

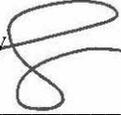
HALIFAX

P.O. Box 1749
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Item No. 6
Halifax Regional Council
April 16, 2019

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jane Fraser, Director, Finance, Asset Management & ICT/CFO

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: February 8, 2019

SUBJECT: Options and Opportunities for the renewal or replacement of the Ticket Atlantic system as the sole provider for Scotiabank Centre

INFORMATION REPORT

ORIGIN

The September 11, 2018 Council Motion: "THAT Halifax Regional Council request a staff report regarding the options and opportunities for renewal or replacement of the Ticket Atlantic system as the sole provider for Scotiabank Centre. This report shall include an update regarding steps taken to address concerns raised in the Auditor General's report 'Review of the Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited'".

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

75 (1) The Municipality may agree with any person for the provision of a service or a capital facility that the Municipality is authorized to provide.

(2) An agreement made pursuant to subsection (1) may allow for the lease, operation or maintenance of the facility or provision of the service by a person, including the sale or disposition to that person of property of the Municipality that continues to be required for the purposes of the Municipality.

BACKGROUND

Mr. Larry Munroe, Municipal Auditor General (AG), presented his report entitled "Review of the Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited" to the Audit and Finance Standing Committee on July 18, 2012. Following the presentation by the Auditor General, the Committee passed the motion requesting a comprehensive review of the operations of the Halifax Metro Centre,

including a specific review of the box office operations, the commission structure and the cost allocation process in place. The report also included 29 recommendations relating to governance and administration.

DISCUSSION

Ticket Atlantic was first set up to provide ticketing services to the Metro Centre (now Scotiabank Centre) to meet box office operational requirements. In the 2006/07 fiscal year the Ticket Atlantic business line was transferred from HRM to Trade Centre Limited (TCL), a provincially owned entity. This transfer to TCL was the subject of the AG's report 2012 report.

An Interim Agreement was established between HRM and TCL in relation to the operation and oversight of the Metro Centre (now Scotiabank Centre) and approved by Regional Council on September 24, 2013 (link below).

<http://legacycontent.halifax.ca/council/agendasc/130924rcAgenda.php>

With the completion of the Convention Centre and the sale of the former World Trade and Convention Centre, HRM is now in a position to enter into a longer-term agreement on the operation of Scotiabank Centre. However, this review of Ticket Atlantic operation will be completed first in case it impacts any future operating agreement.

In 2014, Events East Group (EEG) was created through the Halifax Convention Centre Act to operate, maintain and manage the activities of the Halifax Convention Centre. With the creation of this entity it is the intention of the Province to wind up TCL which necessitated a decision on where to locate the Ticket Atlantic business line, i.e. to move it back to HRM (where it resided prior to 2006/07) or to EEG as the successor of TCL. When HRM first established the Ticket Atlantic business line its function was to provide ticketing services solely for the HRM owned Metro Centre facility. Upon the Ticket Atlantic business line move to TCL in 2006/07, its mandate was expanded to provide ticketing services to other non-HRM owned entities. The contracts with these entities were entered between those entities and TCL. It is HRM's understanding the contracts contain provisions to provide a one-year notification prior to termination, to ensure the entities have sufficient time to procure an alternate ticketing service. The absorption of the Ticket Atlantic business line into HRM would require resources and expertise HRM is currently not structured to provide. As well, HRM does not have the legislative authority to provide ticketing services for non-HRM entities.

Accordingly, to facilitate a timely wind up of TCL by the Province and to ensure business continuity for Scotiabank ticketing and the other non-HRM ticketing contracts, the decision was made to move the Ticket Atlantic business line to EEG under the same terms and conditions outlined in the Interim Agreement between HRM and TCL and to begin an evaluation of the Ticket Atlantic system as the sole provider for Scotiabank Centre.

Options and opportunities for renewal or replacement of the Ticket Atlantic system as the sole provider for Scotiabank Centre

To ensure a fulsome evaluation process, an internal working group comprised of representatives from Parks & Recreation, ICT, Legal and Finance will be engaged to evaluate options, including whether to maintain the current structure with Ticket Atlantic under EEG, have HRM assume the ticketing business line for Scotiabank Centre, create a partnership between HRM and EEG, or outsource the ticketing service to a different third party. The timeline to have this evaluation completed is fall 2019.

Update Regarding Steps Taken to Address Concerns in the Auditor General's Report

In response to the July 12, 2012 motion requesting a comprehensive review of Halifax Metro Center operations, Grant Thornton was engaged and completed the review. The results of this review were presented to Council September 24, 2013 (link below).

<http://legacycontent.halifax.ca/council/agendasc/documents/130924ca143.pdf>

As well, the 29 recommendations in the 2012 AG report were addressed by 2015 and are outlined in Attachment A.

FINANCIAL IMPLICATIONS

No financial implications.

COMMUNITY ENGAGEMENT

Community Engagement, as described by the Community Engagement Strategy, is not applicable to this report.

ATTACHMENTS

Attachment A: Status Update Auditor General Recommendations Ticket Atlantic

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: Renée Towns, Manager of Revenue, Treasurer 902.293.7983

Status Update Auditor General Recommendations Ticket Atlantic Report

Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

Recommendations	Management Responses (in 2012 report)	Update	Status
<p>2.0.1 The OAG recommends HRM establish controls to ensure Trade Centre Limited staff follow HRM's Procurement Policy Administrative Order #35, or any substituted policies and procedures, when acting as the manager for and procuring items on behalf of the Halifax Metro Centre.</p>	<p><i>Agree</i> – A draft interim management agreement (MOU) has been developed outlining the relationship between the parties, specific levels of authority, reporting requirements and performance measures, including purchasing policy and processes to be followed. This document will be brought forward to Audit and Finance Standing Committee for review in the coming months.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. The agreement confirms the use of HRM procurement policies and procedures.</p>	<p>Complete</p>
<p>2.1.1 The OAG recommends HRM require Trade Centre Limited submit a request to implement any significant change to Halifax Metro Centre operations to HRM for approval in advance of taking any steps towards implementation. The request for approval should include a business case identifying the impact to the Halifax Metro Centre (hence HRM) of the change and an evaluation of the anticipated change including a required section on risk.</p> <p>This recommendation reinforces Recommendations 8.2.10.1, 8.2.10.6, 8.2.10.7 from the report "A Review of Concerts Held on the North Common – January 2006 to March 2011" implementation of which the OAG understands are in progress. Due to the circumstances which have given rise to these recommendations, the OAG feels compelled to emphasize haste in implementation in order to ensure HRM's interests are protected</p>	<p><i>Agree</i> – A draft interim management agreement (MOU) has been developed outlining the relationship between the parties, specific levels of authority, reporting requirements and performance measures. This document will be brought forward to Audit and Finance Standing Committee for review in the coming months.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. The agreement addresses the protocol outlined in this recommendation.</p>	<p>Complete</p>
<p>2.2.1 The OAG recommends HRM establish clear and specific policies regarding ongoing operations and capital expenditures Trade Centre Limited can undertake with regards to the Halifax Metro Centre, as well as the level of communication and approval required including limits to authority. This should provide a clear identification of Trade Centre Limited's role and responsibilities for the Halifax Metro Centre (and to HRM), and</p>	<p><i>Agree</i> – As noted above, a draft interim management agreement has been developed outlining the relationship between the parties, specific levels of authority, reporting requirements and performance measures. This document will be brought forward to Audit and Finance Standing Committee for review in the coming months.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. The agreement addresses the process outlined in this recommendation.</p>	<p>Complete</p>

Status Update Auditor General Recommendations Ticket Atlantic Report

Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

Recommendations	Management Responses (in 2012 report)	Update	Status
<p>should provide a delineation regarding operations of the Halifax Metro Centre versus the Trade Centre Limited.</p> <p>Recommendation 8.2.10.7 of the OAG's previous report A Review of Concerts Held on the North Common – January 2006 to March 2011” also addressed this recommendation. The OAG understands HRM is in the process of implementing the recommendation.</p>			
<p>2.3.1 The OAG recommends Trade Centre Limited develop documented signing authorities and levels specifically for the Halifax Metro Centre for review and approval by HRM.</p>	<p><i>Agree</i> – In conjunction with finalizing the interim management agreement with Trade Centre Limited, HRM will review and approve appropriate signing authorities with Trade Centre Limited staff.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. This requirement is included in the agreement.</p>	<p>Complete</p>
<p>2.4.1 The OAG questions why HRM was not named as the licensee in the final signed agreement with Vendor X as originally contemplated by the RFP. The OAG suggests HRM Administration review all existing contracts for services provided to the Halifax Metro Centre to determine if there are other instances where Trade Centre Limited is named on an agreement for services normally associated with the Halifax Metro Centre. Is so, these agreements should be amended so the Halifax Metro Centre is named after the appropriate approvals are obtained.</p>	<p><i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken.</p>	<p>The review of contracts has been completed and identified agreements include facility rentals, box rentals, agreements with concessions, and sale of advertising. As one example, HRM was actively involved in managing the RFP process to acquire naming rights for the facility.</p>	<p>Addressed</p>
<p>3.0.1 It is not the intent of this report to delve into the responsibilities and roles of HRM appointed representatives to various boards and commission, however, the OAG sees this as an area of confusion within HRM, and potentially within the Boards of Directors where HRM's representatives serve. As a result, the OAG recommends HRM provide specific written clarification outlining what the expected roles and responsibilities are for their representatives serving on a Board of Directors on behalf of HRM.</p>	<p><i>Agree</i> – HRM's Legal Services business unit will review and document the roles and responsibilities expected of representatives serving on a Board of Directors on behalf of HRM. These roles and responsibilities will also be reviewed with Councillors as part of the new Council training in the fall.</p>	<p>Materials on the issue of Board representation and role were provided to Mayor and Council by Legal Services as part of their post-election orientation.</p>	<p>Complete</p>

Status Update Auditor General Recommendations Ticket Atlantic Report

Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

Recommendations	Management Responses (in 2012 report)	Update	Status
<p>3.0.2 Given there are many levels of management and responsibility within both HRM and Trade Centre Limited, the possibility for a lack of or miscommunication to take place is high, and as ongoing HRM responsibility rests with management on behalf of Regional Council, the OAG recommends HRM consider requesting an HRM staff member be appointed to the Trade Centre Limited's Board as an ex officio member. The OAG further recommends a senior staff person such as the Director of Finance or the Director Community and Recreation Services might be appropriate.</p>	<p><i>Agree</i> – HRM's Legal Services business unit will review and discuss options for HRM staff to take a more proactive role in Trade Centre Limited's Board discussions as they relate to the operations and management of the Halifax Metro Centre. The resulting board structure will be embedded in the management agreement.</p>	<p>Council has nominated a senior staff member appointed by the CAO to the Board of TCL (currently the CAO) as one of its four nominees on the Board. In addition, the interim agreement established an HRM liaison who will work with TCL staff on operational issues.</p>	<p>Complete</p>
<p>3.0.3 The OAG recommends HRM assess if the transfer of the box office operations could have been executed without documented approval (at appropriate levels). If transfer and ownership questions remain, the OAG recommends HRM Administration pursue the appropriate courses of action to ensure HRM interests have been and are protected.</p>	<p><i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken. Also, as noted in response to recommendation 4.2.1 HRM Legal Services will review the circumstances related to the transfer of box office operations and ensure that any transfer and ownership questions that may remain are followed up on.</p>	<p>A consultant was retained to conduct a comprehensive review of operations of the Metro Centre and the box office operations for the period 2004/05 to 2011/12. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013). Relevant recommendations from this AG report were specifically cited in the RFP, and were addressed in the consultant's review. The legal question regarding appropriate execution and approval of transfer has been incorporated into 4.2.1 below.</p>	<p>Addressed</p>
<p>3.0.4 The OAG recommends HRM clarify and document the role and authority of Trade Centre Limited's Board of Directors with respect to Halifax Metro Centre activities, specifically with respect to Recommendations 2.1.1 and 2.2.1.</p>	<p><i>Agree</i> - HRM's Legal Services business unit will review and document in discussion with Trade Centre Limited.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. The agreement establishes general responsibility of the TCL Board for Metro Centre activities.</p>	<p>Complete</p>
<p>3.0.5 Given the nature of the management agreement and the complexity of the operations related to the Halifax Metro Centre, the OAG recommends HRM review and formally document the governance structure for this arrangement. During this review, the OAG recommends HRM consider if the current structure of having minority representation on the Board of Directors for Trade Centre Limited is the most efficient and effective governance</p>	<p><i>Agree</i> – As part of the on-going work on the Economic Development governance review, the Board structure for Halifax Metro Centre will be reviewed and documented. The draft interim management agreement addresses timelines and responsibilities for budgeting and reporting. In addition, starting with 2012/13 quarterly reporting and 2013/14 budgeting, HRM's quarterly financial reports and annual budgets will include Halifax Metro Centre as</p>	<p>A Legal Review of WTC governance and a consultant's review of Metro Centre operations were completed. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013). Relevant results of these reviews are reflected in the interim agreement. As a result, changes have been made to HRM Board representation, as well as operational reporting, to address this issue. The content of these reviews are also being considered as</p>	<p>Addressed</p>

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Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

Recommendations	Management Responses (in 2012 report)	Update	Status
<p>structure.</p> <p>The OAG would recommend HRM (in consultation with Trade Centre Limited) consider the option of no HRM representation on the Board of Directors, but with a very strict process of budget and operating results oversight by HRM staff, as well as restricted levels of authority for Trade Centre Limited staff. In other words, with HRM expecting a much higher level of Trade Centre Limited accountability towards agreed upon performance targets.</p>	<p>well as other agencies, boards and commissions.</p>	<p>the governance model for the new Nova Centre is being developed.</p>	
<p>3.1.1 The OAG recommends HRM implement a formal communication protocol with Trade Centre Limited in order to ensure a timely response to queries regarding the management of Halifax Metro Centre operations.</p>	<p><i>Agree</i> – Reporting protocols will be outlined in the draft interim management agreement referenced above.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. The agreement addresses reporting and communication protocols.</p>	<p>Complete</p>
<p>3.1.2 The OAG recommends HRM Administration complete a full and thorough review of how HRM deals internally with the management of the Halifax Metro Centre including direct responsibility for issues which may arise and ensure these policies and procedures are appropriately documented.</p>	<p><i>Agree</i> – Throughout the development of the interim management agreement, internal business processes and the assignment of responsibilities and accountabilities are being reviewed and documented.</p>	<p>An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. As a result, the respective roles of CRS (now Parks and Rec) and FICT (now FAM) have been defined for oversight and coordination purposes.</p>	<p>Addressed</p>
<p>3.1.3 While it is outside the scope of this report, the OAG suggests the policies and procedures developed from Recommendation 3.1.2 above should be adapted and made applicable to any other facility, which is owned by HRM and managed on its behalf by a third party.</p>	<p><i>Agree</i> – Phase 1 of the HRM Multi-District and Event Facilities project, approved at the November 8, 2011 Regional Council meeting, is reviewing and implementing effective accountability and adequate reporting and management processes for facilities owned by HRM and managed by a third party.</p>	<p>A review of all Multi-District facilities in HRM is complete and new management agreements have been executed that address accountability and reporting.</p>	<p>Addressed</p>
<p>3.2.1 Based on the lack of clarity regarding previous and current financial contributions of the box office operations business line, the OAG recommends HRM undertake a full and detailed review of the financial reporting of Halifax Metro Centre results, with specific emphasis on the box office contributions.</p>	<p><i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken.</p>	<p>A consultant was retained to conduct a comprehensive review of operations of the Metro Centre and the box office operations for the period 2004/05 to 2011/12. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013). Relevant recommendations from this AG report were specifically cited in the RFP, to ensure they were addressed in the consultant's review.</p>	<p>Complete</p>

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Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

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<p>3.2.2 Although outside the scope of this project, the variances noted in Section 3.2 raise concerns for the OAG regarding HRM's understanding of the overall financial reporting for the Halifax Metro Centre. As such, the OAG recommends HRM undertake a full and detailed review of the financial results of operations of the Halifax Metro Centre from 2004/05 to current to gain a more complete understanding of costs actually incurred as well as allocated, and the overall results and various trends in operations. The work should be completed by an individual with specific expertise in these types of analyses.</p>	<p><i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken.</p>	<p>A consultant was retained to conduct a comprehensive review of operations of the Metro Centre and the box office operations for the period 2004/05 to 2011/12. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013). Relevant recommendations from this AG report were specifically cited in the RFP, to ensure they were addressed in the consultant's review.</p>	<p>Complete</p>
<p>3.2.3 In the future, as would be suggested in any arms-length business transactions, the OAG recommends HRM Administration complete a full and independent evaluation of any business case provided by Trade Centre Limited to ensure the completeness and accuracy of any information provided regarding proposed changes to business models.</p>	<p><i>Agree</i> – As noted in response to 3.1.2 above, throughout the development of the interim management agreement, internal business processes and the assignment of responsibilities and accountability for dealing with issues arising under the management of the facility are being reviewed and documented.</p>	<p>This recommendation has been included in the interim agreement, and was also assessed as part of the consultant's review of Metro Centre operations. The evaluation of business cases will occur in future (i.e. naming rights).</p>	<p>Complete</p>
<p>3.2.4 The OAG recommends when completing Recommendations 3.2.1 and 3.2.2, HRM also confirm the amounts Halifax Metro Centre was charged in relation to the Vendor X system and the expanded business model. If there were, in fact, duplicate or non-specific charges incurred by Halifax Metro Centre, HRM should seek to recover these from Trade Centre Limited.</p>	<p><i>Agree</i> – If, as a result of the reviews noted above in 3.2.1 and 3.2.2, it is determined that duplicate or non-specific charges were incurred by Halifax Metro Centre, HRM will seek appropriate avenues to recover these amounts.</p>	<p>The question of the allocation of costs to the Metro Centre for the box office system was included in the RFP for the comprehensive review of the operations of the Metro Centre and the resulting report includes a confirmation of the costs and determination if the costs were appropriate and properly calculated. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013).</p>	<p>Complete</p>
<p>3.3.1 On the basis the present ticketing arrangement continues, the OAG recommends HRM negotiate a contract with Trade Centre Limited governing commission payments for tickets to Halifax Metro Centre events. This negotiated commission structure should follow from a full and robust assessment of all possible structures (i.e. including possibilities such as minimum charges or profit sharing, with the best value to HRM being the goal) and reflect the substantive business received from the Halifax</p>	<p><i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken. As well, the interim management agreement will address the need for supporting calculations for the commissions from Ticket Atlantic.</p>	<p>The interim agreement confirms the existing commission rate, subject to review by HRM. A separate Council report detailing the results of the Operational review of the Metro Centre presented on the same day as the interim agreement (September 24, 2013) contained a motion directing staff to enter into negotiations with TCL regarding the commission. It has been agreed by HRM and the Province that the commission arrangement will be retained and negotiated in the funding framework for the new Halifax Convention Centre.</p>	<p>Complete</p>

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Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

Recommendations	Management Responses (in 2012 report)	Update	Status
Metro Centre. It should not simply be an exercise in documenting the current arrangement.			
3.3.2 Given the circumstances which gave rise to the existing arrangement, the OAG recommends HRM insist any revised commission calculation be applied retroactively to April 1, 2006.	<i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken. If a revised commission arrangement is an outcome of the reviews, a retroactive application of the revised commission calculation will be addressed. As well, the interim management agreement will address the need for supporting calculations for all commissions from Ticket Atlantic.	The RFP for the comprehensive review of the Metro Centre included a request to review the current ticketing arrangement and commissions paid, comparing the current arrangement to a recommended method that should have been used in this situation. However, HRM had several years in which the organization could have challenged the formula, but did not. Therefore, HRM has accepted shared responsibility and will forego the amount of any commission calculated. It has been agreed by HRM and the Province that the commission arrangement will be retained and negotiated in the funding framework for the new Halifax Convention Centre.	Addressed
3.3.3 The OAG recommends HRM's Legal Services be fully involved in the drafting of any agreement related to commissions due to the Halifax Metro Centre to ensure HRM's interests are fully protected.	<i>Agree</i> – HRM Legal Services and the Provincial Department of Justice have been and will continue to be involved in the drafting of the interim agreement with Trade Centre Limited as it relates to the operation and management of Halifax Metro Centre, which includes the commissions due to Halifax Metro Centre.	As a result of a previous review of HRM Legal Services, this process is already in place. Legal staff were actively involved in the development of the interim agreement and are involved in ongoing negotiation regarding the new convention centre.	Complete
3.3.4 The OAG recommends HRM investigate all the ticketing options available to the Halifax Metro Centre. On the basis Trade Centre Limited is a supplier in this business, the OAG recommends their participation be minimal in order to ensure impartiality and transparency.	<i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken.	A consultant was retained to conduct a comprehensive review of operations of the Metro Centre and the box office operations for the period 2004/05 to 2011/12. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013). Relevant recommendations from this AG report were specifically cited in the RFP, to ensure they were addressed in the consultant's review.	Complete
3.5.1 Although outside the scope of this project, the following recommendation arises due to work done within the scope of the project. The OAG suggests HRM agree, as part of the ongoing changes to the Memorandum of Understanding governing Trade Centre Limited's management of the Halifax Metro Centre, which	<i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken, including documentation and agreement on the cost allocation methods. HRM Legal Services will be fully involved in the negotiation of the cost	The comprehensive review of operations of the Metro Centre provided to Council on the same day as the interim agreement includes a cost and revenue trend analysis as well as a review of the means of allocating costs between TCL and Metro Centre and comparison to comparable facilities. The findings of the review have been integrated with the interim agreement. Legal staff were actively involved in the	Complete

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specific costs can be allocated to the Halifax Metro Centre and the calculation to be used to arrive at the amount. HRM's Legal Services should be fully involved in this negotiation so any resulting agreement is properly documented in such a way as to ensure HRM's interest are protected.	allocation methods.	development of the interim agreement and are involved in ongoing negotiation regarding the new convention centre.	
4.0.1 The OAG recommends implementing an agreement with Trade Centre Limited specifying Trade Centre Limited's understanding that the Halifax Metro Centre is an HRM entity and documenting Trade Centre Limited's accountability to HRM for all decisions made regarding the operations of the Halifax Metro Centre.	<i>Agree</i> – As noted above, a draft interim management agreement has been developed outlining the relationship between the parties, specific levels of authority, reporting requirements and performance measures. This document will be brought forward to Audit and Finance Standing Committee for review in the coming months	An interim Agreement between HRM and TCL in relation to operation and oversight of the Metro Centre was approved by Regional Council on September 24, 2013 and is set to expire in December 2019. The agreement confirms this understanding.	Complete
4.0.2 The OAG recommends HRM review the authority level for its CAO and determine if a change is needed so that divesting of an asset, such as a line of business requires, for example, Regional Council approval and requires specific written approval.	<i>Agree</i> – HRM Legal Services will document and confirm the required Regional Council approval.	Authority levels of CAO have been discussed and it has been determined that additional documentation is not required.	Addressed
4.0.3 Although outside the scope of this project, the following recommendation arises due to work done within the scope of the project. Given many of the issues raised during the preparation of this report, the OAG recommends HRM Administration consider engaging an external review of Halifax Metro Centre operations to ensure it is being managed to derive the greatest return for the Halifax Metro Centre. (Recommendation 3.3.5 in draft AG report)	<i>Agree</i> – Under the direction of HRM's Chief Financial Officer, HRM will ensure that the reviews identified throughout the Auditor General's report are undertaken and appropriate action taken.	A consultant was retained to conduct a comprehensive review of operations of the Metro Centre and the box office operations for the period 2004/05 to 2011/12. A Council report detailing the results of the operational review was presented on the same day as the interim agreement (September 24, 2013). Relevant recommendations from this AG report were specifically cited in the RFP, to ensure they were addressed in the consultant's review.	Complete
4.1.1 The OAG recommends HRM Administration maintain one master file of all relevant information relating to Trade Centre Limited's operation of the Halifax Metro Centre. This file should be maintained by a particular staff position and not tied to an individual staff member. The OAG also recommends the file be organized so the information relevant to a particular issue is easy to identify and locate within the file.	<i>Agree</i> – Throughout the development of the interim management agreement, internal business processes and the assignment of responsibilities are being reviewed and documented. Appropriate file maintenance will be part of this process.	This function has been centralized in the Regional Recreation and Culture section of Community Recreation Services (now Parks and Recreation).	Addressed

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Review of Transfer of Box Office Operations from the Halifax Metro Centre to Trade Centre Limited

Recommendations	Management Responses (in 2012 report)	Update	Status
<p>4.1.2 The OAG recommends all communications around major initiatives and changes be documented and retained in order to support and explain the decision made, if necessary. In addition, a well-documented file will allow for evaluation in the future of actual vs. expected results. This will allow the results of past decisions to improve the evaluation process for future decisions.</p>	<p><i>Agree</i> – Throughout the development of the interim management agreement, internal business processes and the assignment of responsibilities are being reviewed and documented. Appropriate file maintenance will be part of this process.</p>	<p>This function has been centralized in the Regional Recreation and Culture section of Community Recreation Services (now Parks and Recreation).</p>	<p>Addressed</p>
<p>4.2.1 The OAG recommends HRM investigate if Trade Centre Limited had conflicting business interests related to the transfer of box office operations and if they acted with the appropriate level of duty of care or fiduciary duty, and if not, determine what possible recourses exist for HRM.</p>	<p><i>Agree</i> - HRM's Legal Services business unit will review the circumstances related to the transfer of box office operations and assess, to the extent possible, the level of fiduciary duty exercised. Possible avenues of recourse will be reviewed, if determined to be necessary.</p>	<p>This matter was concluded by Regional Council on May 29, 2012 and no further action will be taken.</p>	<p>Addressed</p>