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Item No. 8
Budget Committee
February 2, 2022

TO: Chair and Members of Budget Committee
(Standing Committee of the Whole on Budget)

Original Signed

SUBMITTED BY:

Evangeline Colman-Sadd, Auditor General

DATE: January 26, 2022

SUBJECT: Proposed 2022/23 Office of the Auditor General Budget and Business Plan

ORIGIN

As per Administrative Order 1 and the Budget and Business Plan consultation schedule presented to Regional Council on October 26, 2021, staff are required to present the draft 2022/23 Business Unit Budget and Business Plans to the Budget Committee for review and discussion prior to consideration by Regional Council.

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION

It is recommended that the Budget Committee direct staff to incorporate the Office of the Auditor General's proposed 2022/23 Budget and Business Plan, as set out and discussed in the January 26, 2022 staff report and supporting presentation, into the Draft 2022/23 Operating Budget.

BACKGROUND

On January 12, 2021, Regional Council adopted a Strategic Planning Framework, establishing priority outcomes for their term, and directed staff to develop multi-year plans to advance these outcomes.

As part of the design of the 2022/23 Budget and Business Plan development process, the Budget Committee is reviewing each business unit's budget and proposed plans, in advance of completing detailed HRM Budget and Business Plan preparation.

DISCUSSION

Staff has prepared the proposed 2022/23 Office of the Auditor General Budget and Business Plan consistent with the 2021- 2025 Strategic Priorities Plan approved on December 1, 2020 as well as fiscal direction provided on November 23, 2021.

Following direction from the Budget Committee, staff will proceed to prepare the detailed Budget and Business Plan for inclusion in the proposed 2022/23 HRM Budget and Business Plan documents to be presented to Regional Council's Budget Committee, as per the process and schedule approved on October 26, 2021.

As part of the budget process, Regional Council will be provided with a list of possible service increases and decreases that will allow them to more fully direct changes to the budget.

FINANCIAL IMPLICATIONS

The recommendations in this report will lead to the development of a proposed 2022/23 Budget. There are no immediate financial implications from this recommendation. The broader financial implications will be discussed and debated as the budget is developed in more detail.

RISK CONSIDERATION

Although there is no immediate risk related to financial decisions, there may be risks associated with individual decisions during the budget debate that could favour short- term results over longer term strategic outcomes. Individual decisions made during budget debate will however, be considered for both short- and long-term impacts to levels of service, asset condition, and cost.

In addition, the administration seeks to reduce these risks in three ways: by providing Regional Council with several fiscal options to assist in the achievement of longer-term strategic outcomes, by assessing both corporate and capital project risk, and by providing the opportunity to draw Regional Council's attention to project or program related risks when reports are presented for consideration.

HRM implemented Enterprise Risk Management in 2015. Corporate and operational risks are evaluated annually during the business planning process and mitigating strategies are implemented to reduce the overall risk to the organization. Project related risk is evaluated during the capital planning process. Project managers use the same risk assessment tools as those used to assess corporate risk to rate each discrete project.

COMMUNITY ENGAGEMENT

The 2021 Resident Survey was conducted from September 1 – 24, 2021. This invitation-based survey was mailed to 20,000 randomly selected households across all districts and received 1,766 responses to a

variety of budget, planning, and priorities questions. The results of the 2021 Resident Survey were provided in an information report presented to Reginal Council on November 23, 2021.

The 2022/23 budget consultation process also seeks to solicit public comment by inviting members of the public to provide feedback following each business unit budget and business plan presentation.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

The Budget Committee can choose to amend the Budget and Business Plan as proposed in the supporting presentation through specific motion, and direct staff to proceed to prepare the Budget and Business Plan for inclusion in the proposed 2022/23 HRM Budget and Business Plan documents.

ATTACHMENTS

Attachment 1 - 2022/23 Office of the Auditor Proposed Budget and Business Plan

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.

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Original Signed

Report Approved by: _____

Evangeline Colman-Sadd, Auditor General, 902.490.8407

AUDITOR
GENERAL

Halifax Regional Municipality

OFFICE OF THE AUDITOR GENERAL

2022/23 BUDGET AND BUSINESS PLAN

MISSION TO DELIVER INDEPENDENT AUDITS THAT STRENGTHEN ACCOUNTABILITY AND ENCOURAGE IMPROVED EFFICIENCY AND EFFECTIVENESS OF PROGRAMS.

OFFICE OF THE AUDITOR GENERAL

The Office of the Auditor General is responsible for auditing Halifax Regional Municipality's programs and accounts, including all municipal bodies. The Office assists Halifax Regional Council in holding itself, and administration, accountable for the use of public funds and for achieving value-for-money in the Municipality's operations.

The Office of the Auditor General independently prepares and publishes its work plan and reports. Details can be found at: <https://hrmauditorgeneral.ca/annual-reports>

FUNDED FULL TIME EQUIVALENTS (FTES)

Full Time Equivalent	2021/22 Budget FTE	Transfers (+/-)	Changes (+/-)	2022/23 Budget FTE	\$ Budget Change
Operating	9.6	-	-	9.6	-
Capital					N/A
Total	9.6	-	-	9.6	\$ -

Includes full & part-time and permanent positions. Calculated value based on the normal working hours of each position.

OFFICE OF THE AUDITOR GENERAL BUDGET

OPERATING - BUDGET BY SERVICE AREA

Service Area	2020/21	2021/22	2021/22	2022/23		
	Actual	Budget	Projections	Budget	Δ 21/22 Budget	Δ %
G100 Office of the Auditor General	\$ 1,018,581	\$ 1,211,900	\$ 1,081,421	\$ 1,147,800	\$ (64,100)	(5.3)
Net Total	\$ 1,018,581	\$ 1,211,900	\$ 1,081,421	\$ 1,147,800	\$ (64,100)	(5.3)

OPERATING - SUMMARY OF CHANGES - PROPOSED BUDGET

Change Description / Service Impact	Amount
Approved 2021/22 Budget	\$ 1,211,900
Compensation Changes:	
Salary Adjustments	(18,600)
Other Budget Adjustments:	
Office	(6,500)
External services	(38,000)
Other Goods & Services	(1,000)
Total Changes	\$ (64,100)
2022/23 Budget	\$ 1,147,800

OPERATING- SUMMARY OF EXPENDITURE & REVENUE

Expenditures	2020/21	2021/22	2021/22	2022/23		
	Actual	Budget	Projections	Budget	Δ 21/22 Budget	Δ %
Compensation and Benefits	\$ 946,085	\$ 1,044,200	\$ 915,671	\$ 1,025,600	\$ (18,600)	(1.8)
Office	33,324	37,700	53,150	31,200	(6,500)	(17.2)
External Services	5,550	82,000	82,000	44,000	(38,000)	(46.3)
Equipment & Communications	36	1,000	100	1,000	-	-
Other Goods & Services	33,239	47,000	30,500	46,000	(1,000)	(2.1)
Interdepartmental	346	-	-	-	-	-
Total Expenditures	1,018,581	1,211,900	1,081,421	1,147,800	(64,100)	(5.3)