SUBJECT: 2009 Tax Supported Operating Budget – City Manager (FCS09007a) (City Wide)

RECOMMENDATION:

a) That the 2009 net operating levy for City Manager, exclusive of Council referred items, be approved at $6,681,852; and

b) That the 2009 City Manager Council referred item per Appendix Two to report FCS09007a be received for consideration.

Joseph L. Rinaldo
Acting City Manager
**EXECUTIVE SUMMARY:**

The 2009 City Manager budget is submitted for Council’s consideration.

2009 Requested Budget – City Manager

The following Table highlights the 2009 Requested Budget vs. the Budget Guideline:

<table>
<thead>
<tr>
<th></th>
<th>2008 Budget</th>
<th>2009 Levy Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Maintenance¹ Levy Change</td>
<td>$6,375,000</td>
<td>$307,000</td>
<td>4.8%</td>
</tr>
<tr>
<td>Council Previously Approved</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Provincially Mandated</td>
<td>$0</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total 2009 Levy Change</td>
<td>$307,000</td>
<td>$307,000</td>
<td>4.8%</td>
</tr>
<tr>
<td>2009 Requested Budget</td>
<td>$6,682,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ excluding Council previously approved and provincially mandated items

The 2009 maintenance budget submission results in a levy increase of about 4.8% or $307,000 over 2008. The major cost impacting the City Manager’s budget is the employee-related expenses. There are no Council pre-approved items impacting this budget for 2009.

Council Referred Items:

Council has referred the following item to the 2009 budget process. It has not been included in the levy request identified above. A detailed form on the Council referred item can be found in Appendix Two to this report. The levy impact of this referred item is summarized as follows:

<table>
<thead>
<tr>
<th>Council Referred Items</th>
<th>FTE</th>
<th>Gross Impact</th>
<th>Net Levy Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit - Fair Wage Policy</td>
<td>1.00</td>
<td>$92,500</td>
<td>-</td>
</tr>
<tr>
<td>Total Council Referred Items</td>
<td>1.00</td>
<td>$92,500</td>
<td>-</td>
</tr>
</tbody>
</table>
Complement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager</td>
<td>61.00</td>
<td>61.00</td>
<td>60.00</td>
<td>(1.00)</td>
</tr>
</tbody>
</table>

The decrease in complement relates to a vacant position in the City Manager’s office.

**BACKGROUND:**

The budget summaries and overviews for City Manager can be found in the attached Appendix One to report FCS09007a.

**ANALYSIS/RATIONALE:**

As indicated the City Manager requested budget is increasing by $307,000 or 4.8%. The City Manager’s budget is almost entirely salary related and as such, the increase is driven by employee-related expenses. Other drivers include legal fees and decreased recoveries. City Manager is submitting one Council referred item, which has no levy impact.

The following identifies the department submission, by division excluding the Council referred item:

**City Manager**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration - City Manager</td>
<td>1,000,896</td>
<td>890,138</td>
<td>999,690</td>
<td>(1,206)</td>
<td>(0.1)%</td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td>4,810,150</td>
<td>5,298,964</td>
<td>5,103,160</td>
<td>293,010</td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>Internal Audit</td>
<td>563,589</td>
<td>573,680</td>
<td>579,002</td>
<td>15,413</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td>6,374,636</td>
<td>6,762,782</td>
<td>6,681,852</td>
<td>307,216</td>
<td>4.8%</td>
<td></td>
</tr>
</tbody>
</table>

During the budget committee meetings in January, staff will present the department and divisional budgets and explain the requirements for 2009.
The Human Resources division is increasing above the Council guideline due mainly to legal fees and contractual costs ($152,000) that were under budget in 2008 and increase in the lease costs of the property at the Standard Life building.

**ALTERNATIVES FOR CONSIDERATION:**

Council can direct changes to this budget submission as required.

Staff will continue to monitor the year-end actuals as we close out 2008, to see if there are further opportunities to reduce the 2009 budget.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

The attached Appendices to report FCS09007a provide summary budget and complement data related to the City Manager budget.

**POLICIES AFFECTING PROPOSAL:**

N/A

**RELEVANT CONSULTATION:**

This budget has been developed in conjunction with internal and external partners.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

- Community Well-Being is enhanced. ☑ Yes ☐ No
- Environmental Well-Being is enhanced. ☑ Yes ☐ No
- Economic Well-Being is enhanced. ☑ Yes ☐ No
- Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No
- Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No
APPENDIX 1

DEPARTMENT/DIVISION OVERVIEWS
City Manager’s Office

OVERVIEW

Purpose / Function
- The City Manager is responsible to lead the organization in carrying out the direction of Council. In conjunction with the Corporate Strategic Plan, this includes developing a number of strategic and innovative policies and initiatives that improve the quality of life for the residents of the City of Hamilton. The City Manager also promotes customer focused, performance oriented approaches and practices that lead to improved control, efficiencies and effectiveness in operations.

Divisions/Services
- Audit Services
- Corporate Initiatives
- Corporate Communications
- Human Resources

Challenges Influencing Service Outcomes
- Salaries and Benefits

<table>
<thead>
<tr>
<th></th>
<th>2008 NET BUDGET</th>
<th>$6,374,640</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 NET REQUESTED BUDGET</td>
<td>$6,681,850</td>
<td></td>
</tr>
<tr>
<td>2009 NET CHANGE</td>
<td>$307,210</td>
<td>4.8%</td>
</tr>
<tr>
<td>2009 FTE</td>
<td>72.0</td>
<td></td>
</tr>
</tbody>
</table>
OVERVIEW

2009 Initiatives/Objectives

- Lead implementation of the Corporate Strategic Plan
- Implement corporate performance appraisal documentation system; design front-line performance appraisal tool; provide training to supervisory staff; develop learning & development policy (F1-DER 1.1)
- Develop a proposal for a Corporate Employee Suggestion Program (F1-DER 1.8)
- Complete the CUI Hamilton Infrastructure Strategy Study (F2-DER 2.6)
- Develop a Corporate document listing priority projects (Federal and Provincial) (F3-DER 3.1 and DER 3.2)
- Continue work with Accessible Transportation Services (ATS) Work Group regarding future of ATS Program
- Develop a review process for the Service Inventory (Phase II)
- Conduct an internal and external communication audit
- Complete Image RFP in conjunction with PEDD and establish corresponding work plan and implementation schedule
- Continue implementation of recommendations of organizational review of Internal Audit
- Perform Fair Wage Policy compliance reviews for all contracts >$100,000

- Audit Services to conduct one internal operational review
- Review municipal pay for performance programs and develop proposal (F1-DER 1.2)
- Implement MHSA audit in Public Health, Lodges, Housing, Social Services, Fire, City Manager’s Office, Mayor and Councilors Office (F1-DER 1.3)
- Implement 2 new Management Skills Development Modules: Labour Relations and Effective Recruitment (F1-DER 1.4)
- Implement improvements to hiring processes, e.g. summer students, clerical pool, posting cycle, etc.
- Review AODA Employment Accessibility Standards and prepare implementation plan for City of Hamilton employment services (F1-DER 1.2, 1.5, 1.7)
- Develop and revise corporate policies and procedures that support employee attraction and retention (F1-DER 1.2, 1.4)
- Review Quarter Century Club as part of corporate Employee Recognition strategy (F1-DER 1.4)
- Conduct employee diversity survey (F1-DER 1.5)
- Develop a succession management framework (F1-DER 1.6)
- Continue and/or initiate collective bargaining with five unions; establish robust LR information system to report LR activity
- Implement recommendations from Return to Work/Work Accommodation Review & WSIB Disability Management audit (F1-DER 1.7)
City Manager’s Office

OVERVIEW

<table>
<thead>
<tr>
<th>Complement (FTE)</th>
<th>Management</th>
<th>Other</th>
<th>Total</th>
<th>Staff to Mgt Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>8.0</td>
<td>65.0 *</td>
<td>73.0</td>
<td>6.6:1</td>
</tr>
<tr>
<td>2009</td>
<td>8.0</td>
<td>64.0 *</td>
<td>72.0</td>
<td>6.5:1</td>
</tr>
<tr>
<td>Change</td>
<td>0.0</td>
<td>(1.0)</td>
<td>(1.0)</td>
<td></td>
</tr>
</tbody>
</table>

* Includes 12.0 fte HR positions whose budgets are included within operating departments
2008 Accomplishments

Corporate Initiatives

• Developed and implemented a Corporate Strategic Plan for the City of Hamilton
• Completed the Cost of Administration & Employment Assistance Budgets for Ontario Works Review
• Completed Human Resources Organizational Review
• Successfully facilitated a “Capital Priorities” budget session with Council
• Completed Phase I of the Service Inventory
• Conducted OMBI Performance Measurement Workshop for 43 staff members
• Chair, 2008 OMBI Fall Forum (175 delegates)

Communications

• Tested emergency response and crisis management capabilities and prepared comprehensive, multi-agency communications plan in event of an occurrence
• Developed a new Communications & Media Relations Policy & Protocols
• Negotiated continued contract with Hamilton Spectator for advertising in addition to a rate freeze for At Your Service
• Developed and completed the Hamilton Priorities document
• Jointly developed a communications campaign and designed a poster to promote to Corporate Strategic Plan
# CITY OF HAMILTON

## 2009 OPERATING BUDGET

### By Program

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Administration - City Manager</td>
<td>1,001,906</td>
<td>1,000,896</td>
<td>890,138</td>
<td>999,690</td>
<td>(1,206)</td>
<td>(0.1)%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>4,765,919</td>
<td>4,810,150</td>
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<td>5,103,160</td>
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<td>2.7%</td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td>6,331,375</td>
<td>6,374,636</td>
<td>6,762,782</td>
<td>6,681,852</td>
<td>307,216</td>
<td>4.8%</td>
</tr>
</tbody>
</table>
### CITY OF HAMILTON
#### 2009 OPERATING BUDGET
##### By Cost Category

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYEE RELATED COST</td>
<td>5,979,365</td>
<td>5,999,426</td>
<td>6,219,707</td>
<td>6,325,340</td>
<td>325,915</td>
<td>5.4%</td>
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<tr>
<td>MATERIAL AND SUPPLY</td>
<td>171,660</td>
<td>159,250</td>
<td>206,060</td>
<td>178,665</td>
<td>19,415</td>
<td>12.2%</td>
</tr>
<tr>
<td>BUILDING AND GROUND</td>
<td>4,260</td>
<td>1,760</td>
<td>121,501</td>
<td>1,760</td>
<td>0</td>
<td>0.0%</td>
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<td>CONSULTING</td>
<td>284,120</td>
<td>249,120</td>
<td>532,924</td>
<td>259,120</td>
<td>10,000</td>
<td>4.0%</td>
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<tr>
<td>CONTRACTUAL</td>
<td>392,380</td>
<td>479,200</td>
<td>407,129</td>
<td>554,660</td>
<td>75,460</td>
<td>15.7%</td>
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<tr>
<td>AGENCIES and SUPPORT PAYMENTS</td>
<td>26,000</td>
<td>26,000</td>
<td>26,000</td>
<td>26,000</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>RESERVES / RECOVERIES</td>
<td>(6,000)</td>
<td>(6,000)</td>
<td>(6,000)</td>
<td>(6,500)</td>
<td>(500)</td>
<td>(8.3)%</td>
</tr>
<tr>
<td>COST ALLOCATIONS</td>
<td>313,010</td>
<td>301,460</td>
<td>334,308</td>
<td>285,920</td>
<td>(15,540)</td>
<td>(5.2)%</td>
</tr>
<tr>
<td>FINANCIAL</td>
<td>476,110</td>
<td>474,110</td>
<td>875,919</td>
<td>574,810</td>
<td>100,700</td>
<td>21.2%</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>7,640,905</td>
<td>7,684,326</td>
<td>8,717,548</td>
<td>8,199,775</td>
<td>515,450</td>
<td>6.7%</td>
</tr>
<tr>
<td>FEES AND GENERAL</td>
<td>(100,340)</td>
<td>(100,500)</td>
<td>(122,840)</td>
<td>(100,500)</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>RESERVES</td>
<td>(1,209,190)</td>
<td>(1,209,190)</td>
<td>(1,831,926)</td>
<td>(1,417,423)</td>
<td>(208,233)</td>
<td>(17.2)%</td>
</tr>
<tr>
<td>TOTAL REVENUES</td>
<td>(1,309,530)</td>
<td>(1,309,690)</td>
<td>(1,954,766)</td>
<td>(1,517,923)</td>
<td>(208,233)</td>
<td>(15.9)%</td>
</tr>
<tr>
<td>NET LEVY</td>
<td>6,331,375</td>
<td>6,374,636</td>
<td>6,762,782</td>
<td>6,681,852</td>
<td>307,216</td>
<td>4.8%</td>
</tr>
</tbody>
</table>
## Administration - City Manager

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>City Manager's Office</td>
<td>806,906</td>
<td>805,896</td>
<td>782,638</td>
<td>804,690</td>
<td>(1,206)</td>
<td>(0.1)%</td>
</tr>
<tr>
<td>Best Practices</td>
<td>45,000</td>
<td>45,000</td>
<td>45,000</td>
<td>45,000</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Intergovernmental Affairs</td>
<td>150,000</td>
<td>150,000</td>
<td>62,500</td>
<td>150,000</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td><strong>1,001,906</strong></td>
<td><strong>1,000,896</strong></td>
<td><strong>890,138</strong></td>
<td><strong>999,690</strong></td>
<td><strong>(1,206)</strong></td>
<td><strong>(0.1)%</strong></td>
</tr>
</tbody>
</table>
## Administration - City Manager

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EMPLOYEE RELATED COST</strong></td>
<td>659,606</td>
<td>659,606</td>
<td>615,715</td>
<td>640,320</td>
<td>(19,286)</td>
<td>(2.9)%</td>
</tr>
<tr>
<td><strong>MATERIAL AND SUPPLY</strong></td>
<td>22,870</td>
<td>22,870</td>
<td>18,507</td>
<td>22,870</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>BUILDING AND GROUND</strong></td>
<td>1,070</td>
<td>0</td>
<td>3,311</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>CONSULTING</strong></td>
<td>58,450</td>
<td>58,450</td>
<td>112,229</td>
<td>58,450</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>CONTRACTUAL</strong></td>
<td>209,790</td>
<td>209,790</td>
<td>133,758</td>
<td>209,790</td>
<td>0</td>
<td>0.0%</td>
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<tr>
<td><strong>RESERVES / RECOVERIES</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>22,560</td>
<td>22,560</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>COST ALLOCATIONS</strong></td>
<td>16,250</td>
<td>16,310</td>
<td>13,524</td>
<td>11,830</td>
<td>(4,480)</td>
<td>(27.5)%</td>
</tr>
<tr>
<td><strong>FINANCIAL</strong></td>
<td>33,870</td>
<td>33,870</td>
<td>33,719</td>
<td>33,870</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td><strong>1,001,906</strong></td>
<td><strong>1,000,896</strong></td>
<td><strong>930,763</strong></td>
<td><strong>999,690</strong></td>
<td><strong>(1,206)</strong></td>
<td><strong>(0.1)%</strong></td>
</tr>
<tr>
<td><strong>RESERVES</strong></td>
<td>0</td>
<td>0</td>
<td>(40,625)</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>0</td>
<td>0</td>
<td>(40,625)</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td><strong>1,001,906</strong></td>
<td><strong>1,000,896</strong></td>
<td><strong>890,138</strong></td>
<td><strong>999,690</strong></td>
<td><strong>(1,206)</strong></td>
<td><strong>(0.1)%</strong></td>
</tr>
</tbody>
</table>
Purpose / Function

• To provide human resource management programs and services to enable the City to meet its goals, consistent with
  Council directions, the City of Hamilton strategic plan and regulatory requirements.

Services Provided

• Human Resources Administration and Human Rights
• Employment Services
• Organizational Development
• Employee and Labour Relations
• Health, Safety and Wellness
• Compensation & Organization Design

Challenges Influencing Service Outcomes

• Ratio of HR FTEs to total City FTEs has been declining as City FTEs have increased
• Departments’ ability to fund distributed HR positions with current fiscal constraints
• Increased service demands from Library, HECFI, and Police

<table>
<thead>
<tr>
<th></th>
<th>2008 NET BUDGET</th>
<th>2009 NET REQUESTED BUDGET</th>
<th>2009 NET CHANGE</th>
<th>2009 FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,810,150</td>
<td>5,103,160</td>
<td>293,010</td>
<td>62 (12 funded through operating depts)</td>
</tr>
</tbody>
</table>
2008 Accomplishments

• Finalized and implemented new HR organizational structure as approved by Council

• Completed collective bargaining for CUPE 5167; CLAC; Fire Arbitration; initiated bargaining with CUPE 1041; ONA Public Health and IUOE

• Secured extra hours of work agreements with CUPE 5167; CUPE 1041; OPSEU, ATU, IUOE Lodges and IUOE Wastewater

• Completed review of summer student recruitment process & identified process improvements for 2009 summer student hiring

• Streamlined non-union performance evaluation tool to support managers & supervisors in their completion of performance appraisals; conducted 12 training sessions for managers and supervisors on performance management (F1-DER1.1)

• Developed and/or revised corporate policies: e.g. Military Leave of Absence; Accommodation of Time for Religious Observance (F1-DER 1.5); Police Background Checks; Performance Appraisals (F1-DER 1.1), Health, Safety & Wellness Policy (F1-DER 1.3)

• Revised Corporate New Employee Orientation Program which was provided to 208 employees in 2008

• Recognized 45 City employees through the “Employee Spirit” peer recognition program (F1- DER 1.4)

• Implemented 29 modules of Management Skills Development Program on: High Performing Teams, Conflict Resolution, Effective Supervision, Communication for Success, Mental Health for 493 managers and supervisors (F1-DER 1.4)

• Convened WSIB disability management audit and completed review of Return to Work/Work Accommodation section (F1-DER 1.7)

• Supported implementation of MHSA Audit Recommendations in Community Services & Public Works & initiated audits in Planning & Ec Dev, EMS & Corporate Services (F1-DER 1.3)

• Developed & implemented “Hamilton in Motion” physical activity strategy which received provincial recognition, and eight employee flu/health screening clinics for 1,966 participants (F1-DER 1.7)

• Streamlined the Job Evaluation process to expedite process for hiring newly created positions

• Initiated pay equity plan for non-union part-time employees (F1 – DER 1.2)

• Finalized benefit agreements with Manulife
### City Manager’s Office

#### 2009 Budget

**HUMAN RESOURCES**

- **Executive Director**
  - Helen Hale Tomasik (Acting)

- **Admin Coordinator**
  - (1.0)

- **Human Rights Specialist**
  - (1.0)

- **Manager Employment Services**
  - (11.0)

- **Manager Organizational Development**
  - (6.0)

- **Manager Health, Safety & Wellness**
  - (17.0)

- **Manager Compensation & Organization Design**
  - (15.0)

- **Director Employee & Labour Relations**
  - (10.0)

### Complement (FTE) Table

<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th>Other</th>
<th>Distributed Staff *</th>
<th>Total</th>
<th>Staff / Mgt Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6</td>
<td>44.0</td>
<td>12.0</td>
<td>62.0</td>
<td>9.3:1</td>
</tr>
<tr>
<td>2009</td>
<td>6</td>
<td>44.0</td>
<td>12.0</td>
<td>62.0</td>
<td>9.3:1</td>
</tr>
<tr>
<td>Change</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
</tbody>
</table>

* Represents distributed staff whose budgets are in operating departments.
## CITY OF HAMILTON

### 2009 OPERATING BUDGET

**By Program**

### Human Resources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation &amp; Benefits</td>
<td>947,108</td>
<td>947,108</td>
<td>963,908</td>
<td>1,032,435</td>
<td>85,327</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td>Employment Services</td>
<td>861,994</td>
<td>875,525</td>
<td>876,694</td>
<td>845,019</td>
<td>(30,506)</td>
<td>(3.5)%</td>
<td></td>
</tr>
<tr>
<td>Health Safety &amp; Wellness</td>
<td>785,627</td>
<td>785,627</td>
<td>801,027</td>
<td>718,357</td>
<td>(67,270)</td>
<td>(8.6)%</td>
<td></td>
</tr>
<tr>
<td>Human Resources Admin &amp; Human Rights</td>
<td>483,917</td>
<td>482,877</td>
<td>491,862</td>
<td>603,030</td>
<td>120,153</td>
<td>24.9%</td>
<td></td>
</tr>
<tr>
<td>Labour Relations</td>
<td>1,247,967</td>
<td>1,279,708</td>
<td>1,723,167</td>
<td>1,472,086</td>
<td>192,379</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>Organizational Development</td>
<td>439,305</td>
<td>439,305</td>
<td>442,305</td>
<td>432,232</td>
<td>(7,073)</td>
<td>(1.6)%</td>
<td></td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td><strong>4,765,919</strong></td>
<td><strong>4,810,150</strong></td>
<td><strong>5,298,964</strong></td>
<td><strong>5,103,160</strong></td>
<td><strong>293,010</strong></td>
<td><strong>6.1%</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Human Resources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYEE RELATED COST</td>
<td>4,707,599</td>
<td>4,727,660</td>
<td>4,980,849</td>
<td>5,034,668</td>
<td>307,008</td>
<td>6.5%</td>
</tr>
<tr>
<td>MATERIAL AND SUPPLY</td>
<td>147,060</td>
<td>134,650</td>
<td>186,660</td>
<td>154,065</td>
<td>19,415</td>
<td>14.4%</td>
</tr>
<tr>
<td>BUILDING AND GROUND</td>
<td>3,190</td>
<td>1,760</td>
<td>118,190</td>
<td>1,760</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>CONSULTING</td>
<td>225,670</td>
<td>190,670</td>
<td>420,695</td>
<td>200,670</td>
<td>10,000</td>
<td>5.2%</td>
</tr>
<tr>
<td>CONTRACTUAL</td>
<td>182,590</td>
<td>269,410</td>
<td>269,590</td>
<td>344,870</td>
<td>75,460</td>
<td>28.0%</td>
</tr>
<tr>
<td>AGENCIES and SUPPORT PAYMENTS</td>
<td>26,000</td>
<td>26,000</td>
<td>26,000</td>
<td>26,000</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>COST ALLOCATIONS</td>
<td>341,640</td>
<td>329,990</td>
<td>365,640</td>
<td>318,650</td>
<td>(11,340)</td>
<td>(3.4)%</td>
</tr>
<tr>
<td>FINANCIAL</td>
<td>441,700</td>
<td>439,700</td>
<td>841,700</td>
<td>540,400</td>
<td>100,700</td>
<td>22.9%</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td><strong>6,075,449</strong></td>
<td><strong>6,119,840</strong></td>
<td><strong>7,209,324</strong></td>
<td><strong>6,621,083</strong></td>
<td><strong>501,243</strong></td>
<td><strong>8.2%</strong></td>
</tr>
<tr>
<td>FEES AND GENERAL</td>
<td>(100,340)</td>
<td>(100,500)</td>
<td>(122,840)</td>
<td>(100,500)</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>RESERVES</td>
<td>(1,209,190)</td>
<td>(1,209,190)</td>
<td>(1,787,520)</td>
<td>(1,417,423)</td>
<td>(208,233)</td>
<td>(17.2)%</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>(1,309,530)</strong></td>
<td><strong>(1,309,690)</strong></td>
<td><strong>(1,910,360)</strong></td>
<td><strong>(1,517,923)</strong></td>
<td><strong>(208,233)</strong></td>
<td><strong>(15.9)%</strong></td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td><strong>4,765,919</strong></td>
<td><strong>4,810,150</strong></td>
<td><strong>5,298,964</strong></td>
<td><strong>5,103,160</strong></td>
<td><strong>293,010</strong></td>
<td><strong>6.1%</strong></td>
</tr>
</tbody>
</table>

Subject: 2009 Tax Supported Operating Budget - City Manager (FCS09007a) (City Wide)
INTERNAL AUDIT SERVICES

Purpose / Function

• Audit Services provides objective information, advice and assurance to Council, management and staff with respect to controls, operations, performance and accountability in order to ensure compliance with policies and procedures and promote efficiency and effectiveness throughout the organization.

Services Provided

• Internal Audit

Challenges Influencing Service Outcomes

• Staffing

<table>
<thead>
<tr>
<th></th>
<th>2008 NET BUDGET</th>
<th>2009 NET REQUESTED BUDGET</th>
<th>2009 NET CHANGE</th>
<th>2009 FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$563,590</td>
<td>$579,000</td>
<td>$15,410</td>
<td>6</td>
</tr>
</tbody>
</table>
2008 Accomplishments

- Completion of Council approved work plan (14 audit/reviews; 4 follow ups)
- 112 recommendations made to strengthen controls and improve efficiency and effectiveness of operations with a 100% acceptance rate
- 84% implementation rate (full or in progress) of previous recommendations (based on follow up work carried out 12-18 months after initial recommendations)
- Completion of corporate risk assessment to guide prioritization of audit projects in regard to value and risk mitigation
- Accreditation (Certified Internal Auditor) for all professional staff
- Participation in City’s Leadership Roundtable initiative

<table>
<thead>
<tr>
<th>Complement (FTE)</th>
<th>Management</th>
<th>Other</th>
<th>Total</th>
<th>Staff/Mgt Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>5:1</td>
</tr>
<tr>
<td>2009</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>5:1</td>
</tr>
<tr>
<td>Change</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0</td>
</tr>
</tbody>
</table>
# City of Hamilton

## 2009 Operating Budget

### By Program

<table>
<thead>
<tr>
<th>Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2008 Approved Budget</strong></td>
</tr>
<tr>
<td><strong>Audit Services</strong></td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
</tr>
</tbody>
</table>
## Internal Audit

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>EMPLOYEE RELATED COST</strong></td>
<td>612,159</td>
<td>612,159</td>
<td>623,144</td>
<td>650,352</td>
<td>38,193</td>
</tr>
<tr>
<td><strong>MATERIAL AND SUPPLY</strong></td>
<td>1,730</td>
<td>1,730</td>
<td>893</td>
<td>1,730</td>
<td>0</td>
</tr>
<tr>
<td><strong>RESERVES / RECOVERIES</strong></td>
<td>(6,000)</td>
<td>(6,000)</td>
<td>(6,000)</td>
<td>(29,060)</td>
<td>(23,060)</td>
</tr>
<tr>
<td><strong>COST ALLOCATIONS</strong></td>
<td>(44,880)</td>
<td>(44,840)</td>
<td>(44,856)</td>
<td>(44,560)</td>
<td>280</td>
</tr>
<tr>
<td><strong>FINANCIAL</strong></td>
<td>540</td>
<td>540</td>
<td>500</td>
<td>540</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>563,549</td>
<td>563,589</td>
<td>573,680</td>
<td>579,002</td>
<td>15,413</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>NET LEVY</strong></td>
<td>563,549</td>
<td>563,589</td>
<td>573,680</td>
<td>579,002</td>
<td>15,413</td>
</tr>
</tbody>
</table>
APPENDIX 2
COUNCIL REFERRED ITEMS
### PROGRAM CHANGE FORM - COUNCIL REFERRED

**PROPOSED CHANGE:** Review of all contractors subject to Fair Wage Policy

**DEPARTMENT:** City Manager's Office

**DIVISION:** Audit Services

**SECTION/PROGRAM:** Internal Audit

**TYPE OF CHANGE:** Financial Adjustment

**SERVICE IMPACT INDICATORS**

<table>
<thead>
<tr>
<th>Compliance with Fair Wage Policy and Schedules</th>
<th>2009 CURRENT</th>
<th>2009 PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-2 Contracts</td>
<td>20-30 Contracts</td>
</tr>
</tbody>
</table>

**CAPITAL BUDGET IMPACT**

| Recoveries for compliance reviews undertaken - PW | Maximum $92,500 |

<table>
<thead>
<tr>
<th><strong>CURRENT PROGRAM</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- 1-2 contracts are selected per year for review to ensure compliance with the City's Fair Wage Policy and Schedules</td>
</tr>
<tr>
<td>- Generally, costs of performing the reviews are absorbed within the Audit Services budget</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PROPOSED PROGRAM</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Fair Wage Policy (FCS08044/HUR08012)</td>
</tr>
<tr>
<td>- In accordance with Report 08-11, Item #5 of the Audit &amp; Administration Committee, approved by City Council on September 24, 2008 -&quot; That Internal Audit be directed to submit a Budget Enhancement Form for consideration by Council, as part of their 2009 Budget.&quot;</td>
</tr>
<tr>
<td>- Compliance audit of 100% of all City construction contracts to which the Fair Wage Policy applies (contractors and sub-contractors for all contracts &gt;$100,000) - approximately 20-30 contracts</td>
</tr>
<tr>
<td>- Costs to be offset by monies recovered from non-compliant contractors with the net difference recovered from the Public Works Capital Budget</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>FULL BUDGET IMPACT</strong></th>
<th>GROSS</th>
<th>NET</th>
<th>FTE's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Program Budget :</td>
<td>578,813</td>
<td>578,813</td>
<td>6.00</td>
</tr>
<tr>
<td>Annualized Prog Chg Impact :</td>
<td>92,500</td>
<td>0</td>
<td>1.00</td>
</tr>
<tr>
<td>2009 Recommended Budget :</td>
<td>671,313</td>
<td>578,813</td>
<td>7.00</td>
</tr>
</tbody>
</table>

* No current levy impact as recoveries made from contractors and/or Capital Budget.

**EFFECTIVE DATE:** May-09

**PeopleSoft Dept ID:** 315010

**2009 City of Hamilton Budget**