

Clause embodied in Report No. 9 of the Policy and Finance Committee, as adopted by the Council of the City of Toronto at its meeting held on September 22, 23, 24 and 25, 2003.

20

**Development of City Directives to the Boards of
City of Toronto Agencies, Boards and Commissions**

(City Council on September 22, 23, 24 and 25, 2003, adopted this Clause, without amendment.)

The Policy and Finance Committee recommends the adoption of the Recommendation of the ABC Ad Hoc Committee embodied in the following communication (July 18, 2003) from the City Clerk:

Recommendation:

The ABC Ad Hoc Committee recommended to the Policy and Finance Committee and Council the adoption of the attached report dated June 10, 2003, from the Chief Administrative Officer.

The ABC Ad Hoc Committee reports having:

- (1) requested the Chief Administrative Officer and the Chief Financial Officer and Treasurer, to submit a further report to the Policy and Finance Committee meeting scheduled to be held on September 11, 2003, on the progress of the treatment of Heritage Toronto's budget process from no longer being a line item and becoming an ABC budget applicant; and
- (2) requested the Chief Administrative Officer to include as a priority in her workplan a review and recommendations concerning Heritage Toronto's By-law.

Background:

The ABC Ad Hoc Committee, at its meeting held on July 15, 2003, had before it a report dated June 10, 2003 from the Chief Administrative Officer, proposing a strategy for articulating, clarifying and documenting the relationships between the City and its Agencies, Boards and Commissions (ABC's) and recommending that:

- (1) the CAO staff proceed to work co-operatively with City Departments affected and all City Agencies, Boards and Commissions to develop individual City Directives for each City Agency, Board and Commission, using the attached template as a general guide;
- (2) staff report to Council for approval each City Directive and any necessary service level agreements along with any required amendments to the City of Toronto Municipal Code;

- (3) this report be forwarded to the Policy and Finance Committee and Council for consideration; and
- (4) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto, including the introduction of any necessary bills in Council.

The Committee also had before it a communication dated July 14, 2003, from the Chair, Toronto Public Library Board, in connection with the foregoing matter.

(Report dated June 10, 2003, addressed to the
Ad Hoc Committee from the Chief Administrative Officer)

Purpose:

This report proposes a strategy for articulating, clarifying and documenting the relationships between the City and its Agencies, Boards and Commissions (ABCs). Drawing on the concept of a shareholder direction used for the City's corporations, it is recommended that individual "City Directives" to the City's ABCs be developed using a template as a general guide. Each City Directive among other things would summarize the legislative authority, operating and governance principles, rights, responsibilities, obligations and reporting requirements for the ABC, contain a description of City policies that apply to the ABC, and set out certain administrative requirements.

Financial Implications and Impact Statement:

There are no financial implications arising from this report. Existing staff resources will be employed.

Recommendations:

It is recommended that:

- (1) CAO staff proceed to work co-operatively with City Departments affected and all City Agencies, Boards and Commissions to develop individual City Directives for each City Agency, Board and Commission, using the attached template as a general guide;
- (2) staff report to Council for approval each City Directive and any necessary service level agreements along with any required amendments to the City of Toronto Municipal Code;
- (3) this report be forwarded to the Policy and Finance Committee and Council for consideration; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto, including the introduction of any necessary bills in Council.

Background:

In January 2002, the Chief Administrative Officer recommended the establishment of the ABC Ad Hoc Committee to guide the ABC Governance Issues Work Program. The Work Program, adopted by Council at its meeting of February 13, 14 and 15, 2002, enumerated the activities to be undertaken to clarify objectives, expectations and general rules for the City's agencies, boards and commissions. One item in the Work Program is the development of a formal document or City Directive for each ABC.

The City's ABCs have been established under a variety of legislative frameworks, and the City has delegated varying levels of authority to them to deliver services on Council's behalf. There is no consolidated document for individual ABCs that provides background information, describes roles and responsibilities and sets out expectations, rules and procedures.

The creation of directives to their boards of directors on a case-by-case basis as part of this review will document in a consolidated manner each ABC's relationship with the City.

This report presents a generic template to be used as a starting point to document, in a consistent and complete way, the information relevant to the operations of each of the City's ABCs and its relationship to the City. The template draws on the Shareholder Directions the City has developed to articulate its objectives and expectations to the corporations it owns (i.e., Hydro, TCHC, and TEDCO). Those Shareholder Directions have proven to be very useful in clarifying and documenting the structure of the ABC and its relationship to the City for members of those boards, City staff, Council and the public. The legislative basis for City corporations (corporations acts or special legislation establishing a corporation) is different than that for entities that are not corporations. Accordingly a City Directive is not entirely comparable to a Shareholder Direction. However, both documents serve the purpose of clarifying the relationship between the City and its corporation, agency, board or commission.

It should be noted that some of the City's ABCs were created as boards or committees of management under sections of the old *Municipal Act* that have not been included in *Municipal Act, 2001*, or under legislation such as the *Community Recreation Centres Act* that has not been continued. For those ABCs not already addressed, a governance review is required, and those ABCs may be re-established as municipal service boards. City Directives will be prepared as part of the governance review and re-establishment of those boards.

Comments:

The process of documenting the rules, roles and responsibilities of the City's ABCs is taking place concurrently with other, related undertakings. CAO staff have recently consulted on a proposed Classification Framework for the City's ABCs, a report on which is currently before the ABC Ad Hoc Committee. The Classification Framework will group ABCs and outline the relationship to the City, degree of autonomy, applicability of City policies and procedures, and reporting requirements for each category of ABC.

Staff have also recently drafted three specific policies relating to the City's ABCs concerning the remuneration of Board Members, the nomination processes for citizen members of ABC boards, and public access and involvement.

The Classification Framework, along with these three policies, will provide a significant portion of the material to be contained in the City Directives. It is intended that each City Directive will be the principal document setting out or summarizing details of the relationship between the ABC and the City.

The process of developing each directive will involve both City and ABC staff and is intended to be collaborative and consensual. Each Directive will document the existing relationships and processes used by the City and the ABC. It is intended that through the process of preparing a Directive, existing processes and relationships will be identified, clarified or amended where needed, and documented. The resulting document will then be reported to City Council for approval. While these Directives may duplicate information in other documents, such as City policies, the Municipal Code or Provincial legislation such as the *Municipal Act*, it is anticipated that the availability of a single information resource will improve clarity for Board members and staff of ABCs, City staff, Council and the general public.

At the same time, a contact would be designated for each ABC to monitor, on behalf of Council, compliance with obligations and meeting of expectations by the ABC, and to facilitate dialogue and co-ordination between the ABC and the City, all without restricting the ABC's autonomy or responsibility, or the authority delegated to it by Council.

Individual Directives will increase transparency because they will make public the specific delegated authorities, performance expectations and governance details, as well as the reporting requirements, applicable to each ABC.

The governance review process involved in developing City Directives may lead to amendments to the City's Municipal Code. Staff will submit each proposed Directive to Council for approval. Where by-law amendments also are proposed, those proposed amendments will be before Council at the same time.

While a template is provided as a general guide in developing these documents, it is intended that the content of each City Directive will be tailored to meet the specific needs of each ABC. While this template is intended to be useful over the long term, it may require updating as Provincial legislation or City policies evolve.

Staff from the ABC Corporate Team, which includes representatives from all City Departments, and Audit Services have been consulted in the preparation of the Directives template. Input into the development of the template was also solicited from the City's agencies, boards and commissions.

Conclusion:

While the City's agencies, boards and commissions share certain characteristics, either by Provincial legislation, City policy or both, each ABC is unique. It is in the best interests of the

City, the ABCs and the public to clarify and document the shared and unique characteristics of each ABC, specifically those pertaining to issues of governance, obligations, roles and responsibilities. The attached template will provide a standardized format to developing comprehensive City directives but will be tailored to meet the needs of individual relationships.

Contact:

Joe Borowiec, Corporate Management and Policy Consultant
Strategic and Corporate Policy Division, Chief Administrator's Office
Phone: (416) 397-9110; Fax: (416) 696-3645; e-mail: jborowiec@toronto.ca

Nancy Autton, Manager, Governance and Corporate Performance
Strategic and Corporate Policy Division, Chief Administrator's Office
Phone: (416) 397-0306; Fax: (416) 696-3645; e-mail: nautton@toronto.ca

List of Attachment:

Appendix 1: "Directive to the Board" Template.

(A copy of Appendix 1 referred to in the foregoing report was forwarded to all Members of Council with the September 11, 2003, agenda of the Policy and Finance Committee and a copy thereof is also on file in the office of the City Clerk, City Hall).