Audit and Administration Committee
MINUTES
9:30 a.m.
December 5, 2007

Committee Room 207
Hamilton Convention Centre
Hamilton, Ontario

Present:
Chair C. Collins
Vice-Chair M. Pearson
Councillors B. Bratina, B. Clark, R. Powers and
T. Whitehead

Absent:
Councillor B. Morelli (illness)

Also Present:
T. Tollis, (Acting) General Manager, Finance and
Corporate Services
J. Priel, Acting City Manager
R. Male, Finance and Corporate Services
A. Pekaruk, Internal Auditor
G. Davis, D. Chauvin, G. Moore, Public Works
C. Berge, Human Resources
K. Christenson, Irene Sturgeon, City Clerk’s

THE FOLLOWING ITEMS WERE REPORTED TO CITY COUNCIL FOR CONSIDERATION:

1. FOI Quarterly Report (July 1 to September 30, 2007) (CL07005(b)) (City Wide) (Item 5.1)

(Clark/Pearson)
That Information Report CL07005(b) respecting FOI Quarterly Report (July 1 to September 30, 2007) be received.

CARRIED
2. Quarterly Status Report on the use of Policy #10 - Emergency Purchasing &
   Policy #11 - Negotiations for the 3rd Quarter 2007 (FCS07051(b)) (City Wide) (Item 5.2)

   (Clark/Pearson)
   That Information Report FCS07051(b) respecting Quarterly Status Report on the
   use of Policy #10 - Emergency Purchasing & Policy #11 - Negotiations for the
   3rd Quarter 2007 be received.

   CARRIED

3. Monthly Status Report of Tenders and Requests for Proposals for
   October 12, 2007 to November 8, 2007 (FCS07030(h)) (City Wide) (item 5.3)

   (Clark/Pearson)
   That Information Report FCS07030(h) respecting Monthly Status Report of
   Tenders and Requests for Proposals for October 12, 2007 to November 8, 2007
   be received.

   CARRIED

4. Customer Contact Centre Third Quarter Update FCS07074(a) (City Wide)
   (Item 5.4)

   Clark/Pearson
   That the Information Report FCS07074(a) respecting the Customer Contact
   Centre Third Quarter Update be received.

   CARRIED

5. Fair Wage Compliance Review (CM07031) (Item 5.5)

   (Clark/Pearson)
   The information Report CM07031 respecting the Fair wage Compliance Review
   be received.

   CARRIED

6. Apportionment of Property Taxes for 51 Picton Street West, Hamilton
   (FCS07001(f)) (Ward 2) (Item 5.6)

   (Clark/Pearson)
   That the 2007 property taxes, in the amount of $3,558.60, for 51 Picton Street
   West, Hamilton, (Roll #2518 020 112 04470), be apportioned and split amongst
   the two newly created parcels as set out in Appendix A to report FCS07001(f).

   CARRIED
7. **Follow Up of Audit Report 2006-02 – Accounts Receivable (CM07030) (City Wide) (Item 5.7)**

    (Clark/Pearson)

    That Report CM07030 respecting the follow up of Audit Report 2006-02, Accounts Receivable, be received.

    **CARRIED**

8. **Audit Report 2007-02 – Police Service Accounts and Revenue Processes (CM07033) (City Wide) (Item 5.8)**

    (Clark/Pearson)

    That Report CM07033 respecting Audit Report 2007-02, Police Service Accounts and Revenue Processes, be received.

    **CARRIED**

9. **Cash Handling Review (FCS07093) (City Wide) (Item 8.1)**

    (Clark/Whitehead)

    a) That report FCS07093 “Cash Handling Review” be received; and

    b) That staff be requested to report back to Committee within 6 months with a status update on the implementation of the Auditors recommendations for those areas that received a Grade D rating, and within 18 months on all the remaining areas.

    c) That the accounting firm of Deloitte be requested to conduct a follow-up review within 18 months time and to report back to Committee with a final report.

    **CARRIED**

10. **Amendments to the Municipal Act, 2001 Respecting: Public Notice Policy; Delegation of Powers and Duties Policy; Procedure By-law Amendments (CL07009) (City Wide) (Item 8.2)**

    (Whitehead/Powers)

    a) That Report CL07009 respecting recent amendments to the Municipal Act, 2001 be received;

    b) That the by-law, attached as Appendix “A” to Report CL07009, respecting Public Notice Policy be passed and enacted;

    c) That the by-law, attached as Appendix “B” to Report CL07009, respecting Delegation of Powers and Duties Policy be passed and enacted;
d) That the following amendments to Sections 1, 3, 5, 6 and 8 of the City’s Procedural By-law No. 03-301 be approved:

i) Section 1:
1.1(x) “website” means the official City of Hamilton internet website.

ii) Section 3:
3.2.1 Public Notice of Meetings

An advance list of Council meetings may be found by accessing the City’s website at www.hamilton.ca.

iii) Section 5:
5.5.1 Public Notice of Meetings

An advance list of Standing Committee meetings may be found by accessing the City’s website at www.hamilton.ca.

iv) Section 6:
6.5 Public Notice of Meetings

An advance list of Task Force/Advisory/Subcommittee meetings may be found by accessing the City’s website at www.hamilton.ca.

v) Section 8 – In Camera Meetings:

8.1 No meeting or part thereof shall be in camera unless the subject matter being considered is:

(e) Held for the purposes of educating or training members. At the meeting, no member discusses or otherwise deals with any matter in a way that materially advances the business or decision-making of the council, local board or committee.

CARRIED

11. Water Leak Adjustment Policy (FCS07101) (City Wide) (Item 8.3)

(Whitehead/Powers)

a) That the Water Leak Adjustment Policy, as outlined in Appendix ‘A’ of report FCS07101, be approved;
b) That those claims submitted under the existing Plumbing Relief Program as of the date Council approves subsection (a), continue to be processed under that program with the claims submitted thereafter, to be processed under the Water Leak Adjustment Policy;

c) That the Service Agreement between the City of Hamilton and Horizon Utilities Corporation dated as of May 31, 2005, be amended, if necessary, to implement subsections (a) and (e) above, with content satisfactory to the General Manager of Finance and Corporate Services;

d) That the General Manager of Finance and Corporate Services and the City Clerk be authorized and directed to execute any and all documents necessary to implement subsections (a) to (c) above, in a form satisfactory to the City Solicitor; and

e) That By-law 97-067 be repealed and that the City Solicitor be authorized and directed to make any necessary amendments to the City of Hamilton’s Waterworks By-law R84-026 and to the City of Hamilton’s Sanitary Surcharge and Wastewater Abatement By-law 03-272 to implement subsection (a) above.

CARRIED

12. 2008 Advance Payments to External Boards and Agencies (FCS07102) (City Wide) (Item 8.4)

(Pearson/Whitehead)

(a) That commencing January 1, 2008, an advancement of funds be provided to the external boards and agencies, in the specified amount and on the specific dates as shown in Table One to Report FCS07102, “2008 Advance Payments to External Boards and Agencies”; and

(b) That any outstanding arrears due to the City of Hamilton, by any Boards or Agencies, be paid with approved grant funding, including advances, until the debt is satisfied, at which point the organization will receive payment.

CARRIED

13. Audit Report 2007-07 – Ontario Works – Operations of Data Centre (CM07029) (City Wide) (Item 8.5)

(Whitehead/Pearson)

a) That Report CM07029 respecting Audit Report 2007-07, Ontario Works – Operations of the Data Centre, be received; and
(b) That the management action plans as detailed in Appendix “A” of Report CM07029 be approved and the General Manager of Community Services direct the appropriate staff to have the plans implemented.  
CARRIED

14. Mohawk 4Ice Centre – Review of Operating and Maintenance Agreement with Hamilton Arena Partners (CM07032) (City Wide) (Item 8.6)  
(Pearson/Whitehead)  
(a) That Report CM07032 respecting Internal Audit’s Report on the review of the Operating and Maintenance Agreement with Hamilton Arena Partners Inc. be received; and

(b) That the General Manager of Finance and Corporate Services and the General Manager of Community Services direct the appropriate staff to address the “Comments” and “Issues” as identified in Appendix “A” of Report CM07032.  
CARRIED

15. Audit of Mohawk 4Ice Centre, Operation & Maintenance Agreement (ECS07098) (Ward 6) (Item 8.7)  
(Whitehead/Clark)  
That Information Report ECS0798 respecting the Audit of Mohawk 4Ice Centre, Operation & Maintenance Agreement be received.  
CARRIED

(Powers/Pearson)  
(a) That Report CM07034 respecting Audit Report 2007-04, Expanded Works, be received; and

(b) That the management action plans as detailed in Appendix “A” of Report CM07034 be approved and the General Manager of Public Works direct the appropriate staff to have the plans implemented.  
CARRIED

17. Grant Sub-Committee Report (07-007) (Item 8.9)  
(Powers/Whitehead)  
(a) Informing Minor Sport of Community Partnership Program (GRA07009) (City Wide) (Item 4.1)
(i) That the letter attached as Appendix “A” to Report GRA07009, outlining the Community Partnership Program – Sport Category and the specific funding criteria, be approved.

(ii) That, the letter (attached as Appendix “A” to Report GRA07009) be sent to all Hamilton area minor sport leagues and association presidents, along with the website address for the “Community Partnership Program – Sport Category application”, for their information, use and possible submission. Also, that an outline of the Community Partnership Program – Sport Category and the grant website be inserted into the program of the Sport Volunteer Appreciation Dinner in 2008.

(iii) That item “J” – A Better way to inform Minor Sports of the Community Partnership Program, be considered complete and be removed from the Grants Sub-committee Outstanding business list.

(b) **Fee Waiver Request – Challenger Baseball (GRA07012) (City Wide) (Item 4.2)**

That a one time fee waiver in the amount of $1,765 be approved for Challenger Baseball to utilize facility space at Inch Park ball diamonds for the purpose of providing recreational baseball to those facing physical and mental disabilities.

(c) **Friends in Grief 2007 Community Partnership Program Update (GRA07013) (City Wide) (Item 4.3)**

That the 2007 Community Partnership Program funding for Friends in Grief in amount of $7,120 be released.

(d) **Fee Waiver Request - Hamilton Council Against Abuse of Older Persons (GRA07014) (City Wide) (Item 4.4)**

That the fee waiver request, in the amount of $738.00, for the Hamilton Council Against Abuse of Older Persons to utilize the meeting room at Sackville Hill Seniors Centre, one two hour occasion per month, for the periods of January to June, and September to November, 2008 be approved.

(e) **Fee Waiver Request for Cancer Assistance Program (CAP) (GRA07015) (City Wide) (Item 4.5)**

That the fee waiver request, in the amount of $849.75, for the Cancer Assistance Program to utilize the boardroom at Sackville Seniors Centre for the period of January 2008 to December 2008, excluding August 2008, be approved.
(f) Fee Waiver Request for the City of Hamilton’s Public Health (GRA07016) (City Wide) (Item 4.6)

That the fee waiver request, in the amount of $286.00, for the Public Health Department to utilize the Valley Park Community Complex gymnasium on November 9, 2007 and November 23, 2007 to host Influenza Clinics, be approved.

(g) 2007 Community Partnership Program – Request for Additional Funds by Dundas Cactus Parade Inc. (GRA07017) (Ward 13) (Item 4.7)

That the request from Dundas Cactus Parade Inc. for additional funds in the amount of $946.70, to be funded from the Community Partnership Program contingency budget, be approved.

(h) Fee Waiver Request for the West Hamilton Youth Soccer Club (GRA07018) (Ward 1) (Item 4.8)

That the fee waiver request, in the amount of $282.00, for the West Hamilton Youth Soccer Club to utilize the Craft Room at Dalewood Recreation Centre to conduct regular Club Executive Meetings, 8 meetings at 2 hours each, be approved.

(i) Fee Waiver Request for Order of the Eastern Star, Binbrook Chapter #117 (GRA07019) (City Wide) (Item 4.9)

That the fee waiver request, made by the Order of the Eastern Star, Binbrook Chapter #117, in the amount of $1,031.25, to utilize the downstairs room at the Binbrook Memorial Hall, the first Wednesday of each month, three hours per occasion, 10 months of the year, for the period of January to June and September to December, as well as April 5, 2008 for a total of three hours, be approved.

(j) Fee Waiver Request for Binbrook Women's Institute (GRA07020) (Ward 11) (Item 4.10)

That the fee waiver request made by the Binbrook Women’s Institute, in the amount of $1,406.25, to utilize the downstairs room at the Binbrook Memorial Hall, one occasion per month, five hours per occasion or the period of January to June and September to November, 2008, be approved.
(k) Fee Waiver Request for the West Mountain Baseball Association (GRA07021) (Ward 8)

That the fee waiver request made by the West Mountain Baseball Association, in the amount of $423.00, to utilize the Craft Room at Sir Allan MacNab Recreation Centre for their executive meetings, for the period of January to December of 2008, be approved.

(l) Fee Waiver Request for Mount Hope Lions Club (GRA07022) (Ward 11)

That the fee waiver request, made by the Mount Hope Lions Club in the amount of $1,813.00, to utilize the Mount Hope Hall for bi-weekly meetings and two special occasion events, for the period of January 8 to June 17, 2008 and September 2 to December 16, 20, be approved.

(m) Fee Waiver Request for the Children's Wish Foundation of Canada (GRA07023) (Ward 11)

That the fee waiver request, in the amount of $710.25, for The Children's Wish Foundation of Canada, to utilize the auditorium of the Glanbrook Arena and Auditorium on Saturday, April 12, 2008, to conduct a progressive euchre tournament, be approved.

(n) Reporting Financial Requirements (Item 7.1)

That the staff be directed to proceed with a 2% increase for the 2008 Community Partnership Program budget submission to the 2008 budget deliberations for consideration. CARRIED

18. HMRF/HWRF Pension Administration Sub-Committee Report 07-001

(Whitehead/Pearson)

(a) Hamilton Municipal Retirement Fund (HMRF) Plan Text Amendment (FCS07090) (City Wide) (Item 4.2)

That the Treasurer be authorized to file the amendment to add Section 11.03 to the Hamilton Municipal Retirement Fund, as Appendix ‘A’ to Report FCS07090, with the applicable government agencies.

(b) Hamilton-Wentworth Retirement Fund (HWRF) Plan Text Amendment (FCS07091) (City Wide) (Item 4.3)

That the Treasurer be authorized to file the amendment to Section 11.03 to the Hamilton Wentworth Retirement Fund, attached as Appendix ‘A’ to Report FCS07091, with the applicable government agencies.
(c) **Master Trust Pension Investment Performance June 30, 2007 (FCS07088) (City Wide) (Item 4.5)**

(i) That Capital Guardian’s management role be terminated and the funds realized be added to Letko, Brosseau & Associates Inc. fund.

(ii) That Letko, Brosseau & Associates Inc. be authorized to invest up to 20% of their funds under management at cost in international hedged or unhedged equities at their discretion.

(iii) That CIBC Asset Management’s Equity Index Fund be closed and proceeds be placed in an active Canadian Equity account with CIBC, Guardian Capital or Letko, Brosseau & Associates Inc., or a combination, at the Treasurer’s and Chief Investment Officer’s discretion.


(d) **2007 Master Trust Statement of Investment Policies and Procedures (FCS07096) (City Wide) (Item 4.6)**

(i) That the 2007 Master Trust Statement of Investment Policies and Procedures, (attached as Appendix A to Report FCS07096), for the City of Hamilton defined benefit pension plans Master Trust, be approved.

(ii) That the 2006 Master Trust Statement of Investment Policies and Procedures, which was previously approved in Report FCS06062, be rescinded and replaced with the 2007 Master Trust Statement of Investment Policies and Procedures (attached as Appendix A to Report FCS07096).

(iii) That staff be directed to forward a copy of Report FCS07096 and the 2007 Master Trust Statement of Investment Policies and Procedures (attached as Appendix A to Report FCS07096) to the Hamilton Street Railway Pension Advisory Committee for their information.

CARRIED

*(Clark/Whitehead)*  

(a) That Report HUR07012, respecting the Government of Ontario Proclamation of a new Public Holiday on the third Monday in February be received for information.  

(b) That the service levels as set out in Report HUR07012 be implemented for the new Public Holiday.  

(c) That the various Unions be advised of the implementation of the new public holiday and the impact on their collective agreement.  

(d) That the contents of Report HUR07012 remain confidential, excluding any financial data, as the report contains information related to labour relations and employee negotiations.  

(e) That the Province of Ontario be requested to reimburse the City of Hamilton for all costs associated with the Proclamation of the new public holiday (3rd Monday in February) and that staff provide as much information as possible to Ministry of Finance staff to illustrate the financial impact on the City of Hamilton;  

(f) And that this matter be forwarded to A.M.O. for their consideration  

**CARRIED**

**FOR THE INFORMATION OF COUNCIL:**

I. **Appointment of Chair**

On a motion, Committee confirmed the appointment of Councillor Maria Pearson as Chair of the Audit and Administration Committee for 2008.

II. **Vice Chair**

On a motion, Committee approved the appointment of Councillor Bob Bratina as Vice-Chair of the Audit and Administration Committee for 2008.

(a) **CHANGES TO THE AGENDA (Item 1)**

The Clerk noted the following changes to the agenda;
• Request to waive the rules of procedure in order to allow Jay Ward, Mirtech International Security Inc. (Item 4.1) to address Committee this morning.
• Item 8.11 - HWRF Actuarial Valuation as at December 31, 2006 was withdrawn.

On a motion, (Whitehead/Pearson), Committee waived the Rules of Procedure with respect to Item 4.1.

Yeas: Collins, Pearson and Whitehead
Total Yeas: 3
Nays: Powers
Total Nays: 1

Committee approved the agenda as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) APPROVAL OF MINUTES (Item 3)

The Minutes of the Audit and Administration Committee meeting held on November 7, 2007, were approved, as presented.

(d) Jay Ward, Mirtech International Security Inc. (Item 6.1)

Jay Ward and Norm Rushton of Mirtech International Security Inc., appeared before Committee and voiced concern over a recent disqualification respecting Tender Contract Number C11-143-07. Mr. Rushton suggested the process had been biased and unfair and requested members of Committee to re-open the bid process for all those who submitted with the exclusion of Marcom. A copy of Mr. Rushton’s presentation outlining his concerns was circulated to members of Committee and also submitted for the public record.

A discussion ensued and members of Committee requested clarification from staff regarding pre-awarding of tenders, mandatory site visits, disqualification of tenders and whether or not other municipalities have a minimum bid submission.

On a motion, (Pearson/Clark) Committee received the presentation.  
            CARRIED

(e) Customer Contact Centre Third Quarter Update FCS07074(a) (City Wide) (Item 5.4)

Councillor Whitehead requested the following information;
• Are there any budget implications associated with the initiatives that have been highlighted in the report?
• Are there any barriers, contractual or otherwise, that would prevent the City from utilizing its current staff complement and allocating staff resources to accommodate peak periods?

Staff agreed to follow up with this information.

(f) **Fair Wage Compliance Review (CM07031) (Item 5.5)**

A concern was raised that companies might be taking advantage of our policy, as it appears that they are prepared to pay their staff the appropriate wage, only after they have been audited by the City. It was suggested that tighter controls were needed.

Committee indicated a desire to have an audit conducted on all contractors who have been awarded contracts with values greater than $100,000.00 and suggested that staff should look at ways that do not add the cost of the audit onto the taxpayer.

(g) **Capital Planning & Implementation – Construction Process Presentation (Item 7.1)**

Gerry Davis, Director of Capital Planning & Implementation made a PowerPoint presentation to members of Committee regarding the construction process for the City.

He reviewed the following areas with members of Committee;

- Purchasing Process
- Contract Conditions
- Tender Process
- Project Operation – Contractor/City
- Liquidated Damages
- Construction Impact
- Project Management

A copy of Mr. Davis’s presentation was circulated to members of Committee.

A discussion ensued and members of Committee raised the following questions and/or concerns:

- How many Liquidated contracts have there been this year?
- How does the City deal with problematic contractors?
• Can we restrict how many jobs a contractor is awarded?
• The City needs to impose more severe penalties with problematic contractors
• Is there a time limit that we can apply penalties?
• Does the City stage its larger projects?
• Can the City cash in the holdback if there are deficiencies in the job?

On a motion, (Powers/Pearson) Committee thanked Mr. Davis for his attendance at Committee and received the presentation.

(h) Cash Handling Review (FCS07093) (Item 8.1)

Simon O'Keefe from Deloitte made a PowerPoint presentation to members of Committee regarding their review of all the cash handling areas of the City. The objective of their review was to ensure cash was controlled appropriately in the City departments where the level of activity and volume of cash was most significant. The review affected 31 divisions within the five departments and a total of 287 findings. A copy of the PowerPoint presentation was included in the staff report.

On a motion, (Clark/Whitehead) sub-section (b) was amended by adding the following wording:

“that staff report back to Committee within 6 months with a status update on the implementation of the Auditors recommendations for those areas that received a Grade D rating”

Amendment CARRIED

On a motion, (Clark/Whitehead) the following was added as sub-section (c):

(c) That the accounting firm of Deloitte be requested to conduct a follow-up review within 18 months time and report back to Committee with a final report.

Amendment CARRIED
Motion as Amended CARRIED

(i) 2008 Advance Payments to External Boards and Agencies (FCS07102) (City Wide) (Item 8.4)

Councillor Clark noted his concern regarding the process the City follows by advancing funds to external boards and agencies prior to reviewing their financial statements. He also requested that funds be held back for Festival of Friends, Hamilton Philharmonic Orchestra and Opera Hamilton until the January 8, 2008 Committee of the Whole meeting when Council will be addressing the 2008 budgets for Board and Agencies.
Committee approved the staff recommendation as presented.

Yeas: Collins, Bratina, Pearson, Powers and Whitehead
Total Yeas: 5
Nays: Clark
Total Nays: 1

(j) Mohawk 4Ice Centre – Review of Operating and Maintenance Agreement with Hamilton Arena Partners (CM07032) (City Wide) (Item 8.6)

Clarification was requested regarding the current financial position between the City and Hamilton Arena Partners. Committee suggested that in future, prior to heading into a new calendar year, staff should reconcile the financial statements from the previous year.

On a motion, (Whitehead/Clark) staff were directed to provide an update at the next Audit and Administration Committee meeting regarding the current position of the Accounts Receivable at the Mohawk 4Ice Centre and whether or not any funds are owed to the City.

(k) Hamilton Wentworth Retirement Fund (HWRF) Actuarial Valuation as at December 31, 2006 (FCS07092) (City Wide)

Staff withdrew the report.

(l) GENERAL INFORMATION (Item 11)

11.1 Correspondence from Patrick O'Hara, CHCH News
Re: Invitation to Appear before the Audit and Administration Committee

Councillor Whitehead suggested that residents could lodge their complaints about the redesign of local news and potential job losses at CHCH with the CRTC when CHCH makes an application to renew their license.

On a motion, (Whitehead/Pearson) Committee received the correspondence.

11.2 Outstanding Item List

On a motion, Committee amended the Outstanding Business List as follows;
(Powers/Clark)
(a) Civil Litigation Trial Costs (item B.) Due: December 5/07
New Due Date: June 18, 2008
CARRIED

(Pearson/Bratina)
(b) Energy Initiatives Update (Item D) be removed.
CARRIED

(m) PRIVATE AND CONFIDENTIAL (Item 12)

12.1 Closed Session Minutes from the meeting held on November 7, 2007

On a motion, (Whitehead/Pearson) the Minutes of the Closed Session of the Audit and Administration Committee meeting of November 7, 2007 were approved. The Minutes will remain confidential and restricted from public disclosure in accordance with exemptions provided in the Municipal Freedom of Information and Protection of Privacy Act.

12.2 Family Day Report (UR07012) (City Wide)

On a motion, (Whitehead/Pearson) Committee amended sub-section (d) by adding the following wording;

remain confidential “excluding any financial data”

Amendment CARRIED

On a motion, (Clark/Whitehead) the following was added as sub-sections (e) and (f):

(e) That the Province of Ontario be requested to reimburse the City of Hamilton for all costs associated with the Proclamation of the new public holiday (3rd Monday in February) and that staff provide as much information as possible to Ministry of Finance staff to illustrate the financial impact on the City of Hamilton;

(f) And that this matter be forwarded to A.M.O. for their consideration

On a motion, the Committee approved the report as amended in public session.

Amendment CARRIED

Motion as Amended CARRIED
(n) ADJOURNMENT (Item 13)

The Audit and Administration Committee adjourned at 12:22 p.m.

Respectfully submitted,

Councillor C. Collins, Chair
Audit and Administration Committee

Irene Sturgeon
Legislative Assistant
December 5, 2007