

City of Toronto’s Agency Governance Review

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| Date: | September 25, 2017 |
| To: | Toronto Public Library Board |
| From: | City Librarian |

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with information about a governance review of City agencies that is being undertaken by the City Manager’s Office. Toronto Public Library (TPL) is included in this review as a restricted local board. The review is considering agency requirements in order *to consolidate and enhance agency governance, policy and accountability requirements in a new Toronto Municipal Code Chapter* (see Attachment 1 – memo from the City Manager).

City staff are consulting restricted boards such as the TPL to ensure the agency governance review respects the provincial governing legislation under which they operate. The consultation process is ongoing and revisions are being made as a result of the consultation. It is important to note, this report reflects a process that is not yet complete and where things stand at a particular point in time. A final report with a presentation by City staff will come to a future Board meeting.

A consultation meeting organized in August by City staff was attended by the Board Chair, City Librarian, and Director, Finance & Treasurer. The relationship with municipal government is defined in the *Public Libraries Act* where municipalities have the authority to appoint members to the library board, approve annual operating budgets, approve funds required for infrastructure, and make decisions about real estate property, and library boards are responsible for the management and control of the public library to provide *a comprehensive and efficient public library service that reflects the community’s unique needs*.

Through this review, a number of key requirements have been identified for agencies in the areas of board governance, financial and service management, oversight and accountability, and roles and responsibilities. Mandate letters issued to boards by Council each term have been suggested as a new requirement to ensure there is alignment with City Council’s key priorities. This proposed requirement has generated the greatest discussion at the consultation meetings, mainly due to the provincial governing legislation. Based on consultation input, this requirement is under review and will be revised.

A report outlining the new Toronto Municipal Code is going to the City's Executive Committee in November and then to Council for approval.

FINANCIAL IMPACT

This report has no financial impact beyond what has already been approved in the current year's budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At its December 2016 meeting, City Council received the City Manager's report *Long-Term Financial Direction Update*, which identified agency governance as a contributing factor to the City's long-term financial pressures.

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98744.pdf>

At its July 6, 2017 meeting, City Council considered a report from the Auditor General regarding the Toronto Parking Authority, and requested the City Manager to develop a program to review City agencies and corporations with a focus on governance, including financial management, accountability and overall performance to ensure consistency with the City of Toronto's objectives and directions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.AU9.12>

ISSUE BACKGROUND

Toronto Public Library, Toronto Public Health and Toronto Police Service operate under provincial governing legislation. In all cases, boards are assigned responsibility for the management and control of these services while municipal councils have authority over areas having to do with financial, budgetary and property matters.

The *Public Libraries Act* (PLA) is the key piece of legislation governing all public libraries in Ontario to support equitable and universal access to free public library service. Under the PLA, library boards are responsible for the management and control of the public library and the PLA describes the powers and duties of boards as providing *a comprehensive and efficient public library service that reflects the community's unique needs*. The PLA ascribes municipalities with the authority to appoint members to the library board, approve annual operating budgets, approve funds required for infrastructure, and make decisions about real estate property matters.

<https://www.ontario.ca/laws/statute/90p44/v3>

The current *City of Toronto Act, 2006* (COTA) came into effect on January 1, 2007, and provides a broad legislative framework reflecting Toronto's size and complexity. It sets out Council's authorities and powers to govern with the ability to pass by-laws on wide-ranging

matters having to do with financial management, accountability, transparency, economic and social well-being, as well as other matters important to governing a large urban city. COTA includes the governance and structure of local boards as part of Council's authorities. However, COTA restricts Council's authority over the boards of health, police services and public libraries in light of their provincial governing legislation.

<https://www.ontario.ca/laws/statute/06c11>

The *Toronto Municipal Code* is a compilation of by-laws passed by Council organized by chapters. Chapter 137 covers the Toronto Public Library Board's composition and first meetings of each new term.

http://www.toronto.ca/legdocs/municode/1184_137.pdf

COMMENTS

The City Manager's Office is undertaking a governance review of City agencies to consolidate and harmonize agency requirements in a new Toronto Municipal Code chapter. The review includes all City agencies except Business Improvement Areas. An environmental scan of other jurisdictions in Canada and elsewhere, and research to inventory existing relationship frameworks, municipal code chapters, legislation and other oversight provisions are underway. The overall purpose of the new Municipal Code chapter will be to formally establish the classification of agencies and Council's authorities and delegations to boards. The review is considering agency requirements in order *to consolidate and enhance agency governance, policy and accountability requirements in a new Toronto Municipal Code Chapter* (see Attachment 1 – memo from the City Manager).

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meetings, mainly due to the provincial governing legislation. Based on consultation input, this requirement is under review and will be revised.

Key requirements have been identified as the following:

- Board governance – setting out the powers and duties of the Board, including the responsibility to govern the agency in a way that serves the public interest and achieves the agency’s mandate, identifies internal control systems, risk management framework, a consolidated list of major policies and legislation applicable to boards;
- Financial and Service Management – strengthening financial management and oversight, aligning agency requirements with the City’s budget directions, including multi-year financial planning and budgeting, greater in-year financial control, improved coordination to facilitate City input into the budget preparation/review process;
- Oversight and Accountability – establishing new mechanisms for agency oversight to ensure agencies are positioned to support the City’s strategic, financial and public policy objectives. New mechanisms may include a mandate letter confirming City Council’s expectations for the coming term, periodic mandate reviews and strategic plans that span a minimum of five years;
- Roles and Responsibilities – providing greater clarification of roles and responsibilities to ensure an effective, collaborative relationship between the City and City agencies.

The proposed requirements have been summarized into a checklist as follows:

- five-year Strategic Plan aligned with City Council’s priorities
- annual operating budget, and capital budget, submitted on time, in the form and with components compliant with City directions, and board consideration of CFO input
- Legislation, by-laws and policies that boards must comply with: e.g. Public Service By-law, Code of Conduct, Municipal Conflict of Interest Act
- Policies boards must adopt under the City of Toronto Act (Procedure By-laws, purchasing, hiring of employees) and the Public Service By-law (Hiring of Relatives, Disclosure of Wrongdoing)
- Internal controls (e.g. appropriate delegations of authority to agency staff such as schedules of authorized signatories for financial transactions; purchasing approval limits, etc.)
- Annual attestation of compliance with applicable law and policies
- Alignment with City Council’s key priorities in mandate letters issued to boards each term. (Note: under review.)

A report outlining the new Toronto Municipal Code is going to the City’s Executive Committee in November and then to Council for approval.

CONTACT

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SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Memo from City Manager re Governance Review