

Accountability Framework for ABCs & JVs

Committee of the Whole Meeting

→ May 14th, 2024



Guiding Principles

The following outlines the seven (7) guiding principles that were used to develop the Accountability Framework.

1. Strategic Visibility

- 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.

2. Strategically Aligned and Resident-Centric

- This principle is focused on ensuring ABCs and JVs strategically align with the City's overarching strategic objectives and promotes a resident-centric approach.

3. Appropriate Level of Rigour

- The complexity of each ABC and JV should be matched with an appropriate level of rigour in the framework to ensure efficiency and effectiveness.

4. Measurability and Regular Review of Performance

- The framework should incorporate regular evaluations and performance metrics to gauge strategic alignment and value-for-money delivery of ABC and JV initiatives.

5. Multi-Year Financial Planning Visibility

- 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.

6. Flexible Approach to Agreements

- The framework should allow for a flexible template with varying levels of detail to cater to the complexity of agreements and facilitate revisions.

7. Enable Strong Governance

- This principle is about instilling a sense of assurance in the City's dealings, ensuring accountability, and fostering trust in these partnerships.

Clarifying Purpose and a Risk-Based Approach

We envision the City using the following guiding questions to determine the necessary components of each accountability agreement. Generally, in any given domain, **the riskier the relationship, the greater the influence the City will need, and the more restrictive the accountability relationship will tend to be.**

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?

4(a) What is the entity's classification?

- Local board
- Municipal corporation
- Joint Venture
- Independent Corporation

4(b) What should be included in the accountability agreement?

Based on risks that arise from:

- City Investment
- Use of City facilities
- Types of operations
- Level of community impact
- Use or association with the City's brand

Classification

The classification of the entity is an important determinant of how much influence the City can exercise. In the case of joint ventures and an independent corporation, the City's influence is often inherently limited, and this limitation is strictly based on these classifications.



Accountability Agreements

While the entity's classification is an important consideration, relevant Acts and legislation do not define all mechanisms of accountability. The City has the flexibility to establish mechanisms based on its needs and best practice. 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

Considerations in assessing the risk might include:

- Level of City funding (e.g., hundreds of thousands or millions of dollars)
- City funding as a percentage of the entity's total budget
- Past financial performance



Community impact, broadly conceived

Considerations in assessing the risk might include:

- Past governance track record
- Number of people reached or interacted with via its mandate & programs
- General impact on well-being of the community



Use or association with the City's brand

Considerations in assessing the risk might include:

- Whether and how clearly the entity describes itself and its relationship with the City on its website, in public and private discussions, etc.
- Whether the entity uses a City email address handle
- Whether it seeks approval and/or how it describes its relationship with the City in grant and other funding applications



Use of City facilities

Considerations in assessing the risk might include:

- Frequency and type of use of City facility, and associated wear and tear
- Entity's expertise/experience with respect to facility maintenance and improvement
- Potential property and casualty liability arising from use of that facility



Types of operations

Considerations in assessing the risk might include:

- Whether the entity exist to support or facilitate fundamentally risky activities or sports

- Assessment of an entity's risk factors should be **focused on the future**
- At the same time, City staff can consider other factors in assessing risks, such as:
 - **history with the entity;**
 - **strength of governance;**
 - **operational discipline;** or
 - **adherence to high standards via other mechanisms**

Accountability Agreement Components

We propose a systematic approach to formalizing partnerships between the City and ABCs/JVs that describes the following components of an accountability agreement: (1) The Core Agreement; and (2) Shared Services Schedules.

Element	Description
<p>Purpose</p>	<ul style="list-style-type: none"> The general purpose for which the City and the entity are entering into the agreement
<p>Requirements based on classification</p>	<ul style="list-style-type: none"> Parts of the agreement that are set by legislation or directly relate to an entity’s classification.
<p>Minimum requirements</p>	<ul style="list-style-type: none"> The minimum requirements that an entity must satisfy in an accountability relationship with the City.
<p>Entity-specific requirements</p>	<ul style="list-style-type: none"> Requirements that are tailored to align with an entity’s risk profile and/or other aspects of the accountability arrangement.

Shared Services Approach

With these guiding principles in mind, the City 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, the risks that need to be managed and the needs of the entities.
 - The City should develop 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, increasing awareness of the cost of these services, promoting financial sustainability for the City and encouraging entities to make judicious use of shared services.

