the uploading issues have been reported.</p>	<p>That TIS be updated to include data from all inspections performed in 2011 and 2012.</p> <p>That an alternate procedure for use in times of data uploading issues be developed to ensure all inspection information is reported in TIS on a daily basis as specified in the agreement.</p>	<p>Agreed. Previous Smoke-Free Ontario Act inspections are being updated within the TIS. To be completed by Q1, 2013.</p> <p>Agreed. A policy and procedure will be developed, implemented and monitored pertaining to the frequency of TIS data entry practices. To be completed by Q2, 2013.</p>

PUBLIC HEALTH SERVICES (PHS) - TOBACCO CONTROL PROGRAM
October 2012

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN
3.	<p><u>Automatic Prohibitions of Tobacco Vendors</u></p> <p>Automatic prohibitions are Ministry directives forbidding vendors from selling tobacco products. Such prohibitions are usually the result of a variety of tobacco sales offences, the most common being the selling of tobacco products to youth under 19 years of age. The Smoke-Free Ontario Act (SFOA) Compliance Protocol states that a vendor that has incurred two tobacco convictions within a five year period will face a six month prohibition and three convictions within a five year period results in a nine month prohibition. However, the staff of the Tobacco Control Program only apply for automatic prohibitions of tobacco vendors after they have been convicted three times.</p>	<p>That staff of the Tobacco Control Program request automatic prohibition orders for vendors convicted of two tobacco sales offences, as per the Smoke-Free Ontario Act.</p>	<p>Agreed. PHS Tobacco Enforcement will apply to the Ministry of Health and Long Term Care (MOHLTC) for automatic prohibitions that are specific to eligible tobacco vendors using the established two registered convictions within the past five year threshold requirement as outlined in the Smoke-Free Ontario Act. Completed in Q4, 2012.</p>