

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 21, 2018**

Item 1, Report No. 2, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 21, 2018.

#### **1 INTERNAL AUDIT REPORT – 2017 CORPORATE GOVERNANCE & ACCOUNTABILITY**

The Finance, Administration and Audit Committee recommends:

1. That the recommendation contained in the following report of the Director of Internal Audit, dated February 5, 2018, be approved; and
2. That Communication C1, presentation material entitled, “*Corporate Governance & Accountability – Survey Results*”, be received.

#### **Purpose**

To provide the results of a survey on the effectiveness of the City’s corporate governance and accountability practices.

#### **Recommendations**

1. That the Internal Audit Report on Corporate Governance and Accountability be received.

#### **Report Highlights**

- The survey results indicate that staff have a significantly more positive view of governance and accountability in comparison to the 2013 and 2015 results. Of the 25 statements in the survey, 23 scored higher than the 2015 survey, while the remaining two stayed the same.
- The mandatory anonymous reporting system e-learning module has had a positive effect on the organization by increasing staff awareness and confidence in the system.
- While trending more positively, responses and comments suggest that there are still opportunities for improvement in the survey framework categories of Capability and Monitoring and Learning.
- Management is committed to continuous improvement and will continue to develop and implement strategies to influence positive culture and organizational change.

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#### **Background**

Aside from identifying patterns of improvement and emerging trends, the objective of this survey was to recognize where the City exhibits strong corporate governance and accountability practices and leverage opportunities for improvement that will help move the City forward.

As a follow-up to the 2013 and 2015 Governance and Accountability surveys, Internal Audit used the same 25-question survey to determine if staff perceptions on governance and accountability had changed. An additional 9 questions were added to this year's survey to follow-up on the 2015 Anonymous Reporting System survey to gauge staff's awareness and understanding of the system. Respondents were also able to contribute written feedback in the comment fields provided after each question.

The survey was open to all City of Vaughan employees from September 6 through October 6, 2017. It was available both online and in paper form for those staff not having access to a computer. At the time of the survey, the City employed approximately 1,500 full-time, part-time and contract employees. 932 employees responded, representing a 62% response rate.

#### **Previous Reports/Authority**

[Internal Audit Report – 2013 Corporate Governance and Accountability](#)

[Internal Audit Report – 2015 Corporate Governance and Accountability](#)

#### **Analysis and Options**

Effective corporate governance and a well-defined accountability structure are the foundation of organizational control and risk management. For the purposes of this survey, it can be described as the system by which the City of Vaughan is directed and controlled. The system provides a structure through which objectives are set along with the supporting processes to attain the objectives and monitor performance. Examples of this system include the by-law and policy framework, shared ethics and values, strategic direction, legislative compliance, risk management and performance measures and evaluation.

Soft controls refer to the intangible levers of control such as the tone at the top, the City's ethical climate and managements philosophy and operating style that together make up the City's corporate culture. In its simplest form, culture can be described as "the way we do things around here". It is the processes we follow every day, behaviours when things are going well and not so well and our attitude toward our jobs, coworkers and stakeholders. Effective governance and accountability sets the proper tone and influences the culture of the City. They have a pervasive influence on the way business activities are structured and respected.

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The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing stresses the need to evaluate an organizations' soft controls. In order to evaluate and improve the effectiveness of the City's risk management, control and governance processes, we need to determine whether these processes are having the desired effect. To be effective, the City's governance and accountability structure need to be understood, accepted, acted upon and integrated into the City's culture.

#### **Financial Impact**

There are no direct economic impacts associated with this report.

#### **Broader Regional Impacts/Considerations**

Not applicable.

#### **Conclusion**

The survey results indicate that staff have a significantly more positive view of governance and accountability in comparison to the 2013 and 2015 results. Of the 25 statements in the survey, 23 scored higher than the 2015 survey, while the remaining two stayed the same.

Over the past several years, management has developed and implemented several initiatives to help drive culture change.

While trending more positively, responses and comments suggest that there are still opportunities for improvement in the survey framework categories of Capability, which refers to the City's sense of competence and capacity, and Monitoring and Learning, which refers to the City's sense of evolution. Building organizational trust, improving communication flow and investing in resources to maintain sustainable growth remain prominent themes.

While this year's results are encouraging, management is committed to continuous improvement and will continue to develop and implement strategies to influence positive organizational change.

**For more information**, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293

#### **Attachments**

1. Internal Audit Report – 2017 Corporate Governance and Accountability

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#### **Prepared by**

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)