Audit and Administration Committee
MINUTES
9:30 a.m.
Wednesday, February 7, 2007
Council Chambers
Hamilton City Hall
71 Main Street West, Hamilton

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

Also Present:
J. Rinaldo, General Manager, Finance and Corporate Services
G. Peace, City Manager
C. Graham, General Manager, Human Resources
S. Stewart, General Manager, Public Works
L.A. Coveyduck, General Manager, Planning and Economic Development
J.A. Priel, General Manager, Community Services
J. Kay, General Manager/Chief HES
A. Pekaruk, Internal Auditor
J. Lee, K. Christenson, G. Boychuk, B. McMullin, Finance and Corporate Services
I. Sturgeon, City Clerk’s

THE FOLLOWING ITEMS WERE REPORTED TO CITY COUNCIL FOR CONSIDERA-
TION:

1. Quarterly Status Report on the use of Policy #10- Emergency Purchasing and Policy #11- Negotiations for the 4th Quarter 2006 (FCS06041(c)) (City Wide) (Item 5.1)
That Report FCS06041(c) respecting Quarterly Status Report on the use of Policy #10 - Emergency Purchasing and Policy #11 - Negotiations for the 4th Quarter 2006 be received.

CARRIED

2. Red Hill Valley Project Financial Status Report – September to November 2006 (FCS06004j/PW06004j) (City Wide) (Item 5.2)


CARRIED

3. Apportionment of Taxes for Properties in Glanbrook (FCS07001(a)) (Ward 11) (Item 5.3)

That the 2006 land taxes levied against the following properties be apportioned in the amount of $117,648.26 and split amongst the one hundred and fourteen newly created parcels as set out in Appendix A to report FCS07001(a):

- Roll #2518 901 130 66800 – 0 Highway 53
- Roll #2518 901 130 66850 – 0 Rymal Rd. Rear
- Roll #2518 901 130 68400 – 58 Fletcher Rd.

CARRIED

4. Tile Drainage Debenture 07-01 & By-Law Imposing Special Annual Drainage Rates (FCS07015) (Ward 14) (Item 5.4)

a) That the General Manager of Finance and Corporate Services be authorized and directed to sign the "Offer to Sell" and the Mayor and the General Manager of Finance and Corporate Services be authorized and directed to sign the Tile Drainage Debenture 07-01 prepared in accordance with By-Law Number 01-090 and the Tile Drainage Act R.S.O. 1990, Chapter T-8 to provide for the borrowing by the City of Hamilton of $7,400 from the Minister of Finance;

b) That the appropriate By-Law imposing special annual drainage rates, as set out in Appendix "A" of FCS07015, upon land as described, for a period of ten years, in respect of money borrowed under the Tile Drainage Act, R.S.O. 1990, be passed and enacted.

CARRIED
5. **Initial Communication on Audit Planning for the City of Hamilton for the year ended December 31, 2006 – Grant Thornton (Item 7.1)**

   (Whitehead/Morelli)
   That the report on Initial Communication on Audit Planning for the City of Hamilton for the year ended December 31, 2006 as presented by Grant Thornton, External Auditors, be received.

   **CARRIED**


   (Whitehead/Clark)
   a) That the revised “Statement of Investment Policies and Procedures” City of Hamilton – Reserve/Revenue Funds and Trust Accounts appended as Attachment “B” to Report FCS07005 be approved
   b) That the previous “Statement of Investment Policies and Procedures” approved in Report FCS04010 be rescinded;

   **CARRIED**

7. **2005 Audit Management Letters of City Boards and Related Agencies (FCS06086) (City Wide) (Item 8.1)**

   (Powers/Clark)
   That Report FCS06086 respecting the 2005 Audit Management Letters of City Boards and Related Agencies be received.

   **CARRIED**

8. **2006 External Audit Plan and Audit Fees (FCS07021) (City Wide) (Item 8.2)**

   (Powers/Morelli)
   (a) That Grant Thornton’s 2006 External Audit Plan be approved; and

   (b) That the 2006 shortfall in corporate audit fees of $20,400 be absorbed in the tax operating budget surplus, if any, or funded from tax stabilization reserve.

   **CARRIED**

9. **2007 Property/Liability Policies Renewal (FCS07023) (City Wide) (Item 8.3)**

   (Whitehead/Morelli)
   a) That the Liability and Property Insurance coverage for the term January 1, 2007, to January 1, 2008, be renewed through the City’s Broker of Record, Dalton Timmis Insurance Group (DTG), at a cost of $2,528,746 (including broker fees and applicable taxes in accordance with Appendix “A” to FCS07023); and
b) That the General Manager, Finance and Corporate Services, be authorized and directed to execute all associated documents on behalf of the City.

CARRIED

10. Canadian Football Hall of Fame Loan Repayment Deferral (FCS03124(a)) (City Wide) (Item 8.4)

(Powers/Whitehead)

a) That the Canadian Football Hall of Fame be granted a three-year extension until September 10, 2009, for the repayment of the $16,422 principal balance, plus outstanding interest of $1,049 as at December 31, 2006; and

b) That interest continue to accrue until the loan is paid, in full, at an annual rate equal to the Bank of Canada’s prime rate plus 1%, adjusted quarterly.

CARRIED

11. Implementation of 2-1-1 in Halton Region (FCS07019) (Wards 1, 2, 3, 13, 14, 15) (Item 8.5)

(Whitehead/Powers)

a) That the City of Hamilton consent to the inclusion of three shared telephone exchanges (Campbellville, Hunter and Waterdown) in the implementation of 2-1-1 by the Regional Municipality of Halton at this time, provided this continues to be at no cost to the City of Hamilton or its constituents; and

b) That this matter be reviewed in the future at such point in time that 2-1-1 service provision is proposed for the remainder of the City of Hamilton.

CARRIED

12. Implementation of 3-1-1 in Halton Region (FCS07020) (City Wide) (Item 8.6)

(Powers/Whitehead)

That the City of Hamilton consent to the enhanced routing of 3-1-1 calls as requested by the Regional Municipality of Halton in the Campbellville, Hunter, Waterdown and Freelton exchanges.

CARRIED
13. Hamilton Specialty Bar Corporation – Hydro Cost Letter (Outstanding Business Item I) (Item 11.1)

(Pearson/Morelli)
(a) That the correspondence from Horizon Utilities Corporation regarding energy pricing be received.

(b) That Outstanding Business Item (I) of the Audit and Administration Committee be identified as completed and removed from the Outstanding list.

CARRIED

FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

On a motion moved by Councillor Powers and seconded by Councillor Clark, members of Committee referred the Private and Confidential matter (Item 12.1) to the Council meeting scheduled on February 14, 2007.

(b) DECLARATIONS OF INTEREST (Item 2)

Councillor Morelli declared an Interest regarding the Private & Confidential matter listed as Item 12.1 of the agenda.

(c) PRESENTATIONS (Item 7)

Initial Communication on Audit Planning for the City of Hamilton for the year ended December 31, 2006 – Grant Thornton (Item 7.1(a))

i) Evan McDade and Melanie Dugard, Grant Thornton, appeared before Committee and presented an overview of the Audit Plan. Included in the presentation were details of the following:

- Background
- Financial Reporting Responsibilities
- Approach to the Audit
- Specific Audit Risk Areas
- Audit Team & Timing
- Current Accounting and Auditing Developments

A copy of Mr. McDade and Ms. Dugard’s PowerPoint presentation was provided to members of Committee.
On a motion, the Committee received the Audit Planning report submitted by Grant Thornton.

ii) **2006 Year End Audit Plan (Item 7.1(b))**

Joe Rinaldo, General Manager of Finance and Corporate Services and Brian McMullin, Manager of Accounting Services provided an overview of the following with respect to the 2006 Year End Audit Plan:

- City of Hamilton Financial Reports
- City of Hamilton Financial Statements
- Municipal Financial Reporting Requirements
- Proposed Future Changes to Municipal Financial Reporting Requirements

A copy of the PowerPoint presentation was circulated to members of Committee.

Chair Collins thanked staff for their presentation and Committee received the presentation.

iii) **Reserve/Revenue Funds and Trust Accounts Statement of Investment Policies and Procedures Review (FCS07005) (City Wide) (Item 7.2)**

Joe Rinaldo, General Manager of Finance and Corporate Services and Gerry Boychuk, Chief Investments Officer made a PowerPoint presentation to members of Committee regarding the City of Hamilton’s Investment Policy. Included in the presentation were details of the following:

- Primary Goals of the City’s Investment Policy
- Highlighted Changes of the Municipal Act
- Proposed City Policy Highlights

A copy of the staff presentation was circulated to members of Committee.

Committee discussed the presentation and Chair Collins requested staff to provide additional information, including an analysis, on how the City would have done had it already been invested in an equity market.

Councillor Powers questioned the reporting structure on Revenue and Trust Accounts regarding our various Boards within the City.
Joe Rinaldo advised that reserve reports were reported through the capital budget and that he would forward a copy of last year’s report to the Councillor.

Committee approved that staff report as presented.

(d) 2007 Property/Liability Policies Renewal (FCS07023) (City Wide) (Item 8.3)

Councillor Collins asked staff to provide additional background information regarding the increase in our fleet complement.

(e) Implementation of 2-1-1 in Halton Region (FCS07019) (Wards 1, 2, 3, 13, 14, 15) (Item 8.5)

Committee requested staff to provide additional information regarding the rationale of the Region of Halton proceeding with both the 2-1-1 and 3-1-1 programs.

(f) GENERAL INFORMATION/OTHER BUSINESS (Item 11)

i) Correspondence from Horizon Utilities Corporation
Re: Hamilton Specialty Bar Corporation – Hydro Cost Letter
(Outstanding Business Item I)

On a motion, Outstanding Business Item (I), correspondence from Horizons Utilities Corporation regarding energy costs was received, identified as being complete and removed off the Outstanding Business List.

ii) Reporting Process of the Internal Auditor

Committee asked for clarification regarding the reporting process of the Internal Auditor. A specific concern was raised in that staff were reviewing the Auditor’s reports before they were presented to Committee.

Staff were directed to review the current reporting process and to report back to Committee with various options and/or alternatives.

Staff were also requested to confirm the date of when the 2007 Internal Audit Work Plan would be coming before Committee.
iii) Service Levels

Councillor Whitehead expressed a concern that Ward 8 residents were paying for a level of fire service at the Meadowlands in Ancaster and questioned if an internal audit could be arranged to review the costs.

Glen Peace, City Manager, advised that it would be appropriate to discuss this issue when the Internal Auditor brings forward her 2007 Work Plan.

(g) ADJOURNMENT

On a motion, the Audit and Administration Committee adjourned at 11:15 a.m.

Respectfully submitted

Councillor C. Collins
Chair
Audit and Administration Committee

Irene Sturgeon
Legislative Assistant
February 7, 2007