



# Accountability Framework

→ Executive Summary

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## Executive Summary

### Project Overview

In 2023, the City of Burlington (the City) embarked on a project to enhance its relationships with community organizations, notably Agencies, Boards, and Commissions (ABCs) and Joint Venture (JVs). The initiative aims to develop an Accountability Framework based on legislative guidelines, best practices, and stakeholder feedback, focusing on improved efficiency and alignment with the City's strategic objectives.

This document represents Optimus SBR's Final Report outlining the recommended future state for the City of Burlington's accountability framework. The report also contains a summary of the current state assessment, as well as a high-level implementation roadmap.

### Context

Agencies, Boards, and Commissions and Joint Ventures are integral parts of municipal governance, each service specific functions and contributing to effective service delivery. ABCs are public entities that operate outside the standard council structure at local or regional levels, focusing on specific functions. ABCs are extensions of municipal governments, managing resources for more effective service delivery. While they operate with a degree of autonomy, many ABCs are under the purview of municipal councils for budget approvals. JVs, on the other hand, are collaborative efforts between a municipality and one or more external entities, such as private businesses, other governmental agencies, or non-profit organizations. These collaborations can lead to optimized land use, increased economic activity, and enhanced public services.

Accountability is paramount in the relationships between cities and these entities. When responsibilities are delegated to ABCs and JVs, robust mechanisms are needed to ensure they deliver on their mandates and uphold city standards. This accountability preserves public trust, as residents entrust city officials to make decisions in their best interest. The relationship between cities and these entities should be built on transparency, with open communication channels to understand challenges, provide support, and make informed decisions.

When executed effectively, ABCs and JVs can offer municipalities an innovative approach to address pressing challenges, maximize resources, and deliver enhanced value to their constituents. They can be cost-effective mechanisms that extend services without additional taxpayer burden and their use of volunteer programs engages the community and reduces the administrative load that the city would otherwise have to manage. Understanding the nuanced roles that ABCs and JVs play in municipal governance is essential for developing an effective accountability framework for these entities, which needs to be tailored to allow for a sensible balance between autonomy and oversight.

### Current State Overview

The research framework developed for the City of Burlington focuses on six (6) domains of accountability. After an analysis of key documents and discussions with key stakeholders, the following observations were identified:

Table 1: Current State Overview Key Findings

Domain	Key Findings
Entity Structure	<ul style="list-style-type: none"> <li>Some agencies described themselves as being in a “grey area,” oscillating between being an external and internal part of the City.</li> <li>Roles and responsibilities between the City and its entities are generally well-documented in the various ABC agreements and JV policy.</li> <li>The extent to which organizations rely on shared services influences their autonomy and flexibility.</li> <li>City stakeholders are concerned about the Council's lack of clear mechanisms to address issues related to ABCs and JVs, including complaints about by-law compliance and financial sustainability issues.</li> <li>This absence of well-defined processes for complaints, disputes, and grievances has resulted in Council members handling numerous questions and concerns, not only from ABCs and JVs but also from the public.</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>ABCs find it difficult to recruit volunteer board members with higher-level governance or operational experience.</li> <li>Council members are often uncertain about the risks associated with voting on certain topics, which can lead to conflicting stances at ABC Board and Council meetings.</li> <li>JVs have a unique relationship with the City, which includes managing operations in a City-owned building. This is one of their key responsibilities.</li> <li>Beyond this, JVs are not obligated to adhere to any specific governance requirements set by the City. However, JVs have indicated interest in receiving assistance for maintenance and capital projects.</li> </ul>
Performance	<ul style="list-style-type: none"> <li>ABCs have voiced a desire for increased involvement in the City's strategic planning, particularly with regard to culture and recreation.</li> <li>There are no explicit metrics for evaluating the main objective of these entities, which makes it difficult to assess their performance or justify their existence.</li> </ul>
Transparency	<ul style="list-style-type: none"> <li>Overall, stakeholders both internal and external to the City spoke positively about the working relationship between the City and its partners.</li> <li>The nature and level of relationships that the City and ABCs have differ in type and depth. Some are strategic, while others are tactical; some involve top leadership, while others are at the staff level.</li> <li>There is no framework that guides the establishment, modification, or dissolution of ABCs and JVs.</li> </ul>
Asset Management	<ul style="list-style-type: none"> <li>JVs often struggle with building maintenance and major repairs, as it is not their expertise. This existing dependency suggests a potential gap between the capabilities of JVs and the expectations set by the City.</li> <li>Stakeholders also highlighted the opportunity for ABCs and JVs to benefit from the City's asset management expertise as these are not typically found within an entity's leadership or workforce.</li> </ul>
Documentation	<ul style="list-style-type: none"> <li>The City has agreements in place with all ABCs. However, different types of agreements are used to manage these relationships.</li> <li>The standard JV agreement includes items such as rent terms, responsibilities of the parties, representations and warranties, insurance, dispute resolution mechanisms, restrictive conditions, and termination clauses.</li> </ul>

## Guiding Principles

Several guiding principles were identified to determine what is valued in the Accountability Framework. These principles were used to assess whether the eventual framework is fit for purpose.

*Table 2: Guiding Principles*

Guiding Principle	Description
<b>Strategic Visibility</b>	The framework should enable both the City and its partners to have strategic visibility and an understanding of the nature of the relationship, which in turn facilitates better decision-making for both sides.
<b>Strategically Aligned and Resident-Centric</b>	This principle is focused on ensuring ABCs and JVs strategically align with the City’s overarching strategic objectives and promotes a resident-centric approach.
<b>Appropriate Level of Rigour</b>	The complexity of each ABC and JV should be matched with an appropriate level of rigour in the framework to ensure efficiency and effectiveness.
<b>Measurability and Regular Review of Performance</b>	The framework should incorporate regular evaluations and performance metrics to gauge strategic alignment and value-for-money delivery of ABC and JV initiatives.
<b>Multi-Year Financial Planning Visibility</b>	The framework should consider incorporating mechanisms to provide multi-year financial planning visibility (though not necessarily commitments) which can be helpful to both the City and ABCs to ensure cohesiveness and forward-looking fiscal management.
<b>Flexible Approach to Agreements</b>	The framework should allow for a flexible template with varying levels of detail to cater to the complexity of agreements and facilitate revisions.
<b>Enable Strong Governance</b>	This principle is about instilling a sense of assurance in the City’s dealings, ensuring accountability, and fostering trust in these partnerships.

The first aspect of the Accountability Framework is the need to conduct a thorough evaluation of potential relationships with external entities. The following guiding questions were identified to assist to City in determining the necessity and nature of these relationships. These questions should be considered at the onset of reassessing an existing relationship or contemplating a new partnership.

1. **Why and for what purpose does the City want a relationship with this entity?**
2. **What risk(s) will this entity create for the City?**
3. **What level of influence will the City need in this relationship?**
4. **Based on the level of influence required, which accountability mechanisms should be used?**
  - a) **What is the entity’s classification, and what accountability mechanisms follow from that?**
  - b) **What requirements should be included in the accountability agreement?**

## Classification

Each entity is defined by legal frameworks that give rise to unique requirements and/or dictate key aspects of and/or accountabilities for its relationship with the City. This system is crucial in understanding the nature and extent of influence the City holds over various entities. The classification categories are:

- **Local Boards:** Can be a municipal service board, transportation commission, public library board, board of health, police services board or planning board. This includes boards of management and BIAs and excludes school boards and conservation authorities.
- **Municipal Corporations:** A specialized corporate entity where all shares are owned solely by a municipality or jointly with one or more other public sector organizations.
- **Joint Ventures:** Any combination of resources by two or more entities whereby each agrees to contribute resources to conduct an initiative together.
- **Independent Corporations:** Operates autonomously from a municipality with their own governance structures and funding mechanisms.

As detailed in the report, the City's influence over a given entity is represented on a spectrum. The City's influence over an entity increases or decreases along the spectrum, depending on the classification of an entity. The positioning of an entity within this spectrum is influenced by several factors, including legislative requirements, the entity's funding sources, and the extent of the City's involvement in governance.

The entity's classification provides a baseline level of accountability. However, while the entity's classification is an important consideration, relevant Acts and legislation generally do not define all mechanisms of accountability. Where not otherwise addressed by legislation, the City has the flexibility to establish mechanisms based on its needs and best practice.

## Risk-Based Approach to Accountability Agreements

Generally, in any relationship between the City and an entity, inherent risk is involved. As a principle, the greater the risk posed by an entity, the more influence the City will seek in its relationship with that entity, necessitating additional or stricter accountability mechanisms.

Drawing from key challenges previously experienced and insights gained through discussions with City stakeholders, the following risk factors and their implications have been identified:

- **City Investment:** The City's investments in entities, through financial support, land allocation, or infrastructure, are pivotal for fostering community development and economic growth. Considerations in assessing the risk might include the level of City funding, City funding as a percentage of the entity's total budget and past financial performance.
- **Use of City Facilities:** Risks associated with entities using City facilities includes general wear and tear on a City facility, responsibility for upkeep, and capital improvements. Considerations in assessing the risk might include the frequency and type of use of the facility, and associated wear and tear as well as the potential property and casualty liability arising from use of that facility.
- **Types of Operations:** Different activities present various risks for the City, including liability issues. Considerations in assessing the risk might include whether the entity exists to support or facilitate fundamentally risky activities or sports.
- **Community Impact:** Entities that fail to deliver services effectively risk diminishing the City's ability to meet community (including residents, visitors and businesses) needs, leading to dissatisfaction

and potential disengagement. Considerations in assessing the risk might include number of people reached or interacted with via its programs as well its impact on well-being of the community.

- **Use of Association with the City’s Brand:** How an entity manages its operations, engages with the community (including residents, visitors and businesses) or portrays its relationship with the City can affect the City’s brand and reputation. Considerations in assessing the risk might include how clearly the entity describes itself and its relationship with the City in public or whether the entity uses a City email address handle.

In managing relationships with various entities, it is also important for the City to adopt a structured approach to risk tolerance. The City must define generally its level or range of risk tolerance, so that it can determine what risks it can accept and manage within the normal course of operations, and which require immediate attention or intervention. This approach not only acknowledges the inherent risks in these partnerships but also guides the strategic allocation of resources and efforts to areas of greatest need and impact.

### Accountability Agreement Components

Accountability agreements between the City and its entities are designed to formalize the expectations and responsibilities of each party, especially concerning risk management. For risks initially identified as being above the City’s tolerance threshold, these agreements can:

- outline clear strategies and actions to mitigate identified risks, ensuring mutual understanding of responsibilities to prevent potential negative impacts;
- implement regular monitoring and reporting to track mitigation progress, enabling timely adjustments; and
- encourage ongoing dialogue and collaboration, promoting a partnership approach to problem-solving.

The following table demonstrates how classification and an entity’s risk profile may impact how its accountability agreement will be developed.

Figure 1: Core Agreement Elements

Element	Description
Purpose	<ul style="list-style-type: none"> <li>• Every agreement should start with outlining the general purpose for which the City and the entity are entering into the agreement</li> <li>• Sets clear expectations from the start, aligns all parties on objectives, and promotes effective collaboration.</li> </ul>
Requirements based on classification	<ul style="list-style-type: none"> <li>• Parts of the agreement that are set by legislation or directly relate to an entity’s classification.</li> <li>• These may exceed the minimum requirements in some respects, and not meet them in others.</li> </ul>

<b>Minimum requirements</b>	<ul style="list-style-type: none"> <li>• The minimum requirements that an entity must satisfy in an accountable relationship with the City.</li> </ul>
<b>Entity-specific requirements</b>	<ul style="list-style-type: none"> <li>• Requirements that are tailored to align with an entity's risk profile and/or other aspects of the accountability arrangement.</li> </ul>

Generally, local boards and municipal corporations will have a greater proportion of their agreements comprised of requirements based on classification relative to joint ventures or independent corporations. This is because the “requirements based on classification” section will be principally shaped by legislation to ensure that entities operate in compliance with the law. These legal stipulations are particularly pertinent to local boards and municipal corporations, which are explicitly defined under the *Municipal Act, 2001*.

Minimum requirements and entity-specific items are both sections that require a certain degree of tailoring depending on the entity. Included in the detailed report is a table outlining the draft minimum requirements, sample entity-specific requirements and sample terms and conditions where appropriate based on the risk being mitigated. This table is intended as a tool for developing accountability agreements so that it is clear what minimum requirements are required by each risk category, and what specific requirements might be contemplated based on an entity's risk profile, recognizing that there can never been an exhaustive list of potential requirements.

## Shared Services

Shared services can influence the accountability relationship between the City and an entity. With this in mind, the City of Burlington is advised to transition its shared services approach by:

- **Identifying which shared services to offer to entities and at what level.** This selection should be based on a thorough analysis of the City's capabilities,<sup>1</sup> the risks that need to be managed and the needs of the entities. The City should develop a catalogue of available services, each with clear descriptions, service levels and cost structures.
- **Negotiating with entities to provide available services at appropriate levels to suit their needs.** This flexibility fosters efficiency and effectiveness, allowing entities to focus on their core functions while leveraging shared services that meet their specific needs.
- **Transitioning towards a cost recovery model.** Entities will be charged based on the services they use,<sup>2</sup> increasing awareness of the cost of these services, promoting financial sustainability for the City and encouraging entities to make judicious use of shared services.

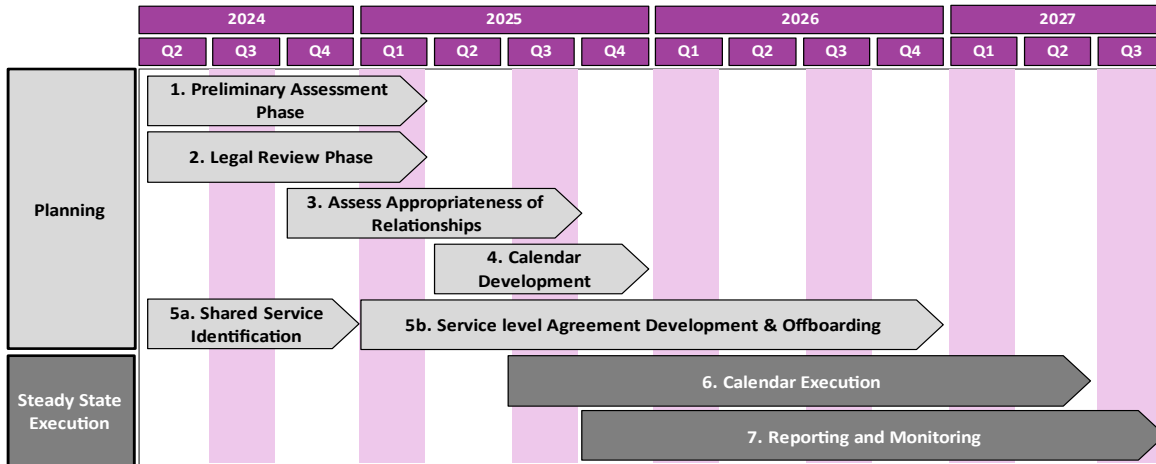
<sup>1</sup> Municipalities' authority to provide shared services is interpreted broadly as per Section 8 and 11 of the *Municipal Act*. However, this interpretation is not definitive and a legal opinion should be sought for clarity.

<sup>2</sup> Charging fees for shared services should be in line with the cost to deliver the service (i.e., Eurig decision). The authority to charge fees and its legality should be confirmed with a legal opinion.

## Implementation Roadmap

The following diagram summarizes the implementation planning steps, followed by more detailed explanation of each one.

Figure 2: Implementation Roadmap



Step	Description
<b>1. Preliminary Assessment Phase</b>	Use the accountability framework to develop a foundational understanding of each entity’s role, function, and risks to the City. This phase is critical to understanding the current state of the City’s relationships.
<b>2. Legal Review Phase</b>	A thorough examination of the nature of the relationship between the City and the entity. This involves identification of each ABCs’ classification.
<b>3. Assess Appropriateness of Relationship</b>	For this phase, the City can assess and define the type of relationship it wants and needs to have with a given entity. In other words, the City must answer “what do we need from this organization?”
<b>4. Calendar Development</b>	Creating a comprehensive and prioritized schedule for managing the renewal of agreements. This allows the City to systematically renew agreements, without having to do it all at once.
<b>5a. Shared Services Identification</b>	Focusing on shared services, the City should undergo a review of the types of services it should offer to entities, the service level and in some cases, the offboarding process for services.
<b>5b. Service Level Agreement Development &amp; Offboarding</b>	This step involves the creation of SLAs that clearly define the expectations and responsibilities of both the City and the entities. It also includes the process of offboarding entities from a service when necessary.
<b>6. Calendar Execution</b>	Executing the renewal and reassessment processes as per Step 4.
<b>7. Reporting &amp; Monitoring</b>	The ongoing reporting and monitoring processes to ensure entities are performing based on established targets and the City have the internal checks and balances to hold entities accountable.