



**THE REGIONAL MUNICIPALITY OF NIAGARA
CORPORATE SERVICES COMMITTEE
AGENDA**

CSC 5-2020

Wednesday, June 17, 2020

9:30 a.m.

Meeting will be held by electronic participation only

All electronic meetings can be viewed on Niagara Region's website at:

<https://www.niagararegion.ca/government/council/>

Due to efforts to contain the spread of COVID-19 and to protect all individuals, the Council Chamber at Regional Headquarters will not be open to the public to attend Committee meetings until further notice. To view live stream meeting proceedings, visit:
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	Pages
1. <u>CALL TO ORDER</u>	
2. <u>DISCLOSURES OF PECUNIARY INTEREST</u>	
3. <u>PRESENTATIONS</u>	
4. <u>DELEGATIONS</u>	
5. <u>ITEMS FOR CONSIDERATION</u>	
5.1 <u>CLK 6-2020</u> Flag Raising and "Niagara" Sign Lighting Policy	3 - 13
5.2 <u>CSD 38-2020</u> Report of Employee Enhanced Benefits Audit	14 - 37
5.3 <u>CSC-C 8-2020</u> Referral of Motion – Direct Election of the Regional Chair	38 - 39

5.4	<u>CLK 7-2020</u> Rescheduling of November 11 Standing Committee Meetings	40 - 42
5.5	<u>CLK 8-2020</u> Sub-Committee and Advisory Committee Meetings	43 - 45
6.	<u>CONSENT ITEMS FOR INFORMATION</u>	
6.1	<u>CSC-C 9-2020</u> COVID-19 Response and Business Continuity in Corporate Services	46 - 55
6.2	<u>CSD 37-2020</u> Debt Information Report – 2020 Debenture Issuance	56 - 62
7.	<u>OTHER BUSINESS</u>	
8.	<u>NEXT MEETING</u> The next meeting will be held on Wednesday, July 15, 2020, at 9:30 a.m. in the Council Chamber, Regional Headquarters.	
9.	<u>ADJOURNMENT</u>	

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisor at 905-980-6000 ext. 3252 (office), 289-929-8376 (cellphone) or accessibility@niagararegion.ca (email).

Subject: Flag Raising and Niagara Sign Lighting Policy

Report to: Corporate Services Committee

Report date: Wednesday, June 17, 2020

Recommendations

1. That Policy C-A-010 Flags – Lowering of at Niagara Region Headquarters (Appendix 1 of Report of CLK 6-2020) **BE REPEALED**; and
2. That the Flag Raising and Niagara Sign Lighting Policy (Appendix 2 of Report of CLK 6-2020) **BE APPROVED**.

Key Facts

- The purpose of this report is to seek Council's approval of a new Flag Raising and 'NIAGARA' Sign Lighting Policy.
- The Flag Raising and Niagara Sign Lighting Policy was developed in response to the inclusion of the 17 flag poles and Niagara sign as part of the International Plaza design.
- Some of the International Plaza flagpoles have been designated to accommodate community flags, which is not contemplated in the current flag policy (C-A-010).
- The Flag Raising and Niagara Sign Lighting Policy provides consistent protocols for the displaying and half-masting of flags, as well as the framework to govern requests for community flag raisings and the lighting of the Niagara sign.
- Some of the provisions in the existing policy C-A-010 Flags – Lowering of at Niagara Region Headquarters have been incorporated into the Flag Raising and Niagara Sign Lighting Policy.

Financial Considerations

There are no direct financial implications associated with the Flag Raising and Niagara Sign Lighting Policy.

Analysis

The Region requires a policy to ensure that flags are displayed in a consistent and appropriate manner across all Regional facilities and properties. With the International Plaza set to accommodate community requests for both flag raisings and lighting of the Niagara sign, the Region also requires a policy that will ensure these requests are appropriately approved and administered. The current C-A-010 Flags – Lowering of at Niagara Region Headquarters policy has not been revised since May 2011 and does not provide provisions for the display and maintenance of flags, or include information on community flag and lighting requests.

To create the policy, a scan of comparable policies from various municipalities and universities across Ontario was completed. The scan provided an overview of best practices to include in the policy. In developing this policy, feedback from multiple internal stakeholders was also taken into consideration. The final draft has been reviewed by Legal, Facilities Management, Planning and Development Services, Clerks, Corporate Services, Regional Chair's Office, as well as the Corporate Leadership Team (CLT).

This comprehensive review resulted in a policy that includes high-level details on how flags are to be displayed across Regional facilities and properties and establishes a guideline to recognize occasions and events where a flag should be half-mast. The policy also includes criteria for community flag and lighting requests to ensure that requests are processed fairly and in a timely manner.

Alternatives Reviewed

Council could choose to continue with the use of C-A-010 Flags – Lowering of at Niagara Region Headquarters. This is not recommended given that this policy does not provide comprehensive direction on the displaying and half-masting of flags and does not address community flag and lighting requests.

Relationship to Council Strategic Priorities

This report ties to the Council Strategic Priority of Healthy and Vibrant Communities. The policy aims to highlight inclusivity and diversity within the Region by providing community organizations with an opportunity to request flag raisings and lighting of the Niagara sign that enhance awareness of special occasions and activities.

Other Pertinent Reports

Prepared and recommended by:

Ann-Marie Norio
Regional Clerk
Administration

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

This report was prepared in consultation with Pam Abeysekara, Corporate Policy Advisor, and reviewed by Matthew Trennum, Deputy Regional Clerk.

Appendices

Appendix 1 C-A-010 Flags – Lowering of at Niagara Region Headquarters

Appendix 2 Draft Flag Raising and Niagara Sign Lighting Policy

SECTION	NAME OF POLICY
ADMINISTRATIVE	FLAGS – LOWERING OF AT NIAGARA REGION HEADQUARTERS

Page 1 of 1

DEVELOPED BY: Integrated Community Planning – Clerk’s Department

APPROVED BY: CMT

APPROVAL DATE: April 1, 1986

EFFECTIVE DATE: December 18, 2008; Revised May 2011

POLICY STATEMENT

Flags at Niagara Region Headquarters shall be lowered to half mast at the time of a death which should be accorded notice by the Niagara Region.

POLICY PURPOSE

This policy was created to accord appropriate respect upon notification of death of individuals cited below by the lowering of the flags at Niagara Region Headquarters.

PROCEDURE

It shall be the responsibility of the appropriate department to notify the Office of the Clerk of any death which should be accorded notice by the lowering of the flags. The Office of the Clerk shall be responsible for notifying Building Maintenance to lower the flags.

Flags shall be flown at half-mast from receipt of the notification of death until sunset on the day of the funeral of:

- the reigning monarch
- a member of the reigning monarch's family
- the Governor General or Lieutenant Governor
- the Prime Minister of Canada
- the Premier of Ontario
- a member of Federal Parliament in the Niagara region
- a member of Provincial Parliament in the Niagara region
- a serving member of Regional Council
- an employee of the Niagara Region

Flags shall be flown at half mast on the day of the funeral of:

- a former Regional Councillor
- a former employee of the Niagara Region

At the discretion of the Regional Chair, the above practice may be extended to include others whose death should be accorded notice.

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

Policy Owner	Office of the Regional Clerk
Approval Body	Council
Approval Date	
Effective Date	July 1, 2020
Review by Date	

1. Policy

Niagara Region recognizes that flags are important symbols of honour and pride and must be treated in a respectful and consistent manner.

The Region supports lowering flags to half-mast as a symbol of mourning or commemoration.

To celebrate together the strength of Niagara Region's diversity and inclusivity, the Region offers the opportunity for the raising of Nation Flags and Community Flags on the Region's designated Community Flag poles, and lighting of the Niagara sign, to enhance awareness of special occasions and activities.

This policy establishes a consistent protocol for the flying of flags and half-masting at Regional properties and facilities, as well as the framework to govern requests for community flag raisings and the lighting of the Niagara sign.

1.1 Displaying Flags

- The Region will follow the Order of Precedence and National Flag of Canada etiquette established by Canadian Heritage when flying flags
- Flags must be in good condition
- The Regional flag takes precedence over all charitable and non-profit organization and community flags unless otherwise established by the Canadian Heritage.
- The following flags will be permanently flown:
 - The National Flag of Canada, Province of Ontario flag, the Niagara Region flag, and the 12 flags of Niagara's local area municipalities.

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

1.2 Half-Masting

- Flags at Niagara Region Headquarters shall be lowered to half-mast as a symbolic expression of collective mourning
- Half-masting will occur from time of notification of death until the end of the day of the funeral, or as determined by the Clerk, for:
 - The Sovereign or a member of the Sovereign's immediate family
 - The Governor General of Canada or a former Governor General
 - The Prime Minister of Canada or a former Prime Minister
 - The Lieutenant Governor of Ontario
 - The Premier of Ontario
 - A local Member of Parliament or local Member of Provincial Parliament
 - A member of Niagara Regional Council or a former member of Niagara Regional Council
 - A current Niagara Region employee
- Half-masting will occur on the following special days:
 - April 28, Day of Mourning for Persons Killed or Injured in the Workplace
 - June 23, National Day of Remembrance for Victims of Terrorism
 - Second Sunday in September, Firefighters' National Memorial Day
 - Last Sunday in September, Police and Peace Officers' National Memorial Day
 - November 11, Remembrance Day
 - December 6, National Day of Remembrance and Action on Violence Against Women
- If flags are already lowered to half-mast for one reason, like a special day, then flags may be lowered on the next business day
- Half-masting for special circumstances not specifically identified in this section may occur at the discretion of the Office of the Regional Clerk in consultation with the CAO and the Office of the Regional Chair

1.3 Nation and Community Flag Raising

- There will be two designated flag poles to accommodate community flag requests
- Requests for displaying flags and flag raisings may be approved for:
 - Non-profit or charitable organizations
 - Recognition of dignitary visits and delegation visits
 - Recognition of a Nation
- The Region will not approve flag raising requests for:
 - Nations that are not recognized by the Government of Canada for flag raisings
 - Organizations or groups that are political or partisan in nature, including political parties or political organizations

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

Page 3 of 7

- Organizations or groups that promote hatred, violence, racism, or discrimination of any kind
- Religious organizations or religious events
- Nations and organizations or groups that have already flown a flag on the designated Community Flag Poles within the same calendar year
- Commercial entities
- Corporate events
- Organizations or groups whose mandates, programs or activities are contrary to Regional policies or by-laws
- It is the responsibility of the requesting organization or group to submit an application for a community flag raising
- Requests and approvals for the use of the community flag poles will be granted on a first come, first served basis
- Requester must provide a flag in good condition if their flag raising request is approved, along with any other information pertaining to their flag raising program, in advance of the flag raising
- The Office of the Regional Clerk, in consultation with the Office of the Regional Chair, may apply discretion to approve or deny a request for a flag raising and reserves the right to cancel a flag raising as necessary

1.4 Maintenance and Disposal of Flags

- When a flag becomes worn, noticeably faded or otherwise unfit for display, it must be disposed of in a dignified manner
- Maintenance and disposal of flags at the Region will be done in accordance with the National Flag of Canada etiquette

1.5 Lighting Requests for the Niagara Sign

- Requests for the lighting of the Niagara sign may be approved for:
 - Non-profit or charitable organizations or groups
- The Region will not approve lighting requests for:
 - Organizations or groups that are political or partisan in nature, including political parties
 - Organizations or groups that promote hatred, violence, racism, or discrimination of any kind
 - Religious organizations or religious events
 - Commercial entities
 - Corporate events
 - Organizations or groups whose mandates, programs or activities are contrary to Regional policies or by-laws

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

Page 4 of 7

- Other than where specifically outlined in this criteria, lighting for any specific organization, group, cause, event or commemoration will only take place once per calendar year
- It is the responsibility of the requesting organization to submit an application for the lighting of the Niagara sign
- Requests and approvals for the lighting of the sign will be granted on a first come, first served basis
- Requester must provide information pertaining to their request in advance of the lighting
- The Office of the Regional Clerk, in consultation with the Office of the Regional Chair, may apply discretion to approve or deny a lighting request and reserves the right to cancel a lighting request as necessary

2. Purpose

The purpose of this policy is to ensure the following:

- All flags at Regional properties are displayed in a consistent and appropriate manner
- Nation and community flag and lighting requests are properly administered

3. Scope

This policy applies to the following:

- The display, maintenance, and disposal of flags flown at Regional properties
- Nation and community flag and lighting requests

3.1. Roles and Responsibilities

3.1.1. Office of the Regional Clerk

Interprets and administers this Policy.

Processes and approves flag and lighting requests in consultation with the Office of the Regional Chair.

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

Page 5 of 7

Provides advice to the Office of the Regional Chair on flag raising protocols, half-masting protocols, nation and community flag raising and lighting protocols, or other flag and lighting requests not identified in this Policy.

Notifies Facilities Management to administer approved flag and lighting requests, as well as the half-masting of flags upon the notification of a death.

Notifies Strategic Communications and Public Affairs when a flag is half-mast, when a nation or community flag is raised, or when a lighting request is administered for internal communication purposes.

3.1.2. Facilities Management

Facilities Management is responsible for half-masting flags, administering nation or community flag requests, and lighting requests that have been approved.

Responsible for the maintenance, replacement and disposal of flags.

Consult with the Office of the Regional Clerk when planning to add or remove flags or flagpoles at Regional facilities.

3.1.3. Strategic Communications and Public Affairs

Provide internal and external (as required) communication when a flag is half-masted, when a nation or community flag is raised, and when a lighting request is administered.

3.1.4. Departments

It is the responsibility of the appropriate department to notify the Office of the Regional Clerk of any death, which should be accorded notice by half-masting flags.

4. References and Related Documents.

4.1. Legislation, By-Laws and/or Directives

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

National Flag of Canada etiquette: <https://www.canada.ca/en/canadian-heritage/services/flag-canada-etiquette.html>

4.2. Procedures

5. Related Policies

<i>Policy Category</i>	<i>Name of Policy</i>
Administrative	Flag Raising and Niagara Sign Lighting Policy

6. Document Control

The electronic version of this document is recognized as the only valid version.

Approval History

Approver(s)	Approved Date	Effective Date

Revision History

Revision No.	Date	Summary of Change(s)	Changed by

Subject: Report of Employee Enhanced Benefits Audit

Report to: Corporate Services Committee

Report date: Wednesday, June 17, 2020

Recommendations

1. That staff **BE DIRECTED** to implement the recommendations in Appendix 1 of Report CSD 38-2020, respecting Employee Enhanced Benefits Audit.

Key Facts

- The purpose of this report is to provide the Corporate Services Committee with a summary of findings noted during the Employee Enhanced Benefits Audit, which focused on the management control framework and contract oversight practices in place to manage the overall benefit program and benefit claims.
- This report contains the findings, implications and recommendations for the observations discovered during the Audit in addition to a Management Action Plan (MAP) from program staff for each of the recommendations.
- The report contains three observations, focusing on Contract Management and Oversight, Claims Administration and Adjudication and Benefit Plan Design, with eight total recommendations that have been detailed in the audit report.

Financial Considerations

There are no immediate budgetary considerations associated with this report. It is anticipated that some of the recommendations may have an implementation cost associated to them. If management chooses to pursue the recommendations then all costs will be funded through the regular annual budget process.

Analysis

This audit project was identified in the 2019 Audit Plan approved by Audit Committee (see **AC-C 5-2019**). The purpose of the audit was to provide assurance to Management and Niagara Region's Audit Committee on the effectiveness of the management control framework and contract oversight to support employee benefit claims and ensure effectiveness in the adjudication process. The audit tested whether benefit claims are administered and adjudicated to eliminate fraud and ensure compliance with benefit

plans. Finally, the audit attempted to determine the effectiveness of current benefit plans to ensure they support employee health and wellness in the workplace.

Alternatives Reviewed

No other alternatives were reviewed at this time.

Relationship to Council Strategic Priorities

Value-for-money (VFM) audits were identified and approved within the current Council's Strategic Priority – Sustainable and Engaging Government. The goal of this strategic initiative is a commitment to high quality, efficient, fiscally sustainable and coordinated core services through enhanced communication, partnerships and collaborations with the community.

The 2019 Annual Audit Plan, which included an audit of Sick Benefits and Employee Extended Benefits, was approved by Audit Committee on February 4, 2019.

Other Pertinent Reports

AC-C 5-2019 – 2019 Internal Audit Plan.

Prepared by :

Frank Marcella, MPA, BEd
Manager, Internal Audit

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Corporate Services

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

Appendices

Appendix 1 CSD 38-2020 – Employee Extended Health Benefit Claims Audit



Internal Audit

Employee Extended Health Benefit Claims Audit

Operating Unit: Niagara Region

Date of Audit: September 2017 to August 2019

Auditors: Frank Marcella, Manager, Internal Audit
Henrik Gao, Internal Audit Analyst

Distributed to: Niagara Region Audit Committee
Ron Tripp, Acting CAO
Franco Meffe, Director, Human Resources
Linda Gigliotti, Associate Director, Employee Services
Kristen Angrilli, Manager, Total Rewards

Date Issued: March 7, 2020

EXECUTIVE SUMMARY

BACKGROUND

In accordance with the 2019 Audit Plan, Internal Audit (IA) performed a comprehensive review of the Employee Extended Health Benefits Plan (benefits). The audit was conducted within professional standards published by the Institute of Internal Auditors.

The purpose of the audit was to provide assurance to Senior Management and the Niagara Region Audit Committee that benefits plans being delivered through a contractual relationship with a third party provider has effective oversight and design to ensure cost efficiency and a sound control framework. This included a review of appropriate contract terminology, various design plans and usage rates which included testing of claims to ensure appropriate approval procedures are followed.

To complete this audit IA engaged the consulting services of MNP Consulting to analyze two years of claims data to identify potential issues and recommend a potential sample to be used by IA staff for in-depth fieldwork testing.

The methodology used by IA included a review of relevant documentation, analysis of financial data, interviews with key individuals, internally and externally, involved in the benefits program and re-performance of certain procedures.

SCOPE

A risk based auditing approach was used to determine the scope of the audit. The following processes, procedures and items were considered in scope:

- Risk identification and assessment of the various benefit plans available and delivered through third party providers;
- Review of extended health benefits contracts, policies, operating procedures, benefit plans including training and communication materials;
- Interviews and process walkthrough with key staff involved in extended health benefits to determine their roles, responsibilities, and oversight methodology;
- Consultative meeting and interviews with third party health claims administrators and Co-Source partner;
- Evaluation of internal processes and procedures related to contract oversight and enforcement;
- Analytical review of metrics used to monitor extended health benefits and report on operational performance and;
- Detailed testing of a sample of benefit claims to assess whether claims are being adjudicated in accordance with the provisions laid out in the benefit plan.

INTERNAL AUDIT FINDINGS

The audit of the Employee Extended Health Benefits Plan was driven by several high profile audits completed in other jurisdictions, most notably within the Greater Toronto Area (GTA). In general, the findings in those audits revealed a poorly designed benefit plan and an ineffective control framework administered by third party providers that did not prevent excessive claims fraud. Internal Audit engaged the external consulting services of MNP Canada to conduct data analytics, review the plan design controls and provide an overall report on the control framework managing extended health benefits.

This audit tested the benefits control framework at three different levels:

- Contract administration and oversight specifically focussing upon the working relationship between Total Rewards office staff and Green Shield Canada (GSC). The audit briefly touched on the analytical work completed by AON Canada.
- Administration and claim adjudication procedures in place at Green Shield Canada which included in depth testing of a sample of claims as identified by MNP Canada.
- Plan design as part of an overall wellness strategy endorsed by Senior Management and approved by Council

Overall, very few of the issues and claims manipulation schemes found in other jurisdictions were evident in Niagara. Limit controls placed on many services and annual service limits effectively reduces the financial benefits staff would gain from abusing the benefit plan or colluding with providers to contravene the intent of the plan design. In addition, the administration and adjudication process managed by Green Shield Canada is elaborate and effective in limiting staff's ability to commit fraud.

Plan design is effective from a control perspective, but as noted by the MNP report, Niagara should conduct a strategic review of the benefits plan to ensure it is meeting the changing needs of staff in a cost effective manner. In addition, Niagara currently manages 27 different benefit classes with several differences and commonalities between each class. The reason for the different benefit classes are explained in Observation 1 of the audit. While Green Shield Canada is able to build sufficient automated controls to manage the unique nature of each plan, reducing the number of classes would support improved administration and reduce complexity in maintaining the classes.

Contract administration and oversight is effective at managing overall costs and ensuring Green Shield Canada is meeting its contractual obligations. However, as noted by MNP, Total Rewards staff within Human Resources Division can provide greater value by conducting ongoing analytical review of employee and vendor trends. These trends can identify potential areas of claims pressures by either staff or providers or it could identify usage rates that needs to be addressed in future plan design changes. Continuous and ongoing internal reviews may be still be beneficial to support a regular cycle of monitoring and inform bargaining/plan design efforts.

Niagara has engaged the services of AON Canada to conduct analytical reviews on the service usage. AON provides professional services related to both insured and Health and Dental benefit annual renewals, including reviewing claim trends by benefit type and employee class. Risk analysis of pooled insurance for large medical claims is also completed, recommending different strategies to manage risks and costs. In addition, AON completes a review of each insured benefit (i.e. Life Insurance and LTD) by class, analyzes proposed rate changes and negotiates with the insurer on the Region's behalf. AON directly assists with ad-hoc insurance reviews and projects such as supporting collective bargaining strategies and plan design reviews.

During the conduct of the fieldwork for this audit, Niagara Region was required to sign a non-disclosure agreement (NDA) with GSC ensuring the privacy and confidentiality of employee information and GSC proprietary business systems. This NDA applied to all staff and consultants. Internal Audit staff did not have access to employee names or numbers. To protect staff identity, GSC created proxy employee numbers to facilitate data analytics.

BACKGROUND

Niagara Region's Employee Extended Health benefits plan is managed through the Total Rewards staff. The benefit plan has been administered through an Administrative Services Only (ASO) contract with Green Shield Canada since April 2008. In 2016, through Request for Proposal (RFP), the contract was again successfully awarded to Green Shield Canada and is subsequently renewed annually. Administration charges were secured at a locked in rate until 2022. Green Shield Canada manages, on behalf of the Region the following categories of services:

- Prescription Drugs,
- Dental, and
- Extended Health Services, which includes,
 - Hospital Accommodation,
 - Hearing Care,
 - Medical Items and Services,
 - Emergency Transportation
 - Private Duty Nursing in the Home,
 - Professional Services and,
 - Vision

Employees or their service providers submit all claims directly to GreenShield who are required to adjudicate each claim for legitimacy, approve the claim and disburse funds back to the employee or directly to the professional service provider. For the most part, the benefit fund is entirely employer funded, except for one employee group which has members contribute a small percentage. The Region submits a pre-determined premium amount per enrolled employee every month which is held by Green Shield Canada. Claims

reimbursements are then deducted from this amount as the year progresses with an annual reconciliation.

Green Shield Canada successfully took over Niagara's Extended Benefit plan in 2008. Through a successful second Request for Proposal (RFP) in 2016, GSC continued as the Niagara Region's benefit provider. As part of the contract for services GSC charges a set administrative percentage rate on paid claims. Internal Audit reviewed the financial terms of the contract with GSC and tested several payments, including annual reconciliations and found no issues with the disbursements.

In addition, the Region purchases pooled insurance protection from GSC, entitled Stop Loss, to manage the risk surrounding large medical claims. This insurance policy covers an employee's benefit claim costs over and above a set limit for drugs, dental and some health related products and services. In other words, if one employee (or collectively, with their dependents) incurs benefit claim costs above the established amount, the Stop Loss insurance policy would pay these additional costs, not the Region. The Stop Loss Rate fluctuates annually and is set in December for the following year. Again, Internal Audit reviewed the financial statements and payouts and determined no issues

The time period for this audit looked at claims and administration costs from the time period September 2017 to August 2018 indicated as 2018 in all the Tables and September 2018 to August 2019, indicated as 2019 in all the Tables.

Internal Audit appreciates the assistance and co-operation from the Total Rewards staff in supporting and actively participating in this audit.

OBSERVATIONS AND RECOMMENDATIONS

The following are all the observations from the audit along with recommendations and Management's Action Plans to address these issues. See Appendix I for the risk ranking justification.

Observation #1 – Niagara Region provides sound oversight of the benefits contract but can benefit through enhanced reporting and review of performance metrics.

Risk Ranking	LOW
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The administration and management of the employee extended health benefits plan at Niagara Region falls under the responsibility of Total Rewards staff within Human Resources. Total Rewards works with its outsourced partner Green Shield Canada (GSC) to administer all facets of the employee extended health benefits plan. Niagara has negotiated unique benefit plans for its six bargaining groups as well as non-union staff. In addition, the corporation offers different benefit packages within the employee groups to full time, part time or contract employees. Total Rewards also manages benefit plans for retired employees. In total, there are 27 different benefit classes that the Region, along with GSC, manage.

Green Shield Canada uses the Advantage[®] system to adjudicate and process all claims. Advantage is a proprietary computer system that incorporates all the unique 'rules' related to the 27 different benefit classes to expedite and automate the adjudication process. As part of fieldwork for this audit, MNP Canada and the Internal Audit team visited GSC offices to meet with staff and observe the programming and operational components of the Advantage system. MNP concluded the following, "it is our view that the Advantage[®] system, if working in accordance with what we were advised, adequately processes claims submitted to ensure they are in accordance with the group benefit plan."

The myHR Employee Services Representatives at Niagara Region are responsible for the inputting and updating of eligible staff within the Green Shield Online Administration system. Changes to the rules and plan design features can only be done by GSC staff upon written request from Total Rewards staff, with several layers of approvals and quality control measures. The Advantage[®] system has robust controls embedded to proactively identify abnormal trends as well as various thresholds that would trigger an audit on a particular claim or provider. Internal Audit staff and MNP directly observed the system controls as described above.

In addition to the Advantage[®] system, GSC uses an investigative business model called Claim Watch to support its investigations and ongoing monitoring of employee and provider trends. This proactive system, utilizing enhanced artificial intelligence, identifies anomalies in claims through dozens of algorithm formulae. In addition, GSC receives updates from various

professional associations and regulatory bodies, such as the Ontario College of Pharmacy, to ensure that providers are actively registered and in good standing within their professions. Niagara has an audit rate of approximately 17 percent of claims, which is somewhat low based on industry standards. The reason for this is due to the tight plan design and Niagara being considered a low risk client by GSC.

Receiving and Monitoring Reports

According to GSC's bid, they included the following clause, "Niagara Region has been a key GSC client for many years, and we are committed to ensuring your needs are always met. We're taking this opportunity to reconfirm that commitment, and we would be happy to establish a Service Level Agreement (SLA) that includes customized metrics according to your needs." Internal Audit, along with MNP reviewed several of the reports that GSC has available to for their clients via their administration portal.

The administration portal provides direct access to dozens of reports generated by GSC within a secure web interface. Examples of reports include claim volumes and high level details, health provider summaries and employee enrollment details. Financial reconciliations are provided annually directly by GSC. Within the RFP and contract with GSC, Niagara has always retained a right to audit clause which was never utilized until this audit engagement.

Internal Audit, along with MNP, reviewed some of the existing reports and identified potential areas that should be considered:

- Delisted provider reports – a report that details claim activities prior to the delisting that would allow Niagara to proactively identify and plan for similar trends. This report will allow Total Rewards, along with GSC, to establish identifiers that can be monitored and to proactively minimize various fraudulent activities and maintain cost effectiveness.
- Multi-family member claims – while many, possibly all of the claims, are legitimate and adjudicated appropriately, audits from other jurisdictions have shown that multi-family claims is a 'red-flag' that should be monitored. Specifically, in other jurisdictions, claims for multi-family members around similar dates has shown a direct correlation to improper claim issues. The annual and per visit limits within the Niagara plan reduces the risk of fraud, but when combining totals from multiple family members, the materiality increases and the potential for abuse increases as well.
- Reports for employee groups – a report that monitors claim volumes by employee groups already exists at a high level. This report could be improved to detail employee group activities down to the product/service and provider level. In audits from other organizations, and trends viewed in Niagara, employees are quickly attracted to fraudulent providers. By monitoring short term spikes in volumes based on employee group or provider, Total Rewards, along with GSC, can proactively identify activities that require an intervention.

- Customized performance metrics – some of the metrics that should be requested and monitored regularly include financial and non-financial statistics. Much of the analytics is currently performed by AON Canada and that relationship should not be terminated. GSC should also be reporting on the success of their own internal operational customer service metrics as they impact Niagara, such as, timeliness of adjudication process, payment processing duration and time period for appeals. Finally, Total Rewards should be reviewing usage statistics to determine demand levels for all services. Specifically, the focus should be on service levels with an aim to ensure that staff are able to access services that are in high demand that supports a healthy lifestyle and continuous and uninterrupted work due to illness.

Implication

Without sound data analytics and reports Niagara may not be identifying potential issues proactively to maintain costs at an effective level.

Without a robust set of performance metrics, developed through input and consensus of the various employee groups, Niagara cannot be assured that it is effectively meeting the needs of employees with regard to its enhanced benefits plan.

Recommendation

1. Human Resources should review and prioritize its current population of reports from GSC to identify more data-driven reports to proactively identify employee claim activity such as multi-family transactions, employee group trends and delisted provider activity trends.
2. Human Resources should coordinate with GSC to develop, monitor and report on customer service performance metrics to ensure GSC is meeting expected performance and operational targets.

Management Action Plan

Person(s) Responsible Linda Gigliotti/Kristen Angrilli

Completion Date Ongoing

1. Management supports the importance of monitoring data-driven reports to appropriately manage employee claim activity, and also stresses the importance of balancing this activity to monitor potential misuse or fraudulent activity with the necessity to respect employee privacy. Currently, management is satisfied that GSC is monitoring and reporting delisted providers quarterly and provides to Niagara Region to determine if any local providers are delisted, and further provides Audit Advisories if any claim activity is occurring with a provider that is being delisted. Management have actively participated in program reviews offered by GSC for the purposes of cost containment, such as offering

biosimilar drugs. In consultation with Total Rewards staff, AON Canada also performs a deep dive of employee claims to assess overall cost containment related to plan design and activities which includes some detailed data not available to Niagara Region as the employer, loss ratios (revenue vs. expenses), rate setting guidelines and trends. Human Resources does not duplicate those same activities, but does review several additional audit reports and data points to routinely review billings and claims activities on a regular basis. Given the positive findings of this comprehensive review performed by the internal audit group, the strategy in place does appear to have effect. Having said that, Management requested and obtained a full listing of available reports from GSC to assess and determine if any additional available reporting would be of further assistance in more routinely reviewing employee group trends. Effective immediately, any findings related to employee group trends identified with new reports, will be leveraged in addition to existing reports being utilized, and any findings will be used to further assist with collective bargaining and annual/regular reviews.

2. Management does meet annually with GSC to review service levels, claims trends and other proactive trends relevant in the market (ex. biosimilar pharmaceuticals, infant chiropractic research, etc.) In addition, regular ongoing discussions occur with GSC on an ad-hoc basis to deal with all issues of claim and/or rare service level complaints that arise. While Management is satisfied with current customer service performance deliverables, following receipt of this audit Management worked with GSC to formalize a quarterly dashboard of performance standard measures, relevant stats and claim trends against agreed upon contractual service level deliverables (GreenShield Commitment).

Observation #2 – The adjudication and processing of claims by GreenShield is sound as per the design plan, and Total Rewards staff should continue to work with GSC to ensure that benefit coverages are understood by all staff and potential anomaly areas are satisfactorily examined.

Risk Ranking	MEDIUM
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Internal Audit engaged the services of MNP Consulting to perform the following activities:

- Review the oversight and administrative management of the Niagara Region benefit plan by focusing upon the functions performed internally by Total Rewards staff and the contracted activities of GSC staff;
- Conduct data analytics on aggregated source data to identify potential trends, utilization patterns, potential risk areas and support the determination of a sample of claims to be tested further at GSC headquarters; and,
- Develop recommendations for improving the overall internal control environment and the plan design framework.

Following the completion of MNP's data analysis, Internal Audit conducted further testing of a sample of claims at the GSC office in Windsor, Ontario to ensure compliance and to test for potential anomalies identified by MNP.

MNP conducted data analysis on a 24-month period of time based on contract periods, specifically from September 2017 to August 2019. Over that period eligible staff were approved for over \$18M in benefit claims as shown on Table 1 below.

TABLE 1 – Summary of Claims by Dollar Value

Service	2017-2018	2018-2019	Total*	Percent
Drug	\$3,960,493	\$4,053,516	\$8,014,009	42.64%
Dental	\$3,323,916	\$3,464,221	\$6,788,137	36.12%
Paramedical Services	\$690,181	\$776,937	\$1,467,118	7.81%
Medical Items	\$509,302	\$432,894	\$942,196	5.01%
Vision	\$677,235	\$687,149	\$1,364,385	7.26%
Accommodation	\$57,390	\$89,737	\$147,127	0.78%
Audio	\$29,265	\$28,243	\$57,507	0.31%
Out of Province	\$6,077	\$3,283	\$9,360	0.05%
Medical Transportation	\$2,498	\$1,800	\$4,298	0.02%
Total	\$9,256,356	\$9,537,780	\$18,794,136	100.00%

*Total includes claims that were auto-coordinated and paid through Health Care Spending Account.

For claims that starts and ends within Health Care Spending Account, additional \$54,708 and \$74,598 were paid in the two plan years respectively.

MNP then proceeded to conduct analytics on various trends, specifically, total claim patterns by employee, claims by various expense categories as listed above and high risk expenses within the categories as well (i.e. within drugs they looked at expenses related to opioids, stimulants and sedatives to determine unusual trends) and claims by vendors for several of the categories.

Claims by Employees – MNP identified the highest claimants by dollar value over the two-year study period. Further testing on these individuals allowed MNP to conclude that all claims were valid and related to specific illnesses. They then looked at employees with the highest volume of claims to determine the types of claims they are submitting for. All claims were adjudicated appropriately by GSC. The second highest claimant was part of Internal Audit’s sample for additional detailed testing for drug claims.

Claims by Drug Categories – MNP analyzed the total claims by dollar amount for opioids, sedatives and stimulants. As controlled medications, these three categories are considered the highest risk for potential abuse as validated in audit reports from other jurisdictions. Several other drugs are available to staff through the benefit plan but these would be considered low risk and pose little threat of employee abuse. To conduct this testing MNP looked at eligible drugs under Niagara Region’s plan by Drug Identification Number (DIN) for the three main categories listed above. All data analytics were for the two-year period of study as mentioned previously.

Table 2 – Drug Claims by Dollar Value and Claim Volumes

	Dollar Value			Claim Volumes		
	2018	2019	Total	2018	2019	Total
Opioids	\$73,984	\$69,092	\$143,076	5,261	5,529	10,790
Sedatives	\$17,283	\$16,724	\$34,007	2,338	2,215	4,553
Stimulants	\$19,684	\$31,173	\$50,857	785	880	1,665

For opioids, MNP identified three individuals that exceeded \$7,000 in approved claims and several more between \$4,000 and \$7,000. The total claim amounts for sedatives and stimulants is significantly lower with one claimant in each category exceeding \$3,500. For sedatives, only two people exceeded \$1,000. Examples of sedatives include Clonazepam and Lorezepam. For stimulants, all employees are under \$2,500 except for the one mentioned above. While stimulants such as Viagra and Cialis was an area of abuse found in other audits reviewed, Niagara did not find such issues due to the plan design which does not reimburse many of those same stimulants.

For the three drug categories, Internal Audit staff conducted in depth testing of approved claims and controls within the Advantage system to determine if any controls were circumvented to allow for higher than normal claim amounts. Based on audits from other jurisdictions, the following fraud schemes were identified and tested for:

- Double doctoring – claimants receiving prescriptions from more than one doctor within a very short period of time and having all prescriptions filled
- Double pharmacy – claimants taking the same prescription to multiple pharmacies within a very short period of time and have the prescription successfully dispensed
- By-passing the refill rate and frequency – claimants that have prescriptions with no prescribed refill rate or frequency. It should be noted that many physicians and pharmacies follow the Canadian Guidelines for Safe and Effective Use of Opioids which recommends safe opioid volumes and dispensing rates.

Internal Audit tested the three areas listed above, among other things, and conducted interviews with GSC staff, including its in-house pharmacist. The sample was based proportionately on the volume of claims and dollar value. Audit testing did not reveal any circumvention of system controls. Specifically, audit testing found no instances of double doctoring or double pharmacy with regard to the dispensing of controlled medications beyond the prescribed levels. As noted by MNP, the Advantage system has sound and effective controls that would proactively identify and prevent a claimant from being approved beyond the prescribed parameters. In addition, the system identifies similar prescriptions from multiple providers effectively reducing the possibility of the first two testing areas noted above. Finally, through analytical testing of all claims MNP and Internal Audit did not find any cases where claimants exceeded Health Canada standards for prescription drugs.

For high volume claimants, Internal Audit interviewed GSC pharmacists to determine if there were any unusual trends that may contravene Canadian Medical Association or the Ontario Pharmaceutical Association recommended practices. It was noted that the dispensing rates were compliant and considered best practices. It was also noted Niagara Region's current plan design is effective in supporting staff medical concerns.

Claims by Medical Items – MNP focused on equipment claims that would be considered highest risk, specifically orthopedic shoes, orthotics, compression socks, and braces. High risk is based on several factors including audit reports from other jurisdictions, the number of delisted providers across Ontario and even in Niagara and the overall high dollar amount provided under the plan design can be considered a material amount for fraud to occur.

Table 3 – Medical Items by Dollar Value and Claim Volumes

	Dollar Values			Claims		
	2018	2019	Total	2018	2019	Total
Custom-made Foot Orthotics	\$237,339	\$187,935	\$425,273	713	575	1,288
Medical Services Includes Eye Examination	\$77,679	\$83,019	\$160,697	1,277	1,360	2,637
Braces	\$43,516	\$51,413	\$94,929	195	193	388

	Dollar Values			Claims		
Compression Stockings	\$88,619	\$38,142	\$126,761	201	140	341
Respiratory / Cardiology	\$25,762	\$24,604	\$50,366	113	120	233
Others	\$36,388	\$47,781	\$84,169	228	264	492
Total	\$509,302	\$432,894	\$942,196	2,727	2,652	5,379

Testing occurred at a couple different levels. MNP and Internal Audit conducted extensive data analytics to determine employees, vendors and even employee group trends focusing on high dollar amounts and volume of claims. Secondly, Internal Audit tested a sample of claims in depth based on the highest users and providers.

From an analytics perspective Table 3 above shows a large decrease in orthotics and compression stockings from 2018 to 2019. While the 24-month trend shows a significant decrease in orthotic claim values, the previous two years (2016 and 2017) were closer to the 2019 levels. Many factors may contribute to the decrease for orthotics including three delisted providers in early 2019. Testing found that one of the delisted providers had paid claims for \$47,110 for a 12-month period in 2017-2018. For the next six months, from September 2018 to March 2019 when the same provider was delisted, they were responsible for \$46,645 in claims. It is not possible to determine the percent of claims that were incentivized against GSC policy, but the large spike in claims led to an investigation from GSC and eventual delisting.

This also demonstrates, as was shown in other jurisdictions, how fraudulent providers become an attractor for staff in a very short period of time. Among the fraud schemes that occur are 'bonusing' or gifting to clients from providers. In other words, employees receive products that are not eligible under Niagara Region's benefit plan as an incentive to purchase an allowable product. Providers may escalate the price of the eligible product to compensate for the non-eligible product.

For compression stockings, in 2018 GSC altered its reasonable and customary reimbursement levels depending on the length of the stocking and began requiring more information to adjudicate such claims. These changes significantly impacted reimbursement dollar amounts due to altered levels and the number of submitted and approved claims.

For the two-year period under study, the top two claimants under medical equipment was for items not on the list detailed in the table above. All other claimants over a threshold established at \$5,000 for employee, spouse and dependent were for one or a combination of items listed. Detailed testing revealed the following:

- The audit found no indication that required rules and documentation were circumvented reinforcing the effectiveness of the Advantage system and GSC adjudicators;
- For one of the delisted providers seven claims for orthotics were tested from different individuals, each having the exact same diagnosis;
- The majority of staff tested all received multiple products from the same provider usually for more than one family member;
- For orthotics, GSC requires thorough documentation including a medical prescription and significant lab documentation from providers prior to approval, minimizing the opportunity for fraud;
- For braces, GSC requires a medical prescription and diagnosis demonstrating need;
- The clarity around the type and dollar amount provided for braces is confusing and has room for improvement given the amount that is available to staff; and,
- The audit found some minor instances of staff converging and favouring one provider, although there was no fraudulent activity necessarily detected. The audit also noted that several providers were delisted, based on regular audit and investigation protocols, possibly triggered by claim spikes which raised red flags at GSC.

Claims by Paramedical Services – Paramedical, or often referred to as Professional Services, includes, among other things, massage, chiropractor, physiotherapy, podiatrist, naturopath, speech therapist and psychological services.

Table 4 – Professional Services by Dollar Value

	2018	2019	Total
Massage Therapist	\$319,967	\$362,454	\$682,421
Chiropractor	\$197,733	\$223,871	\$421,604
Physiotherapist	\$112,640	\$121,686	\$234,326
Naturopath	\$23,800	\$23,868	\$47,668
Psychologist	\$16,857	\$33,509	\$50,365
Other*	\$19,184	\$11,550	\$30,734
Total	\$690,181	\$776,937	\$1,467,118

**Includes speech therapist, acupuncturist, osteopath, podiatrist and dental accident*

As Table 4 details, the amount allocated to paramedical services has increased over the study period by approximately \$87,000. For most of these services listed, a physician referral is not required (physician referral is required for speech language pathologist) and in most cases the providers are able to direct bill on behalf of Niagara Region staff. The Advantage® system does not require service providers to upload receipts or other documentation demonstrating work performed unless randomly audited by GSC. Alternatively, for providers that do not have direct billing privileges to GSC, staff can submit a claim online and are only required to submit documentation if GSC selects that claim for an audit.

Niagara Region benefit plans have several different limits, based on per visit and an annual basis. While the negotiated limits vary based on benefit class, they provide an effective control to prevent fraud and collusion among employees and service providers. In addition to the limits, GSC applies reasonable and customary charge limits based on the various types of services which ensures costs for services and products are monitored and controlled within industry standards.

In several audits reviewed from other jurisdictions, paramedical services were abused due to the lack of per visit limits and either no or very high annual limit. Given the plan design limits that Niagara Region has put in place the potential for abuse is greatly reduced. Internal Audit testing at GSC offices revealed no instance of claims being inappropriately adjudicated. In addition, MNP data analytics found, “that there were no claims that exceeded the per visit limit for massages, chiropractic, physiotherapy...” The Advantage® system has access to various professional organizations to ensure that provider’s registration is valid and current.

Claims by Vision – Vision benefits range from \$350-\$450 every two years based on employee group. This total does not include eye exams which was captured under medical items. Table 5 details benefit expenses directly attributable to vision care for the study period. As is shown the costs and number of claims has remained steady over the study period. MNP Consulting did not have any findings related to claims exceeding their limit values over the study period.

Table 5 – Vision Care by Dollar Value and Number of Claims

	2,018		2019	
Glasses	\$638,717	2,203	\$640,894	2,167
Contact Lenses	\$37,295	254	\$43,754	289
Other*	\$1,224	5	\$2,501	8
Total	\$677,235	2,462	\$687,149	2,464

**Including generally excluded vision services such as laser eye surgery*

Within the study period two optical retailers in Niagara have been delisted by GSC (one in February 2019 and the other in March 2019) convincing Internal Audit staff to continue testing vision benefits from a claims perspective. For 18 months (all within the study period) prior to delisting, both providers combined accounted for \$143,053 or 10% of all vision claim dollars within Niagara Region. One of the vendors was the top selling retailer to Niagara Region employees while the other was fourth highest. As noted earlier, it is very difficult to determine what percent of the total sales can be classified as fraudulent.

The sample of claims tested by Internal Audit while at GSC offices revealed that very little documentation is requested from GSC to verify the claims. In other words, providers and claimants are not mandatorily required to upload prescriptions, dispensing date or a detailed breakdown of charges. In addition, in 45 out of 47 claims tested the maximum amount was requested and approved by GSC. Without sufficient documentation it is difficult to determine

the accuracy of invoices or if opticians are 'gifting' clients with additional non-prescriptions products such as sunglasses.

Vision claims account for approximately 1.86% of the total amount of Niagara Region claims yet represent about 7% of dollar value. Although the dollar value claimed slightly decreased from 2018 to 2019, industry numbers indicate a slight increase for vision care. In speaking with staff within the GSC investigations team, vision is an area of focus for them as the number of claims and providers is increasing.

Claims by Health Care Spending Account (HCSA) – Non-union staff are provided with an additional \$600 HCSA that can be applied towards any eligible expense. Eligible expenses for employees or dependent(s) include those that qualify for medical expense tax credits under the Canada Revenue Agency (CRA) Income Tax guidelines. In most cases, the HCSA is used to either acquire certain products that are not part of the current Niagara Region offerings, i.e. osteopath services, or to allocate funds towards a Regionally-approved service after the limit has been exhausted.

Table 6 – HCSA Only and Auto-Coordinated Claims

	Dollar Values			Claims		
	HCSA Only	Auto-Coordinated	Total	HCSA Only	Auto-Coordinated	Total
2018	\$54,708	\$85,688	\$140,396	672	2,473	3,145
2019	\$74,598	\$129,425	\$204,024	794	3,543	4,337

In 2019, the HCSA amount per full time, non-union employee increased from \$300 to \$600. Due to that plan change the overall amount spent on HSCA claims increased from \$140,396 in 2018 to \$204,024 in 2019. For reimbursement under HCSA claims must be submitted by an employee, not a provider. HCSA claims can initiate from several streams:

- Financial top up to a traditional claim whereby the maximum allowance has been exhausted;
- Coordination and top up from a traditional claim from a secondary provider; and,
- A claim that starts and ends within HCSA. (Shown as HCSA Only Claims in Table 6).

For the first two streams listed above, either GSC or the secondary provider may have requested documentation to verify the claim and possibly even audited the claim. Audit testing has shown that the degree of due diligence to substantiate claims is significantly reduced for HCSA claims than regular claims. In other words, for many regular claims submitted by staff documentation must be uploaded while for HCSA submitted claims for similar services or products, there is no online prompt requesting documentation. GSC can audit a claim once it has been submitted but it does not request documentation upfront. The administrative rules and adjudication process is reduced for HCSA claims to align with the CRA guidelines. Finally, according to GSC, the audit rate for HCSA claims is approximately

5%. This may be due to the diligence provided in the first two claim initiating streams depicted above.

Implication

Total Rewards, has insufficient capacity to review ongoing claim data analytics to proactively identify potential areas of fraud.

Insufficient documentation requirements for vision claims, combined with limited data analytics, may contribute fraudulent claims and future cost escalations.

Reduced claims audit and claims documentation for HCSA related claims may result in employee abuse through fraudulent claims.

Recommendation

1. Total Rewards should review the number and quality of reports it receives to improve the ability to proactively identify potential fraudulent activity.
2. Total Rewards should consult with GSC at increasing documentation levels for vision related claims to minimize the potential for 'gifting' or false claims from providers and employees
3. Total Rewards should consult with GSC to improve the due diligence, documentation required and audit rate related to HCSA claims.

Management Action Plan

Person(s) Responsible Linda Gigliotti
Kristen Angrilli

Completion Date Ongoing

1. Management is pleased with the overall positive findings in this report, and the current strategies in place with the provider, benefits consulting agency, and internally in Human Resources. Having said that, and as stated in response to Observation #1, Management is fully supportive of further reviewing additional reporting available by GSC to identify any additional opportunities for employee group trends that do not duplicate efforts already in place and appropriately respect privacy requirements. Management has already begun this process and will immediately implement any reasonable findings.
2. Management understands the opportunity for potential misuse of vision related claims based on lump sum coverage as opposed to a requirement for prescription level

reporting on claim submission. It is important to note however that any change to plan design would need to be considered as a negotiated item and be addressed through collective bargaining. Management is reviewing with Labour Relations the potential to update plan design to require a change to lens prescription vs. a fixed two year lump sum for vision coverage, however it is understood that any change to plan design through collective bargaining would be addressed on a case by case basis for each of 6 union employee groups, and if proposed requires union agreement through the collective bargaining to achieve. Protocols are already firmly in place that any proposed changes to plan design balance cost containment, value, need, administration, overall wellness and affordability.

3. As noted in the audit, HCSA benefits are currently only available to non-union employees with a cap of \$600 per year for eligible expenses. This represents approximately 2% of overall health/dental claims, and given that approximately 82% of those claims are further auto coordinated as part of a top-up of another health/dental claim, these claims are subject to the same scrutiny as the related non HCSA claims (ex. using HCSA as a top-up of a dental claim to make up the difference between current ODA rate vs. plan prior year ODA rate, is still subject to the same scrutiny for claim coverage eligibility as part of the original dental claim). Furthermore, HCSA claims still experience an additional 5% audit rate. Finally, of the total dollars allocated towards HCSA in 2019, only 55% of the allocated funds were actually paid as eligible claims further indicating a low risk of misuse. Given the overall low risk and dollar value, and attempting to balance the needs for convenience and efficiency of the HCSA plan, Management views the level of existing audit and documentation in place for HCSA as reasonable and effective.

Observation #3 – The benefit plan design, along with the number of benefit classes has evolved over the years to the point where corporate and employee needs may need to be reconsidered and incorporated into an overall change initiative.

Risk Ranking	LOW
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MNP worked with Jackson and Associates (J&A), a benefits consultant, to recommend industry trends Niagara Region should potentially consider to reduce administration costs while satisfying employee needs. The scope of work for MNP Consulting, with J&A support included:

- Providing advice on administrative solutions and modern trends on benefit plan designs, and
- Make recommendations and highlight employee benefit oversight practices through benchmarking, researching industry and employment trends.

MNP provided a briefing and shared their final report with staff from Total Rewards and others within Human Resources. A summary of observations and recommendations is below.

- Niagara Region should receive and review regular reports from GSC based on high volume providers/suppliers to ensure processing accuracy and develop or update a preferred provider network for staff;
- Review the drug formulary as Niagara Region's drug claim rates are slightly higher than similar comparators. This observation can be considered in conjunction with later recommendations on transitioning to a wellness strategy and vision;
- Total Rewards should request and receive detailed reports for medical items broken down by individual items instead of summaries to allow for greater comparisons and trend analysis;
- Niagara Region should conduct analysis, annually or biennially, of outlier providers and employees to detect potential fraudulent activity;
- Streamline the number of benefit classes to reduce overall administration costs. A reduction in benefit classes can make Niagara more attractive to benefit carriers, potentially lowering ASO costs, reducing internal administrative costs and the re-allocation of resources towards optimizing benefits for employees;
- Employee groups are individually focused on employee health and mental wellbeing. Niagara Region should work with the various groups to develop an overall mission and vision that focuses on wellness and promotion of a healthy lifestyle;
- The Wellness approach must be collaborative in nature, ensuring that all groups are represented and consensus is achieved with a well defined conflict resolution process;
- Total Rewards will need to monitor closely program changes and report semi-annually or annually to the employee groups demonstrating the changes that occurred and potential benefits achieved to the corporation and for the employees.

Implication

By not consulting with the various employee groups and conducting a strategic planning review Total Rewards and Human Resources may not fully capitalize on potential operational and administrative opportunities:

- To improve its benefit plan for employees;
- Strengthen the overall plan design;
- Monitor employee and vendor trends; and,
- Streamline the number of benefit classes thus reducing the administration burden.

Recommendation

1. Total Rewards should review its current portfolio of reports received from GSC and identify, based on J&A observations, more detailed claim reporting that would support a proactive approach to monitoring employee and provider fraud. These reports will also lead to a Niagara-made preferred professional list.
2. Human Resources should review and work with various employee groups to reduce number of benefit classes.
3. Total Rewards, with the support of Human Resources and in consultation with the employee groups, should conduct a strategic review of the benefit plan to ensure it meets the changing needs of employees including a greater focus on wellness, mental health support and an overall healthy lifestyle.

Management Action Plan

Person Responsible Linda Gigliotti
Kristen Angrilli

Completion Date 1. Ongoing
2. End of Q2 2021
3. End of 2021

1. As stated in Observation #1 and #2, Management supports the need to review existing reports and in the spirit of effectiveness and efficiency, will not duplicate all of the reviews and audits already in place, but is reviewing the current availability of data to determine if any additional audits would garner an increase in the already high level of risk reduction in our plan designs and existing audits. Management does not however support leading to a preferred provider list, and instead wishes to promote choice in

our health care professionals and service providers, and contain cost and risk through prudent benefit plan design and cost containment measures.

2. Management acknowledges the current number of benefit classes that have been established over many years is the result of some past practices and not aligned with Niagara Region's current strategy due to potential impact to the overall plan marketability. Currently, the process of introducing new benefit classes has been contained for the past several years. The current strategy is also to look for opportunities to merge benefit classes, including the potential for Niagara Regional Housing benefits to merge with other similar/existing classes in future. Management also acknowledges however that the reduction of benefit classes is largely dependent on the collective bargaining process with its 6 union employee groups and would require a total compensation mandate that is properly funded to make any meaningful change in the total number of benefit classes. GSC has confirmed that in comparison to other municipal clients in their book of business, Niagara Region's number of classes are tightly managed and have no real bearing on overall pricing.
3. Management fully supports and endorses the importance of a Total Rewards Strategy as part of the broader People Strategy and overall health and wellness initiatives at Niagara Region. Management also understands this strategy needs to be revisited on a regular basis to ensure its ongoing value. To that end, a new Total Rewards Strategy is already part of the overall Human Resources 3-year plan and objective setting. The strategy will contemplate wellness, preventative health care, mental health, overall affordability and consumerism. A significant focus is placed on responding to changing trends with our providers, including our Employee and Family Assistance Plan providers, to provide education, awareness and communications for our employees that enhance physical, social and mental well-being. Niagara Region also introduced an Employee Engagement survey and program in 2019 to address and understand the needs of employees. Finally, in addition to capturing the needs of our non-union staff, as part of each round of collective bargaining, there is a proactive approach to understanding what priorities exist with each unique union employee group, and how those priorities can best be addressed through collective bargaining (for example, increased coverage for mental health benefits for paramedics to address evolving needs).

Appendix 1 - Rating Scale

Rating	Definition
CRITICAL	Requires immediate action by Senior Management to avert a severe/disastrous risk event in the near-term. Internal controls are deemed to be ineffective, absent or poorly designed. Management Actions Plans (MAP's) are to be implemented immediately to mitigate risk of substantial financial losses, business interruption, loss of reputation and/or environmental, public health & safety risk.
HIGH	Requires prompt action by Management to avert, reduce or transfer a major risk event. Internal controls are deemed to be ineffective, absent or poorly designed. MAP's should be implemented to mitigate the risk of financial losses, loss of reputation, address fraud issues or legal/regulatory non-compliance.
MEDIUM	Requires timely actions by Management to reduce risks to a low level. Internal controls are deemed to be ineffective or poorly designed. Management action is required, but is not immediate. Moderate financial losses, temporary/minor reputational impairment, lesser potential for fraud or regulatory non-compliance may occur without timely MAP's.
LOW	Management actions are recommended to address the weaknesses identified. Internal controls are operating effectively or partially address the control objective; however they may be poorly designed and/or operational inefficiencies exist which may result in an opportunity for improvement. Low risk events may cause operational inconvenience or minor financial losses.

MEMORANDUM

CSC-C 8-2020

Subject: Referral of Motion – Direct Election of the Regional Chair

Date: June 17, 2020

To: Corporate Services Committee

From: Ann-Marie Norio, Regional Clerk

At its meeting held on February 20, 2020, Regional Council passed the following motion:

That the motion respecting Direct Election of the Regional Chair **BE REFERRED** to the Corporate Services Committee to allow for consideration of additional governance matters.

The motion respecting Direct Election of the Regional Chair is noted below for Committee's consideration:

WHEREAS the Province has completed its governance review and decided to leave governance reform in the purview of each municipality;

WHEREAS section 218.2 of the *Municipal Act, 2001*, provides a municipality the power to change the method of selecting its head of Council under section 218 of the Act for any regular election after 2018;

WHEREAS the upper tier municipalities of Durham Region, Halton Region, and Region of Waterloo directly elect their Regional Chair;

WHEREAS upper tier and single-tier municipalities in Ontario with larger populations and/or larger geographic areas than Niagara have directly elected Heads of Council;

WHEREAS Niagara is a progressive municipality with diverse interests; and

WHEREAS all of the voting citizens of Niagara deserve to have a direct say in who shall represent them as Regional Chair.

NOW THEREFORE BE IT RESOLVED:

1. That The Regional Municipality of Niagara **EXERCISE** its power and follow the necessary process under section 218 of the *Municipal Act, 2001*, to change the method of selecting the Head of Council so that beginning with the 2022 municipal election and for all future municipal elections the Regional Chair is elected by general vote by the voting citizens of all 12 local area municipalities in the Niagara region in accordance with the *Municipal Elections Act, 1996*.

Respectfully submitted and signed by

Ann-Marie Norio
Regional Clerk

Subject: Rescheduling of November 11 Standing Committee Meetings

Report to: Corporate Services Committee

Report date: Wednesday, June 17, 2020

Recommendations

1. That the Corporate Services Committee and Planning and Economic Development Committee meetings scheduled for Wednesday, November 11, 2020 **BE RESCHEDULED** to Monday, November 9, 2020, in recognition of Remembrance Day.

Key Facts

- The purpose of this report is to seek approval to change the November 11 Standing Committee meetings.
- The 2020 Legislative Schedule of Regular Meetings was approved by Regional Council on September 17, 2019.
- Due to an oversight, Corporate Services Committee and Planning and Economic Development Committee meetings were scheduled on November 11 which is Remembrance Day.
- In honour of the significance of Remembrance Day and in order to allow Regional Councillors to attend Remembrance Day services in their local communities, it has been deemed appropriate to request Committee's consideration to reschedule the meetings that were to take place on November 11.

Financial Considerations

There are no financial considerations associated with this report as the meetings will continue to be held.

Analysis

At its meeting held on September 17, 2019, Regional Council approved the 2020 Legislative Schedule of Regular Meetings. Unfortunately, due to an oversight, meetings were scheduled on November 11, which is Remembrance Day. Some Councillors have expressed concern that they would not be able to attend these scheduled meetings due to their participation at Remembrance Day services in their local communities.

In order for the items from these Committees meetings to be included on the November 19 Council agenda to be approved and ratified, these meetings would need to be rescheduled sometime during the week of November 9.

Staff considered options to accommodate these meetings on another date. As November 12 has tentatively been identified for a Budget Review Committee of the Whole meeting, it was felt that rescheduling the meetings to November 12 would not be a viable option given that in addition to two meetings during the day there could also be an evening meeting.

Should Committee wish to consider holding the meetings on Friday, November 13, the minutes from these meetings would not be included in the initial issuance of the Council agenda which would take place on Friday, November 13. They would instead be included on the addendum agenda.

Alternatives Reviewed

Committee could decide to cancel the Standing Committee meetings scheduled on November 11; however, at this point in time there is no way of knowing if there will be any time sensitive agenda items that will need to be considered at those meetings. Should Committee wish to cancel the November 11 meetings, any time sensitive items could be placed directly on the agenda for the Regional Council meeting being held on November 19.

Committee could consider an alternate day on which to hold the Committee meetings.

Relationship to Council Strategic Priorities

As this is a matter of scheduling, it is not related to any of Council's Strategic Priorities.

Other Pertinent Reports

None.

Prepared and Recommended by:

Ann-Marie Norio
Regional Clerk

Submitted by:

Ron Tripp, P.Eng.
Acting Chief Administrative Officer

Appendices

None.

Subject: Sub-Committee and Advisory Committee Meetings

Report to: Corporate Services Committee

Report date: Wednesday, June 17, 2020

Recommendations

1. That Niagara Region advisory and sub-committees **BE PERMITTED** to hold meetings via electronic participation during the period of the emergency declared by the Province of Ontario effective September 2020, as may be required;
2. That the Joint Board of Management – Niagara Courts **BE PERMITTED** to resume their approved meeting schedule effective August 2020;
3. That the Procedural By-law **BE AMENDED** to permit advisory and sub-committees meetings to be held by electronic participation only during the period of the emergency declared by the Province of Ontario.

Key Facts

- The purpose of this report is to seek Council's approval to permit the advisory and sub-committee meetings to be held by electronic participation during the COVID-19 pandemic as required in consultation with staff.
- At its meeting held on March 26, 2020, Regional Council approved By-law 2020-16 to allow Standing Committees and Council meetings to be held by electronic participation only during the period of the emergency declared by the Province of Ontario.
- At that time, it was not contemplated to include provisions related to allowing the advisory and sub-committees to meet by electronic participation.
- In consideration of the ongoing COVID-19 pandemic and the possible length of time for COVID-19 preventative measures to remain in place, staff is proposing to allow the advisory and sub-committees to meet by electronic participation.

Financial Considerations

There are no financial considerations to be contemplated with the resumption of advisory and sub-committee meetings as they will be accommodated within existing budgets.

Analysis

Bill 187, Municipal Emergency Act, 2020, allows municipalities to conduct meetings electronically during the period of the emergency declared by the Province of Ontario and provides for members to have the same rights and responsibilities as if he or she were in physical attendance, including the right to vote. At its meeting held on March 26, 2020, Regional Council amended Niagara Region's Procedural By-law to allow for electronic participation for Council and Standing Committee meetings only during the declared emergency.

At that time, not knowing how long the declared emergency would last, the advisory and sub-committees were not included in those meetings permitted to be held by electronic participation.

Now that staff have successfully executed Standing Committee and Council meetings through electronic participation, the advisory and sub-committees may be considered to return to their previously approved meeting schedules starting in September.

Since mid-March the Region has been operating within its Business Continuity Plan. In accordance with these plans, Regional staff have been focussing on delivering essential and key services. As a result, the resumption of advisory and sub-committees will be considered in coordination with the business continuity plan with an understanding that those staff responsible for facilitating these advisory and sub-committees may have been assigned to different roles through redeployment or are currently working on projects that are part of our essential service delivery. Staff liaisons responsible for specific committees will review each committee's mandate and determine if there are sufficient grounds to hold a meeting while considering staff availability to facilitate and balancing community engagement.

The Joint Board of Management – Niagara Courts, is a Board comprised of staff members from the Region and the cities of Niagara Falls, St. Catharines and Welland as well as three appointed staff members from the other nine municipalities on a revolving basis. The Board provides a forum for the local area municipalities to provide

input on court administration in accordance with the inter-municipal agreement that is in place regarding court services.

The Joint Board of Management- Niagara Courts is requesting to hold its scheduled August 13th meeting in order to have the Board consider financial information related to court administration that is time sensitive. As such, staff are recommending that the Joint Board of Management be permitted to resume its meetings in August.

Staff will provide notice of the Procedural By-law amendments at the June 25, 2020 Regional Council and the amending by-law will be put forward for Council's consideration at the July 23, 2020 Council meeting. This will allow staff the month of August to determine which committees must meet and allow outreach to Committee members in preparation for September resumption of advisory and sub-committee meetings as required.

Alternatives Reviewed

Council could decide to continue to only allow Standing Committees and Council meetings to be permitted by electronic participation.

Relationship to Council Strategic Priorities

This report has been prepared as a response to the COVID-19 (Novel Coronavirus) pandemic; however, does align with Council's Strategic Priority of Sustainable and Engaging Government.

Other Pertinent Reports

CLK 5-2020 Procedural By-law Update for Electronic Meeting Participation

Prepared and Recommended by:
Ann-Marie Norio
Regional Clerk

Submitted by:
Ron Tripp, P.Eng.
Acting Chief Administrative Officer

Memorandum

CSC-C 9-2020

Subject: COVID-19 Response and Business Continuity in Corporate Services
Date: June 17, 2020
To: Corporate Services Committee
From: Todd Harrison, Commissioner of Corporate Services and Regional Treasurer

Corporate Services delivers efficient and innovative service excellence to external and internal customers in an integrated and timely manner.

During this pandemic, our staff have continued this support function for core businesses within our group and for operating departments. In addition, Corporate Services has provided critical support to the Emergency Operations Committee (EOC).

The following provides an overview of activity that has taken place and a projection of expected service delivery moving forward.

CONSTRUCTION, ENERGY AND FACILITIES MANAGEMENT (CE&FM)

Current Status of Operations

The CE&FM group is divided into two main groups, Construction and Facilities Management. This team has played an important role in the Regional EOC.

With the resumption of construction in Ontario, staff have been working with contractors to resume work at projects currently under construction. Most notably, construction for NRPS District 1 has re-started and staff is working with the GC to mitigate lost time. The following projects continued during the 1 month shut down as they were deemed essential services:

- Installation of backup generators at Headquarters;
- Transfer of backup 911 equipment to a new site; and
- Continuation of construction drawings for long term care facilities.

For projects not in construction, staff have determined which projects are deemed critical to proceed and prioritized these with Procurement.

The Facilities Management Team has been an essential component of the Region's EOC. Some of the functions performed in this capacity are:

- Coordinated the sourcing of essential supplies in collaboration with other departments;
- Continuing Operations and Maintenance of all opened facilities including enhanced cleaning protocols to ensure safe working environment for essential staff not working from home;
- Coordinating emergency procurements of PPE and other supplies that are critical to business continuity for essential services;
- Upgrading facilities with social distancing barriers, protective screens;
- Responding to internal client needs for changes in normal operations, special moves and health & safety concerns;
- Enhanced security monitoring of sites with reduced and or no staff on site; and
- Coordinating shipping/receiving and securement of critical supply needs.

Operational Outlook

1/3/6 months

Cleaning:

- Reviewing options for ongoing enhanced COVID cleaning requirements for facilities managed by CE&FM and EMS stations including extending existing cleaning contracts, adding temporary cleaning staff, retendering Region wide cleaning contract. Staff is working with Legal and Finance to determine best option.
- Continue to source/procure and secure additional cleaning and janitorial supplies to meet divisional and client needs.
- Facilities front-line staff continue to meet enhanced COVID cleaning requirements for internal staff and public safety.
- Have addressed multiple emergency workplace disinfection requests following positive COVID findings in the workplace.

Supply Chain and Deliveries

- Dedicated staff to deliver new enhanced screening signage from PH.
- Dedicated staff to delivery and reception of all Region HQ deliveries to loading dock to limit personnel entry to Region HQ.
- Sourced and provided secure storage areas to assist LTC pandemic supply requirements.

- Created Facilities tracking documents for EOC to track program delivery changes.
- Created Portal request mechanism for EOC supply chain requests.
- Have met all client and divisions support requests for procurement of PPE, hygiene and cleaning supplies.

Building Security

- Adjusted security and facility access control systems to meet program delivery changes with minimal notice and short timelines.
- Assisted with creation and testing of HR re-deployment tool in preparation of tool launch.
- Assisted with creation and testing of screening tool for PH and continue to support with coordination of access control systems data with screening tool.
- Continue to keep all Region sites functional, safe and secure for eventual return to normal operations.

Housing / Brock University

- Continue to manage unit allocations for temporary housing for essential service workers at Brock University - 27 rooms available with option of an additional 14 should they be needed.

Construction and non-essential maintenance and repair work

- With opening up of maintenance and repair work by the Province, have resumed critical maintenance repair work and services and any other work required for the efficient building operations.

REOC

- Continue to support the Region EOC with staff resources as required.
- Redeployment of CE&FM staff to support REOC and facilities operations

FINANCIAL MANAGEMENT AND PLANNING (FMP)

Current Status of Operations

As indicated, all of the Corporate Services Departments continue to deliver core services while at the same time perform a significant number of duties to support the Regional EOC.

FMP staff have continued to support core business functions during the pandemic. Some highlights of these actions include:

- Complete the 2019 year end audit;
- Develop 2020 tax bylaws and provide required necessary report and bylaws; and
- Work with Public Works to update financial implications of SNF water treatment plant for inclusion in the 2021 budget; and
- 2021 budget planning and preparations.

Additionally, FMP has a main role in the Region's EOC as part of the Finance and Administration Unit. Highlights include:

- Development and implementation of procedures for cost reporting and tracking;
- Coordination and collaboration with municipal treasurers of assumptions and information for consolidated financial impact information for advocacy to provincial and federal governments;
- Review of Regional capital projects in light of provincial legislative essential construction business and Regional capacity to complete;
- Implementation of on-line/credit card payments for services such as business licenses, garbage bag tags, planning and transportation permits, long term accommodations, etc.;
- Support HR in development of cost tracking system to facilitate staff redeployment to essential services in pandemic;
- Support HR in establishing process to administer and report on the provinces pandemic pay initiative;
- Extensive cash flow and collections analysis and planning in conjunction with local municipalities;
- Analysis and reporting related to Council motion to consider deferral of 2020 water/wastewater budget increases; and
- Publication of the 2020 Budget Summary.

Operational Outlook

1/3/6 months

- Managing Local Area Municipality receivable and payables in accordance with CSD 31-2020.
- Phase 2 of on line payments i.e. garbage bag tags sales direct to residents.
- Improvements to Cash Flow model tools and processes to support ongoing operations and cash flow implications of municipal COVID concessions.
- Preparing Annual Report and provincial financial information return.
- Ongoing COVID financial analysis and weekly/monthly impact and cash flow reporting to Council with updates for items impacting 2021 budget to be added.
- Provincially funded Program Financial Audits underway to comply with legislation.
- Second and third quarter financial reporting to Council in accordance with policies.
- Preparation of 2021 Capital and Operating Budgets timetables and planning report for Council and establishing strategies for budget preparation.
- Supporting the 2020 Capital and Operating Budgets timetables as established.
- Supporting GO implementation, Niagara Regional Transit Governance, Canada Summer Games, Airport Master Plan RFP, sponsorship revenue, sustainability review.
- Managing debenture issuance process with consideration to market factors and municipal needs and risk.
- Creation of Development Charge and Community Benefit Bylaws RFP.

PROCUREMENT AND STRATEGIC ACQUISITIONS (PSA)

Current Status of Operations

Similar to other departments within Corporate Services, PSA staff have delivered by supporting core business functions while taking on additional projects to support the Region's EOC.

Highlights of activity during the operational period includes:

- Facilitating new and ongoing procurements culminating in award;
- Realty related works for inflight projects, leases and licenses;
- PeopleSoft Change PO's, Supplier and PCard administration; and

- Sourcing critical PPE and supplies needed for the EOC response to the pandemic.

In addition, Procurement has completed the transition to full eBidding and effective immediately, all procurement bid documents issued include the requirement for electronic submissions.

Operational Outlook

1/3/6 months

The Region's review of essential projects both capital and operational has resulted in a prioritization of formal procurements moving forward. This will continue throughout the pandemic and afterwards.

INFORMATION TECHNOLOGY SERVICES (ITS)

Current Status of Operations

Similar to other departments within Corporate Services, ITS staff have delivered by supporting core business functions while taking on additional established projects to support the Region's EOC.

Highlights of initiatives completed during the pandemic include the following:

- Put the tools, technology and processes in place to enable and support the move towards large numbers of staff working from home;
- Developed operational data driven dashboards for Public Health, Community Services and EOC to help monitor and manage workload and staff capacity;
- Developed staff redeployment portal to help facilitate the management of requests for additional or redeployed staff related to COVID-19 priorities; and
- Working with Clerks Department to move Council and Committee meetings to an all-digital platform to support physical distancing requirements.

Operational Outlook

1/3/6 months

- Continued support for COVID-19 initiatives while supporting and enabling staff to work from home. Prior to COVID-19 daily average for the number of remote connections was approximately 90 users, current daily average is 1270 users.

- Ongoing updates to the screening questions used by EMS in their tool 'EMS Tools'
- Ongoing COVID-19 data analytics including internal operations supports and external data visualizations - Launched enhanced stats on external website including municipal breakdown.
- Implemented technology and processes to accommodate electronic public participation in Council and Committee meetings.
- Went live with the "Homelessness Reporter" for Community Services that will allow staff to track and monitor homeless in Niagara.
- Automated Public Health EOC status report for daily briefing and Ministry submission.

LEGAL SERVICES

Current Status of Operations

As indicated, all of the Corporate Services Departments continue to deliver core services while at the same time perform a significant number of duties to support the Regional EOC.

The Legal team provides a key role in the Region's EOC. The team has responded to significant number of new provincial legislation and announcements throughout the pandemic period. Highlights of advice provided to EOC:

- Advise on response to construction legislation related to essential services;
- Risk Management advice on building screening and security issues; and
- Various legal advice during pandemic.

Operational Outlook

1/3/6 months

The Legal team continues to provide advice and deliver services to operational departments on core business activities. The team also continues to provide additional support for REOC and Covid-related matters as required. In addition, the legal team is preparing the issuance of the Insurance RFP this month (targeting June 11).

COURT SERVICES

Current Status of Operations

The Court Services team is overseen by the Region's legal department on behalf of the joint board of management, between the Region and area municipalities.

Highlights of operational charges to Court Services:

No update for courts – business remains the same.

- Closed to the public.
- Providing service via telephone and email to individuals.
- Also providing onsite service for enforcement agencies related to filing charges.
- Awaiting for further information re: potential legislative amendments that would increase capacity to complete matters remotely, such as paperless/electronic documents, expanding the use of telephone and video for matters.
- Also awaiting information re: potential July start-date for hearing guilty pleas on the record for Early Resolution via telephone.
- Awaiting some guidelines and resources related to reopening best practices and electronic court processes which we were advised by MAG today are in the initial draft phase.

Operational Outlook

1/3/6 months

Continue responding to public enquiries and requests from enforcement agencies while awaiting resumption of regular court proceedings.

BUSINESS LICENSING

Current Status of Operations

Similar to the other departments in Corporate Services, the Business Licensing unit has continued to operate with core service delivery as well as play a role in the Region's EOC. These activities are identified separately.

Business License

- Revenues are down over the March, April and May period.
- Transition for business will need to be considered once the economy opens as these have been impacted. We have over 5,000 license holders that span businesses, vehicles and people.
- The emergency orders impacted not only the businesses but the employees of those businesses. There may be a reduced employee pool that these businesses may draw from and further impact their business operation.

Provincial Order Enforcement

The provincial government's announcement for stricter enforcement of social distancing and business' temporary closings resulted in an enhanced bylaw enforcement. In cooperation and coordination with local municipalities, the Region's enforcement team has increased its how's of operations to respond to increased complaints.

- Staff have been re-assigned to enforce the Provincial Orders and remain assigned to an evening shift schedule Saturday to Tuesday supported by staff from Tobacco Enforcement. Staff remain assigned to this until further notice or when the orders and state of emergency is lifted; and
- Staff respond to after-hours calls to assist the local response and also monitor the Region's six public open space properties, and ensure Region licensed businesses that are non-essential remain closed.

Operational Outlook

1/3/6 months

The Regional Enforcement Manager will continue to work in cooperation with local municipalities, NRPS and other Regional departments in a coordinated approach to enforcement of the social distancing legislation until the pandemic eases.

The business license bylaw review is ongoing and will likely come before Council after the pandemic eases.

Respectfully submitted and signed by

Todd Harrison, CPA, CMA
Commissioner of Corporate Services and
Regional Treasurer

Subject: Debt Information Report – 2020 Debenture Issuance

Report to: Corporate Services Committee

Report date: Wednesday, June 17, 2020

Recommendations

1. That this report **BE RECEIVED** for information.

Key Facts

- This report has been prepared to advise Council of the Region's intentions to issue debentures in 2020 in accordance with debenture issuance procedures that have been established.
- Each year the Region and Local Area Municipalities (LAMs) require debenture financing for capital projects that have previously been approved in capital budgets with debt financing. During construction these projects were internally financed and are now either complete or are nearing completion and financing must be secured (see Appendix 1).
- Issuance of the proposed \$77.2 million in previously approved Regional debentures will increase the Region's 2020 issued/outstanding debt from \$379.5 million to \$423.8 million (net of 2020 principal repayments of \$32.9 million, see Appendix 2).
- Previously authorized but unissued debt for the Region will decrease from \$273.3 million to \$196.1 million.
- The 2020 debenture issues are projected to increase the Region's Annual Repayment Limit (ARL) to 8.66%, well below the 25% ARL set by the Province.
- Staff is monitoring the Infrastructure Ontario lending program and capital markets, and proposes to issue debentures taking into consideration interest rate levels and timing requirements.

Financial Considerations

The Region plans to issue debentures in 2020 for its financing requirements and that of certain LAMs identified in Appendix 1. The debenture issuance requirements for 2020 are as follows:

Debt Term	Region Amount	LAM Amount	Total
1-10 Year Debt	\$14.8M	\$24.1M	\$38.9M
20-30 Year Debt	\$62.4M	\$21.9M	\$84.3M
Total	\$77.2M	\$46.0M	\$123.2M

The total issued debt will be recorded as a long term liability on the Region's financial statements with a corresponding debt recoverable from the LAMs for the amount issued on behalf of the LAMs. All debt servicing costs associated with the Region's approved debt have been included within the Region's operating budget. The projected debt servicing costs associated with the Region's debt requirement of \$77.2 million is estimated at \$ 5.5 million per year. All debt servicing costs for the LAMs are budgeted by the LAMs and recovered by the Region from the LAMs. The ARL for each LAM has been provided based on the latest published Financial Information Return (FIR) and is included in Appendix 1.

Analysis

Each year, the Region raises funds through the sale of Niagara Region debentures in the capital markets or through the Infrastructure Ontario lending program to finance previously approved and completed capital projects. While the projects are under construction funding is provided internally by the Region or LAM for their respective projects, once complete financing must be secured. The authority to issue debentures is granted solely to Regional government in accordance with the Municipal Act.

A listing of the preliminary debenture requirements is shown in Appendix 1 (Debenture Request):

- **For the 1-10 year term** the Regional portion totals \$14.8 million. This requirement includes projects for the Niagara Regional Housing, Roads, General

Government, and Police. The proposed requirement for the municipalities of Niagara Falls, Welland, St. Catharines and Port Colborne totals approximately \$24.1 million.

- **For the 20-30 year term** the Regional portion totals \$62.4 million for Roads, Long Term Care Homes, Police, Water and Wastewater. The proposed requirement for the municipalities of Wainfleet, Welland, Pelham, Lincoln, Niagara on the Lake and Port Colborne is \$21.9 million.

The Region monitors the markets and in consultation with our fiscal agents determines the most appropriate time to enter the market. The market is currently active with municipal debenture issuances including those from Waterloo, London and Halton.

The Region engages its fiscal syndicate in the sale of Regional debentures, the syndicate is comprised of three fiscal agents: CIBC World Markets, RBC Capital Markets and National Bank Financial. RBC Capital Markets will be the lead for any 2020 capital market transaction as per the established annual rotation.

Staff are also proceeding with debenture issues via the Infrastructure Ontario lending program throughout the remainder of 2020 with consideration to the type and term of the projects. Infrastructure Ontario provides long-term financing for infrastructure projects, however, projects considered by the Region as major repair are considered as maintenance by Infrastructure Ontario and therefore not eligible for Infrastructure Ontario financing. Projects that do not meet the Infrastructure Ontario requirement are normally financed through capital markets. Longer term projects, such as 20 to 30 year projects, are generally financed through Infrastructure Ontario as term acceptance and rates for longer term bonds are better with Infrastructure Ontario than capital markets.

For comparison purposes, the 10 year rates are currently similar between Infrastructure Ontario and capital markets at approximately 1.7%. The 30 year Infrastructure Ontario rate is currently 2.5%. These rates are indicative of current conditions and it should be noted that rates may change according to subsequent market conditions and timing of the actual debenture issue. In 2019 the Region was able to obtain debt in both the capital markets at a rate of 2.4% for 10 years and with Infrastructure Ontario at a rate of 2.9% for 30 years.

Alternatives Reviewed

There would be no option for the Region to not proceed with issuance of debentures, given the debt has already been approved through prior capital budgets and capital projects are substantially complete. Staff recommends proceeding with the debenture issuance through capital markets and/or Infrastructure Ontario, with prudent consideration in respect to market conditions and risk factors.

Relationship to Council Strategic

The proposed debt will fund capital infrastructure projects that support the Region's community wellbeing and growth in alignment with the following strategic priorities:

Objective 3.1: Advancing Regional Transit and GO Rail Services - The 2020 debenture will fund GO Rail Services projects.

Objective 3.3: Maintain Existing Infrastructure - The 2020 debenture issuance will fund water and wastewater projects to sustain the infrastructure needed to support existing residents and businesses, as well as future growth in Niagara.

Objective 3.4: Facilitating the Movement of People and Goods - The 2020 debenture issuance will fund projects that create an integrated network of roads and highways for the movement of people and goods.

Other Pertinent Reports

2020 and prior approved Capital Budgets

Prepared by:

Debora Wybenga
Senior Treasury Analyst
Corporate Services

Recommended by:

Todd Harrison, CPA, CMA
Commissioner/Treasurer
Corporate Services

Submitted by:

Ron Tripp, P.Eng.
Acting, Chief Administrative Officer

This report was prepared by Debora Wybenga, Senior Treasury Analyst, Margaret Murphy, Associate Director, Budget Planning & Strategy and Helen Chamberlain, Director, Financial Management & Planning.

Appendices

Appendix 1	Debenture Request
Appendix 2	Proposed 2020 Debenture Amount

PROPOSED 2020 DEBENTURE AMOUNT

The Regional Municipality of Niagara

CSD 37-2020
Appendix 1
June 17, 2020

1-10 Year Term	Proposed Amount
<u>Region</u>	
Niagara Regional Housing	\$ 3,300,199
Roads	\$ 7,303,334
General Government	\$ 3,000,000
Police	\$ 1,213,776
Total for Region	\$ 14,817,309
<u>Area Municipalities</u>	
Niagara Falls	\$ 5,000,000
Welland	\$ 5,217,000
St. Catharines	\$ 13,443,600
Port Colborne	\$ 482,754
Total for Area Municipalities	\$ 24,143,354
TOTAL 1-10 YEAR TERM	\$ 38,960,663
<u>20-30 Year Term</u>	<u>Proposed Amount</u>
<u>Region</u>	
Roads	\$ 24,732,500
Seniors Homes	\$ 15,335,000
Police	\$ 1,000,000
Waste Water	\$ 5,956,000
Water	\$ 15,417,500
Total for Region	\$ 62,441,000
<u>Area Municipalities</u>	
Wainfleet	\$ 4,500,000
Welland	\$ 5,500,000
Pelham	\$ 4,000,000
Lincoln	\$ 1,462,000
NOTL	\$ 1,400,000
Port Colborne	\$ 5,000,000
Total for Area Municipalities	\$ 21,862,000
TOTAL 20-30 YEAR TERM	\$ 84,303,000
TOTAL PROPOSED DEBENTURE AMOUNT - 2020	\$ 123,263,663

ANNUAL REPAYMENT LIMIT

(in \$000s)

	Debt Outstanding As at Dec. 31, 2019	Sinking Fund Asset Adjustment	Total Adjusted Debt as at Dec 31, 2019	Principal Payments in 2020	Adjusted Debt Outstanding As at Dec. 31, 2020	Forecasted Debt Issuance for 2020	Total Debt Outstanding, including Unissued and forecasted As at Dec. 31, 2020	Annual Repayment Limit % including projected 2020 issuance
Niagara Region:								
IT Solutions	2,014	-	2,014	(557)	1,456	-	1,456	
Court Services	8,858	-	8,858	(293)	8,565	-	8,565	
Properties Management	10,686	(435)	10,250	(1,179)	9,072	-	9,072	
General Government	-	-	-	-	-	3,000	3,000	
General Government	21,557	(435)	21,122	(2,029)	19,093	3,000	22,093	
Police	89,114	(1,625)	87,489	(4,264)	83,225	2,214	85,438	
Roads	121,625	(1,876)	119,749	(12,134)	107,615	32,036	139,651	
NRT	11,835	-	11,835	(1,082)	10,753	-	10,753	
Transportation	133,461	(1,876)	131,585	(13,217)	118,368	32,036	150,404	
Public Health	9,046	-	9,046	(1,254)	7,791	-	7,791	
Emergency Medical Services	5,611	-	5,611	(735)	4,876	-	4,876	
Public Health	14,657	-	14,657	(1,990)	12,667	-	12,667	
Community Services	13,242	-	13,242	(1,622)	11,619	-	11,619	
Seniors Services	6,296	-	6,296	(986)	5,310	15,335	20,645	
Community Services	19,538	-	19,538	(2,608)	16,930	(15,335)	32,265	
NRH	36,357	-	36,357	(4,282)	32,075	3,300	35,375	
Planning	32	-	32	(32)	-	-	-	
Sub-Total Levy	314,715	(3,936)	310,779	(28,422)	282,357	55,885	338,242	
Wastewater	65,114	(8,316)	56,797	(3,120)	53,677	5,956	59,633	
Water	13,183	(2,069)	11,114	(568)	10,546	15,418	25,964	
Waste Management	795	-	795	(795)	64,223	-	85,597	
Sub-Total Rate	79,091	(10,385)	68,706	(4,483)	64,223	21,374	85,597	
Total Niagara Region:	393,806	(14,321)	379,485	(32,905)	346,580	77,258	423,839	8.66%
External:								
Fort Erie	6,333	-	6,333	(809)	5,525	-	5,525	2.51%
Grimsby	3,140	-	3,140	(355)	2,784	-	2,784	0.28%
Lincoln	6,676	-	6,676	(615)	6,061	1,462	7,523	2.59%
Niagara Falls	48,560	-	48,560	(3,890)	44,670	5,000	49,670	3.16%
NOTL	3,609	-	3,609	(531)	3,078	1,400	4,478	2.29%
Pelham	32,252	-	32,252	(2,237)	30,015	4,000	34,015	13.33%
Port Colborne	27,246	-	27,246	(1,975)	25,270	5,483	30,753	8.67%
St. Catharines	119,978	(1,944)	118,033	(12,887)	105,147	13,444	118,590	7.43%
Thorold	950	-	950	(120)	830	-	830	1.60%
Wainfleet	1,708	-	1,708	(190)	1,518	4,500	6,018	1.17%
Welland	49,199	-	49,199	(6,265)	42,934	10,717	53,651	8.18%
West Lincoln	18,496	-	18,496	(662)	17,834	-	17,834	5.30%
Local Area Municipalities	318,147	(1,944)	316,203	(30,536)	285,667	46,005	331,672	
NPCA	216	-	216	(216)	-	-	-	
Total External:	318,363	(1,944)	316,419	(30,752)	285,667	46,005	331,672	
Total Consolidated:	712,170	(16,266)	695,904	(63,657)	632,247	123,264	755,511	