

Request for Audit and Finance Standing Committee Consideration		
<input checked="" type="checkbox"/> Agenda Item (Submitted to Municipal Clerk's Office by Noon at least 5 working days prior to the meeting)	<input type="checkbox"/> Added Item (Submitted to Municipal Clerk's Office by Noon at least one day prior to meeting)	<input type="checkbox"/> Request from the Floor
Date of Meeting: May 16, 2018		
Subject: Auditor General - Outstanding Issues (Presentation)		
Motion for Audit and Finance Standing Committee to Consider:		
That the Audit and Finance Standing Committee receive a presentation regarding the staff information report entitled "Auditor General - Outstanding Issues."		
Reason:		
To provide the Standing Committee with information from the Chief Administrative Officer regarding outstanding issues identified by the Auditor General, pursuant to the motion passed by the Audit and Finance Standing Committee April 18, 2018:		
<i>THAT the Audit and Finance Standing Committee ask the Chief Administrative Officer to address this Committee on plans to address the known outstanding issues; to provide a timeline on how all those issues are being addressed and whether they are going to be actioned on or not; and, if not, provide an explanation why they are not being actioned.</i>		
Outcome Sought:		
Discussion and presentation of the report Auditor General: Outstanding Issues		
<i>Councillor Steve Craig</i>	<i>District 15</i>	



P.O. Box 1749
Halifax, Nova Scotia
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Item No. 12.6.1
Audit and Finance Standing Committee
May 16, 2018

TO: Chair and Members of the Audit and Finance Standing Committee

SUBMITTED BY: ORIGINAL SIGNED
Jacques Dubé, Chief Administrative Officer

DATE: April 26, 2018

SUBJECT: Response to Outstanding Issues Identified by the Auditor General

INFORMATION REPORT

ORIGIN

At the April 18, 2018 meeting of the Audit and Finance Standing Committee, the committee asked the CAO to address this Committee on how he plans to address the known outstanding issues; to provide a timeline on how all those issues are being addressed and whether they are going to be actioned on or not; and, if not, provide an explanation why they are not being actioned.

LEGISLATIVE AUTHORITY

This report relates to the HRM Charter Sections 49 to 54 regarding the appointment of a municipal Auditor General.

BACKGROUND

At the April 18, 2018 meeting of the Audit and Finance Standing Committee, the Municipal Auditor General (MAG) released a report titled, "Follow-up Review: Reports Released from March 2014 – January 2016", which presented findings resulting from a review of nine reports released during that period. The report is appended to this report as Attachment A. This was the first follow-up report issued by the current Auditor General, and dealt with reports released by the previous Auditor General. In future, the intention of the current MAG is to follow-up on reports released by her office 18 months after audit results are released.

The MAG report indicated that 46% of significant issues in the reports reviewed were addressed, leaving 54% of known issues outstanding. In total, 14 of 26 significant issues were defined by the MAG as outstanding, and it was noted that three of the nine reports reviewed had "minimal or no work done to address identified risks". As a result, the Audit and Finance committee passed the above motion and asked the Chief Administrative Officer to respond to the report findings at the next committee meeting on May 16.

DISCUSSION

The nine reports released by the previous Auditor General during the March 2014 to January 2016 review period are as follows:

- Administration of Training Expenditures
- Employee Absence Leave
- Equipment Fuel Program
- Halifax Regional Fire & Emergency – Nonemergency Fleet Vehicle Allocation
- Washmill Lake Court Extension Project
- Risk Management: Fuel Spill at Halifax Transit
- Expenses: Mayor, Councillors, Senior Management and Staff, 2013-14
- Building Standards – Permits and Inspections
- Management of HRM's Reserve Funds

As noted by the MAG in the follow-up review report, "Since we have limited resources and must balance follow up of previous work with new audits, we decided to combine the key issues and recommendations from the nine reports into significant themes to follow up". As a result, 26 follow-up themes were identified in the nine reports. All seven themes in two of the reports listed above – three in Administration of Training Expenditures and four in HRFE Nonemergency Fleet Vehicle Allocation – were deemed by the MAG to be addressed. This leaves a total of 19 themes in the other seven reports, 9 of which are considered to be outstanding by the MAG. A summary of the reports and themes is included on Page 4 of the MAG report (Attachment A to this report).

In response to the Audit and Finance motion, staff have provided responses to the 9 outstanding themes from the 7 reports, including relevant background information, most recent updates, and time lines for completion where available. These detailed responses have been compiled in one document, which is appended to this report as Attachment B.

FINANCIAL IMPLICATIONS

There are no new financial implications related to the content of this report.

COMMUNITY ENGAGEMENT

Not applicable.

ATTACHMENTS

Attachment A - Municipal Auditor General report titled, "Follow-up Review: Reports Released from March 2014 – January 2016", released April 2018

Attachment B – HRM Responses to Auditor General Follow-up Review

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Paul Johnston, Coordinator of Corporate Affairs, 902.490.6616

AUDITOR GENERAL

Halifax Regional Municipality

Follow-up Review: Reports Released from March 2014 – January 2016

April 2018

April 18, 2018

Office of the Auditor General
Halifax Regional Municipality
Contract Management Audit

This ***Follow-up Review: Reports Released from March 2014 – January 2016***, completed under section 50(2) of the Halifax Regional Municipality Charter, is hereby submitted to the Audit and Finance Standing Committee of Regional Council.

Respectfully,

Original signed by

Evangeline Colman-Sadd, CPA, CA
Auditor General
Halifax Regional Municipality

**AUDITOR
GENERAL**

Halifax Regional Municipality

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Summary

Results

Only 46% of significant issues addressed

54% of known issues remain outstanding

Key Take-aways

Management needs to take action to correct known deficiencies.

Of the nine reports released between March 2014 and January 2016, 54% (14 of 26) of significant issues are outstanding two to four years later, including:

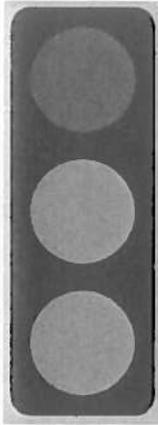
- No procedure manual for building permits and inspections
 - Detailed procedures would guide staff and promote consistency across inspections
- Lack of project management office for high-value, one-time capital projects
 - Ad hoc for each project rather than common approach
- No policy for the use of fuel fobs at HRM fueling locations
- Lack of monitoring of fuel cards and fobs by supervisors to confirm fuel purchases are reasonable

Of the nine reports, three had minimal or no work done to address identified risks.

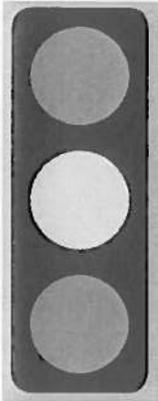
- Building Standards – Permits and Inspections
- Employee Absence Leave
- Equipment Fuel Program

Follow-up Themes by Report	Addressed
Administration of Training Expenditures	3/3
No training strategy to develop courses	Yes
Confusion around training program	Yes
Issues with tuition reimbursement policy	Yes
Employee Absence Leave	0/2
No analysis of absence leaves	No
Leave entitlements not consistent across business units	No
Equipment Fuel Program	0/2
Lack of controls around the use of fuel cards and fobs	No
Inconsistent controls at fueling locations	No
Halifax Regional Fire & Emergency – Nonemergency Fleet Vehicle Allocation	4/4
No policy to allocate Halifax Fire's nonemergency vehicles	Yes
Lack of controls for Halifax Fire's nonemergency vehicles	Yes
Management does not have sufficient information to assign vehicles	Yes
HRM fleet guidelines not followed	Yes
Washmill Lake Court Extension Project	1/3
HRM could not confirm that Washmill met appropriate construction standards	Yes
Lack of project management and central responsibility	No
Lack of appropriate approvals and oversight	No
Risk Management: Fuel Spill at Halifax Transit	1/3
HRM has no corporate-wide risk management	No
No environmental protection framework	No
Fuel spill undetected due to incorrect inventory reconciliation procedures	Yes
Expenses: Mayor, Councillors, Senior Management and Staff 2013-14	2/3
Issues with expense policy controls	No
Allowable charges under expense and purchasing card policies may need to be updated	Yes
Less analysis possible with information provided by new credit card provider	Yes
Building Standards – Permits and Inspections	0/3
No procedures manual	No
Records management issues	No
Performance indicator not related to performance of division	No
Management of HRM's Reserve Funds	1/3
Lack of compliance with legislation and Administrative Order	No
Lack of documentation and transparency for reserve funding levels and planned usage	No
Issues with accounting controls (access to funds)	Yes
TOTAL	12/26

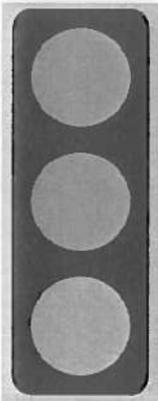
Follow-up: March 2014 – January 2016



Employee Absence Leave	2 of 2 Outstanding
Equipment Fuel Program	2 of 2 Outstanding
Building Standards – Permits and Inspections	3 of 3 Outstanding



Washmill Lake Court Extension Project	1 Addressed 2 Outstanding
Risk Management: Fuel Spill at Halifax Transit	1 Addressed 2 Outstanding
Expenses: Mayor, Councillors, Senior Management, and Staff 2013-14	2 Addressed 1 Outstanding
Management of HRM's Reserve Funds	1 Addressed 2 Outstanding



Administration of Training Expenditures	3 of 3 Addressed
Halifax Regional Fire & Emergency – Nonemergency Fleet Vehicle Allocation	4 of 4 Addressed

Given the large number of recommendations, we chose to group recommendations by theme. The numbers shown above represent the number of themes addressed versus outstanding.

Administration of Training Expenditures – March 2014

No training strategy to develop courses – Addressed

Steps taken:

- Created training strategy
- Implemented framework to review and develop training course offerings

Why does this matter?

- Should allow HRM to evaluate whether its training programs are effective

Confusion around training program – Addressed

Steps taken:

- Clarified all elements of the training program
 - Defined roles for Human Resources, other business units, training advisory committee
 - Updated employee learning and development policy
 - New education reimbursement policy
 - Simplified HRM's core competencies and integrated into courses

Why does this matter?

- Helps directors, managers and employees have a better understanding of their roles and available training options
- Allows management to set training expectations for employees

Issues with tuition reimbursement policy – Addressed

Steps taken:

- New education reimbursement policy
 - Outlines types of training eligible for funding
- Human Resources now keep denied and approved applications for reimbursement.

Why does this matter?

- Improved policy should allow greater consistency across HRM.
- Gives management information to monitor the policy

Employee Absence Leave – April 2014

No analysis of absence leaves – Outstanding

What was the issue?

- Employee absence data not compared to external benchmarks
- Few common absence codes across HRM makes internal comparisons difficult.

Steps taken:

- Identify employees with absences above average of the working group
- Created useful absence reports for management

What else needs to happen?

- Identify external source for benchmarking such as Statistics Canada or other municipalities.
 - Municipal Benchmarking Network Canada does not appear to report absence statistics.
- Define expected employee absence based on benchmarking
- Create and use common absence codes across HRM
- Conduct internal benchmarking between HRM employee groups

Leave entitlements not consistent across business units – Outstanding

What was the issue?

- Different leave entitlements across business units
 - Example: certain types of leave available to some non-union employees and not to others

What needs to happen?

- Determine appropriate leave entitlements for HRM's non-union workers and use in all business units.
- Determine if leave entitlements available to other HRM working groups need updating.

Equipment Fuel Program – September 2014

Lack of controls around the use of fuel cards and fobs – Outstanding

What was the issue?

- No policy on the use of fuel purchasing cards or fuel fobs for HRM's fueling locations
- Lack of monitoring by supervisors and procurement
 - Lack of data available for monitoring such as fuel tank size, fuel grade, location fuel purchased
- No monitoring of the use of override codes if fob does not work
- Halifax Regional Police maintained spare fobs

Steps taken:

- Created fuel purchasing card policy
- Stronger controls for overrides when fuel fobs not working
- Halifax Regional Police no longer use spare fuel fobs

What else needs to happen?

- Create policy for the use of fuel fobs at HRM's fueling locations, including:
 - Process to issue fuel fob and monitor usage
 - Require that fuel be purchased for HRM vehicles only
 - Process to find and disable unused fobs
- Collect sufficient data to fully monitor usage of cards and fobs
 - Example: data to detect if amount of fuel purchased is more than vehicle's gas tank will hold
- Inform business unit supervisors and managers monthly of all purchases made on fuel cards and fobs that did not comply with policy.

Inconsistent controls at fueling locations – Outstanding

What was the issue?

- Concerns about the security of HRM's fueling locations
 - Corporate Security staff still concerned – some sites in remote and unsupervised locations, increasing risk of theft and vandalism

Steps taken:

- Two stations were identified as high risk and subsequently closed.

What else needs to happen?

- Clarify which business unit is responsible for the security of fueling locations
- Perform a risk assessment of the security of HRM's fueling locations
- Implement stronger security measures as necessary

Halifax Regional Fire & Emergency – Nonemergency Fleet Vehicle Allocation – September 2014

No policy to allocate Halifax Fire's nonemergency vehicles – Addressed

Steps taken:

- Halifax Fire's use of regional vehicles policy updated, includes:
 - Identified positions which are on-call 24/7 and assigned a vehicle
 - States vehicles must be parked at one of four fire stations outside working hours, only taken home while an employee is on-call
- Each division has a number of vehicles, division commander allocates

Why does this matter?

- Control to help ensure vehicles are only provided to employees who require for their job and not driven for personal use

Lack of controls for Halifax Fire's nonemergency vehicles – Addressed

Steps taken:

- Implemented automatic vehicle location system in most vehicles
- Track mileage for all nonemergency vehicles, either by vehicle locator system or manual monthly reporting
- Single inventory in HRM's new fleet focus system
 - Vehicles logged by fire station rather than by employee

Why does this matter?

- Mileage data can be used to help ensure compliance with HRM fleet guidelines and to manage fleet.
- Single inventory reduces likelihood of duplication or errors

Management does not have sufficient information to assign vehicles – Addressed

Steps taken:

- Maintain better information for nonemergency vehicles, including: mileage, vehicle identification information, inspection data, and maintenance costs

Why does this matter?

- Complete information is useful when deciding what to buy, where vehicles should be assigned, and when to dispose

HRM fleet guidelines not followed – Addressed

Steps taken:

- Policy now requires monitoring usage of all Halifax Fire's nonemergency vehicles.
- Halifax Fire reviewed and reduced the number of nonemergency fleet vehicles.
 - Many vehicles still do not meet utilization thresholds in HRM fleet guidelines but management told us there are operational reasons why these vehicles remain in service.
 - Corporate Fleet is looking at each business unit's fleet size which may include an update to utilization thresholds.

Why does this matter?

- Helps ensure Halifax Fire is using funds economically when it purchases and uses nonemergency vehicles

Washmill Lake Court Extension Project – January 2015

HRM could not confirm that Washmill met appropriate construction standards – Addressed

Steps taken:

- Received Bridge Certification Report from the contractor confirming the bridge meets appropriate standards
- Received confirmation from the Province of Nova Scotia that its staff inspected the bridge and agreed to take possession

Why does this matter?

- HRM capital projects must comply with relevant construction standards to help ensure safety.

Lack of project management and central responsibility – Outstanding

What was the issue?

- Lack of project management
- No central project management function or records management for high-value, non-recurring capital projects

Steps taken:

- Created the Corporate Information Management Administrative Order, outlining requirements for managing Municipal records
- For the current Cogswell Redevelopment project, management created a project office to manage the project

What else needs to happen?

- Create a standard approach to manage HRM's high-value, non-recurring capital projects
- Develop records management requirements for one common file for projects which involve multiple business units

Lack of appropriate approvals and oversight – Outstanding

What was the issue?

- Regional Council was not provided sufficient information to ensure appropriate oversight of large capital projects.
- Project scope and budget were changed without Regional Council approval
- Lack of accountability for information provided to Council and ensuring Council reports are accurate

Steps taken:

- Increases to project budgets must go to Audit and Finance Standing Committee, then to Regional Council for approval.
- Updated procurement policy requires Regional Council approval of increases to a single contract of more than 20 percent or \$20,000 (whichever is greater)
- All Council reports must be approved by Director of Legal and Director of Finance.
- Section added to Council reports to discuss HRM Charter and policy requirements
- Improved capital budget reporting in the quarterly financial statements, including: budget to actual, commitments, and projected spending for the current year

What else needs to happen?

- Management should give Regional Council information on risks for each capital project.
- The quality of capital budget cost estimates should be defined.
 - Currently, each project is assigned a rating, but there is no definition of the reliability of the estimate for each rating.
- Supporting documentation for cost estimates should be maintained.

Risk Management: Fuel Spill at Halifax Transit – May 2015

HRM has no corporate-wide risk management – Outstanding

What was the issue?

- No corporate-wide risk management and risks not formally identified
 - Fuel not identified as a risk to the Municipality, generally a high-risk item

Why does this matter?

- A robust risk management program helps identify, and develop plans to deal with, possible future events that could negatively impact HRM's ability to deliver services to its citizens.

Steps taken:

- Created an enterprise risk management program and risk register
 - Captures high-level strategic risks, not operational level
 - Insufficient to address fuel spill risks

What else needs to happen?

- Operational risks, such as fuel-related risks and others, should be identified.

No environmental protection framework – Outstanding

What was the issue?

- No framework to identify environmental risks

Steps taken:

- Plan to develop an environmental protection framework presented to Regional Council in June 2016
- No further progress made to finalize the plan
- Environmental risks currently identified informally within the Energy and Environment division

What else needs to happen?

- Implement a framework to identify, monitor, and mitigate, as appropriate, environmental risks

Fuel spill undetected due to incorrect inventory reconciliation procedures – Addressed

Steps taken:

- Improved fuel inventory reconciliation process
- Per Halifax Transit staff, Nova Scotia Environment reviewed and approved the process.

Why does this matter?

- Unusual fuel variances should be easier to detect.

Expenses: Mayor, Councillors, Senior Management and Staff 2013-14 – May 2015

Issues with expense policy controls – Outstanding

What was the issue?

- Location information missing from travel expense forms
 - Policy states employees should claim travel from their residence or place of work, whichever is less
- No comment on when Council members may claim mileage from their place of residence
 - Some members claimed, others did not

What needs to happen?

- Update the local travel expense form to include location travelling from
- Define when Council members can claim mileage from their place of residence

Allowable charges under expense and purchasing card policies may need to be updated – Addressed

Steps taken:

- Purchasing card policy revised in January 2017
- Processes to help ensure charges for hotels, rental cars and other travel-related expenses are reasonable
 - Out-of-town travel approval forms must include estimated expenses.
 - Flights booked through approved travel agent

Why does this matter?

- Should help ensure value-for-money when reimbursing employee expenses
- Outlines reasonable expenses so employees know what to expect

Less analysis possible with information provided by new credit card provider – Addressed

Steps taken:

- Finance staff have access to sufficient information to analyse compliance with the purchasing card policy.
 - Drawback – process is now more manual and prone to error

Why does this matter?

- Management needs information to monitor compliance

Building Standards – Permits and Inspections – September 2015

No procedures manual – Outstanding

What was the issue?

- No documented procedures for building inspections and issuing building permits
- Inconsistent practices among building inspectors

What needs to happen?

- Create a procedures manual for building inspections and permits (Key position was vacant for a year but enough time has passed for this to have been addressed.)
 - Issuing building permits and inspections is an important municipal responsibility.
 - Lack of manual increases potential for differences among staff

Records management issues – Outstanding

What was the issue?

- No records management policy
- No standards for file documentation, inconsistencies throughout files
- No process to manage a file from open to close resulting in substantial open files (as of September 2014 almost 15,000 open files, 4,600 over five years old)

What needs to happen?

- Develop file standards and records management procedures from file opening to closing, including if files should be electronic or paper.

Performance indicators not relevant – Outstanding

What was the issue?

- One of the municipal compliance division's key performance indicators was not related to the division's performance.
- Staff were not sure of the quality of the data used to calculate the indicators.

What needs to happen?

- Determine appropriate key performance indicators for the municipal compliance division.
- Confirm reliability of the data used to calculate indicators
 - Management told us HRM will participate in municipal benchmarking across Canada, which will include building permits and inspections.

Management of HRM's Reserve Funds – January 2016

Lack of compliance with legislation and Administrative Order – Outstanding

What was the issue?

- Some reserves did not have approved business cases as required by the Administrative Order.
- The business case for certain reserves did not include all Administrative Order requirements.
- Lack of controls to confirm that transfers to and from reserves complied with HRM Charter

Steps taken:

- Reduced the number of reserves from 52 to 20
- Have an approved business case for all 20 reserves
- Better controls implemented to help ensure reserve funding and transfers comply with HRM Charter

What else needs to happen?

- Establish minimum/ maximum funding for all reserves, as required by Administrative Order

Lack of documentation and transparency for reserve funding levels and planned usage – Outstanding

What was the issue?

- Not all reserves had approved minimum and maximum funding levels
- No guidance to follow if a reserve became under or overfunded
 - One reserve with approved minimum and maximum funding levels was overfunded for two years before a recommendation to Regional Council to use the extra funds to cover the 2014-15 general rate deficit.

What needs to happen?

- Establish approved minimum and maximum funding levels for all reserves.
- Develop guidance to provide direction when a reserve becomes under or overfunded

Issues with accounting controls (access to funds) – Addressed

Steps taken:

- All reserve business cases now have standard approval process for accessing reserve funds
 - Includes review by Finance staff to ensure funds are available and the expense is appropriate
- Improved tracking of reserve activity to help ensure only funds approved by Regional Council are transferred to and from reserves

Why does this matter?

- Reserves are created under Regional Council authority and should only be used as approved by Regional Council.

Background

Since the Office of the Auditor General, Halifax Regional Municipality was established in 2009, we have released 41 reports examining various HRM programs and services. These reports provided recommendations for improvements in effectiveness, efficiency and economy.

When the Office was first established, we did not have a regular follow-up process. Follow-up work was completed on certain reports released between 2009 and 2013. We decided not to follow up the remaining reports from that time period since they are at least five years old. We will consider the issues identified in our future audit planning.

Going forward, we have established a new follow-up process. We will revisit all recommendations in each report 18 months after the audit results are released to determine whether management has corrected the issues we identified. We will publicly report follow-up results.

Objectives and Scope

We completed a follow-up review of reports released between March 2014 and January 2016. Since we have limited resources and must balance follow up of previous work with new audits, we decided to combine the key issues and recommendations from the nine reports into significant themes to follow up.

Our objective was to provide review level or limited assurance on HRM's implementation of key recommendations and themes from these reports. A limited assurance engagement provides a lower level of assurance than an audit. Conclusions are based on reasonability of what management tells us, rather than detailed testing as would be found in an audit.

Nine reports were released between March 2014 and January 2016.

- Administration of Training Expenditures
- Employee Absence Leave
- Equipment Fuel Program
- Halifax Regional Fire & Emergency – Nonemergency Fleet Vehicle Allocation
- Washmill Lake Court Extension Project
- Risk Management: Fuel Spill at Halifax Transit
- Expenses: Mayor, Councillors, Senior Management and Staff, 2013-14
- Building Standards – Permits and Inspections
- Management of HRM's Reserve Funds

Our approach included discussing implementation with staff; reviewing applicable legislation, policies, guidelines and processes; and other procedures we considered necessary.

This limited assurance engagement was conducted in accordance with the *Canadian Standard for Assurance Engagements (CSAE) 3001 – Direct Engagements* published by the Chartered Professional Accountants of Canada.

We apply the Canadian Standard on Quality Control 1, and our staff follow the Chartered Professional Accountants of Nova Scotia Code of Conduct.

Contact Information

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Attachment B – HRM Responses to Auditor General Report “Follow-up Review: Reports Released from March 2014 – January 2016” (May 2018)

Report – Employee Absence Leave

Release Date – April 2014

Lead Business Unit – Human Resources

Outstanding Themes Identified by Auditor General and HRM Response

(1) **No analysis of absence leaves** – In this theme, the Municipal Auditor General (MAG) indicated that HRM should identify an external source for benchmarking such as Statistics Canada or other municipalities, define expected employee absence based on benchmarking, create and use common absence codes across HRM, and conduct internal benchmarking between HRM employee groups.

HRM Response - HRM has initiated the following actions.

(1) The below information has been presented to the Executive Standing Committee, and Human Resources (HR) presents this type of attendance information to the Committee on a regular basis.

Business Unit	\$ Value of Sick Hours			Average Sick Days per Employee		
	15/16	16/17	Variance	15/16	16/17	Variance
Chief Administrative Office	272,369	173,612	-36%	12.2	7.9	-35%
Finance & ICT	481,454	457,100	-5%	8.0	7.7	-4%
Fire & Emergency Services	1,552,571	1,470,209	-5%	5.1	4.4	-14%
Halifax Forum	18,806	35,335	88%	6.1	11.1	82%
Halifax Transit	3,227,649	3,374,219	5%	18.1	18.1	0%
Human Resources	71,867	126,613	76%	4.9	7.0	43%
Legal & Risk	47,233	48,232	2%	4.3	4.2	-2%
Office of the Auditor General	8,682	12,614	45%	4.8	5.4	13%
Operations Support	507,893	398,116	-22%	12.6	9.5	-25%
Parks & Recreation	539,879	482,238	-11%	10.8	8.2	-32%
Planning & Development	268,857	510,502	90%	6.6	11.9	80%
Regional Police	1,517,798	1,731,056	14%	7.0	6.3	-10%
Transportation & Public Works	688,992	709,396	3%	13.6	13.2	-3%
Grand Total	\$9,204,050	\$9,529,242	3.5%	10.8	10.4	-4%

Statistics Canada information (Sick Days):

Canadian Average 2016 (full year)	7.8
Nova Scotia Average 2016 (full year)	8.8
Private Sector (2016)	8.3
Public Sector Average (2016)*	13.5
HRM Average	10.4

*Includes personal and family reasons; Nova Scotia would be 10.5 if those factors were added in.

(2) Attendance Support is earmarked to be one of HRM's Corporate Performance Excellence projects in 2018/19. Organizational next steps are as follows:

- The Chief Administrative Officer (CAO) will be the project champion, with Organizational Performance Excellence Business Analysts from HR facilitating the review of attendance;
- Collaboration and integration of continuous improvement efforts will occur within the business units;
- Goal statements, stakeholder requirements and a scoping exercise is in progress;
- HR will continue to provide support to employees so they can attend work on a regular basis, are productive and are contributing to municipal outcomes.

(3) All attendance/absence payroll codes were reviewed by HRM Payroll Services and any codes that were no longer required were removed. Descriptions were adjusted across union/employee groups where possible to enable easier comparisons. This process was completed in 2015. However, there were some codes which could not be adjusted as there is payroll configuration behind them in the system and/or were being fed from Hastus (Transit's payroll system).

(4) The Municipality reviews attendance by employee group and has started an annual comparison, which is presented to the Executive Standing Committee. The below tables outline Value of Sick Hours, Average Sick Days per Employee and absence percentage thresholds by employee group.

Business Unit	\$ Value of Sick Hours			Average Sick Days per Employee		
	15/16	16/17	Variance	15/16	16/17	Variance
ATU	3,012,053	3,165,091	5%	19.7	19.9	1%
CUPE 108	1,013,551	877,198	-13%	20.9	16.7	-20%
HRPA	1,408,057	1,607,235	14%	5.7	5.9	4%
IAFF	1,476,333	1,435,293	-3%	4.7	4.4	-6%
NSUPE	1,005,220	1,309,121	30%	7.9	9.3	18%
Non Union	1,278,802	1,135,304	-11%	8.5	6.0	-29%
Grand Total	\$9,194,016	\$9,529,242	3.5%	10.7	10.4	-3%

Attendance Support program Employee Group Absence % Threshold

Group	2016/17 (As of March 31, 2017)	2017/18 (As of March 31, 2017)	Progress
ATU	4.17%	4.27%	
CUPE 108	4.82%	4.93%	
HRPA	3.11%	2.99%	
IAFF 268	3.95%	3.94%	
Non-union	2.23%	2.04%	
NSUPE 13	3.06%	3.72%	

The revised Attendance Support Policy was introduced in October 2015. The above table demonstrates fiscal measurements going forward.

Absenteeism Thresholds: Sick Leave Percentage Threshold means the average rate of absenteeism of the bargaining unit or non-union group. This threshold is established at the end of each fiscal year.



(2) Leave entitlements not consistent across business units – In this theme, the MAG suggested that HRM determine appropriate leave entitlements for HRM’s non-union workers and use these in all business units and determine if leave entitlements available to other HRM working groups need updating

HRM Response - Human Resources has indicated that all non-union employees across HRM have the same leave entitlements under current policy. However, some leaves are being granted inconsistently across, and possibly within, business units. Part of HR’s 2018/19 business plan is to revise the current HR policy manual, which will include decisions on clarifying any policies or practices that are applied inconsistently. Planned completion for this project is the final Quarter of 2018/19. Leave entitlements for all other working groups (e.g. unions) are determined through the collective bargaining process.

Report – Equipment Fuel Program

Release Date – September 2014

Lead Business Units – Corporate and Customer Service (Fleet Services) and Finance and Asset Management (Procurement)

Outstanding Themes Identified by Auditor General and HRM Response

(1) Lack of controls around the use of fuel cards and fobs – In this theme, the MAG indicated that HRM should create a detailed policy for the use of fuel fobs at HRM fueling locations, collect sufficient data to monitor usage of cards and fobs, and better inform managers of purchases that do not comply with policy.

HRM Response – A fuel card policy has been completed and implemented, and staff are now working on development of a policy for fuel fobs. The expected completion date for this policy is September 2018. Both the fuel card policy and fob policy (when completed) will allow for better usage monitoring and reporting, including detailed compliance reporting to individual Business Units.

(2) Inconsistent controls at fueling locations – In this theme, the MAG suggested that HRM should clarify business unit responsibility for security of fueling locations, perform a risk assessment of security at fueling locations, and implement stronger security measures as necessary.

HRM Response – As per direction from Senior Management, Fuel Governance and Management (including security at fueling locations) has been assigned to Corporate Fleet and Procurement will be responsible for fuel purchase. In 2017/18 Request for Proposals (RFP) was issued to conduct a Fuel Compliance Review to develop policies and procedures to strengthen fuel management, including inventory management, storage, usage, security, data and compliance. Technical and commercial evaluations of responses to this RFP are being conducted by an Evaluation Committee. It is expected that these evaluations will be completed and the Director's report submitted in May 2018. A vendor will be chosen to complete the review soon after. Transit maintains responsibility for the daily operation of their fuel depots. Transit completed a Fuel Storage and Dispensing Facility Diligence Inspection Report (for the Burnside location only) in 2017.

Report – Washmill Lake Court Extension Project

Release Date – January 2015

Lead Business Unit – Finance and Asset Management

Outstanding Themes Identified by Auditor General and HRM Response

(1) Lack of project management and central responsibility – In this theme, the MAG suggested that HRM should create a standard approach to manage high-value, non-recurring capital projects and develop records management requirements for one common file for projects which involve multiple business units.

HRM Response – In the coming year, the Finance and Asset Management (FAM) team is supporting the capital steering group in the creation of a revised governance and decision-making model for HRM's capital program. This will include standard project management approaches and an enhanced accountability framework for cross-functional projects. As noted in the MAG report, HRM has created a project office to manage the current Cogswell Redevelopment project, which may provide an example for future management of large and complex projects.

(2) Lack of appropriate approvals and oversight – In this theme, the MAG recommends that management give Council information on risks for each capital project, define the quality of capital budget cost estimates, and maintain supporting documentation for these estimates.

HRM Response – As part of the aforementioned capital review work, FAM is supporting the capital steering group in developing enhanced decision-making matrices which will calculate risk associated with projects. These assessments will be shared as information with Council and the capital project ask will be presented against the rest of the program so that Council understands the implications associated with approving any new projects to the total health of the capital account.

Report – Risk Management: Fuel Spill at Halifax Transit

Release Date – May 2015

Lead Business Units – Transit, Finance and Asset Management, Planning and Development

Outstanding Themes Identified by Auditor General and HRM Response

(1) HRM has no corporate-wide risk management – In this theme, the MAG notes that operational risks, such as fuel related risks and others, should be identified.

HRM Response – In 2015, HRM developed an approach to corporate risk management, which was endorsed by Senior Management and presented to Regional Council. Since that time, implementation of this approach has been initiated. The enterprise risk program includes several aspects, including a risk register and associated matrix, which are being revamped in 2018/19. The register and matrix provide implementation guidelines for the Risk Consideration section which has been added to the Council Report template as part of the overall risk management approach. A working group has been established to revisit the Enterprise Risk Management Framework as originally presented in 2015. Once reviewed, an updated version will be tabled at the Audit and Finance Standing Committee by the 3rd Quarter of 2018/19.

(2) No environmental protection framework – In this theme, the MAG recommends that HRM implement a framework to identify, monitor, and mitigate, as appropriate, environmental risks.

HRM Response – Specifically in response to the fuel spill, Halifax Transit updated internal spill procedures and put staff through training; developed a right-of-way spill procedure in the event of any type of spill in the right of way or on private property; and engaged an engineering firm to review fuel management procedures and ensure alignment with current regulations and that preventative and risk mitigation measures are in place to identify and contain spills. In addition, Transit issued an RFP for construction of spill containment systems under fuel tanks. Construction is likely to begin in June 2018. Corporate Fleet is in the process of hiring an engineering firm to conduct similar work.

At the corporate level, as noted above, HRM is working on an Enterprise Risk Management Framework. An information report on progress toward aligning an environmental protection framework with the risk framework was provided to the Environment and Sustainability Standing Committee on June 9, 2016. The report outlined risk management practices at HRM, and the proposed structure and next steps for development of an environmental framework. The report noted that work to inventory environmental risks would require collaboration among HRM business units and that, in working through the approach, additional financial and human resources necessary to complete the initiative may be identified. Staff also committed to provide periodic updates to the Environment and Sustainability Standing Committee as the framework progresses. Currently, HRM is in the process of filling a vacant risk and compliance position, which will provide the capacity to begin developing the environmental risk framework.

Report – Expenses: Mayor, Councillors, Senior Management and Staff, 2013-14 Release Date – May 2015 Lead Business Unit – Finance and Asset Management, Council Support Office

Outstanding Themes Identified by Auditor General and HRM Response

(1) Issues with expense policy controls – In this theme, the MAG notes that HRM should update the local travel expense form to include “location travelling from”, and define when Council members can claim mileage from their place of residence.

HRM Response – Guidance will be provided to Councilors regarding claiming mileage when on HRM business. Consultation will be required between Councilors, the Councilor Support Office, and Finance to determine the best approach.

Report – Building Standards – Permits and Inspections

Release Date – September 2015

Lead Business Unit – Planning and Development

Outstanding Themes Identified by Auditor General and HRM Response

(1) No procedures manual – In this theme, the MAG recommends that Planning and Development create a procedures manual for building inspections and permits.

HRM Response - The absence of documented Standard Operating Procedures (SOPs) to create consistent practices among building inspectors was noted, and the desired deliverable was the creation of a procedures manual for building inspections and permits. Two critical leadership positions are associated with the work on this deliverable - the Manager of Buildings and Compliance and Manager of Building Standards, which were filled in August and September 2017 respectively, after a period of concurrent vacancy. Work is well underway to substantially update the existing Multi-unit, Industrial, Commercial & Institutional Manual (2009 - application and inspection process for large projects) and to incorporate the SOPs required to meet the objective of standardized and consistent policies, procedures and practices. This work is being led by Building Standards in consultation with Business Services, who will be facilitating the building of revised process maps as well as external partner outreach during late April and throughout May 2018, for implementation in the upcoming fiscal year.

(2) Records management issues – In this theme, the MAG suggests that Planning and Development develop file standards and records management procedures from file opening to closing, including if files should be electronic or paper.

HRM Response – At the time of the MAG's initial report, Building Standards had no officially adopted records management policy, which entailed both a lack of standards for documentation (and incumbent inconsistencies) as well as the absence of process for closing files (leading to data issues around open files and processing times). Buildings and Compliance is in the process of reviewing the Business Unit's newly created records management policy, which addresses most of the above concerns. Business Services is also working with Building Standards to refresh Hansen training regarding the closure of files as well as mapping out a Standard Operating Procedure for due diligence around file closure. This will be completed by end of May 2018.

(3) Performance indicators not relevant – In this theme, the MAG suggests that Planning and Development determine appropriate key performance indicators for the municipal compliance division, and confirm the reliability of data used to calculate indicators.

HRM Response - The 2015 MAG report indicated the need to determine relevant and appropriate Key Performance Indicators (KPIs) to ensure they are specifically related to performance and components that Building Standards can control. Building Standards is working with ICT, Business Services and Socio-Economic Data and Research to build SMART KPIs that can be tracked in Hansen and reported on accurately using Crystal Reports. This will also be substantively addressed in the deployment of a new Permitting, Licensing and Compliance solution. It should be noted that Buildings and Compliance disagreed in 2016 with the relevance of the 're-inspection' KPI. In current industry practice, re-inspection does not infer "fail". KPIs relating to all inspections can be tracked and rationalised against resourcing costs for business and budget consideration. Estimated completion date for this is the end of Summer 2018.

Report – Management of HRM’s Reserve Funds
Release Date – January 2016
Lead Business Unit – Finance and Asset Management

Outstanding Themes Identified by Auditor General and HRM Response

(1) Lack of compliance with legislation and Administrative Order – In this theme, the MAG recommends that HRM establish minimum / maximum funding for all reserves, as required by Administrative Order.

HRM Response – Analysis of appropriate minimum and maximum funding amounts needs to be performed for each individual HRM reserve. This work has commenced, and the intent is to complete the analysis by the end of 2018/19.

(2) Lack of documentation and transparency for reserve funding levels and planned usage - In this theme, the MAG recommends that HRM establish approved minimum and maximum funding levels for all reserves, and develop guidance to provide direction when a reserve becomes under or overfunded.

HRM Response – As noted above, analysis of appropriate minimum and maximum funding amounts needs to be performed for each individual reserve. This work has commenced, and the intent is to complete the analysis by the end of 2018/19. This work will enable direction to be provided on under or over funded reserves.