



## memorandum

C 5  
COMMUNICATION  
FAA - MARCH 6 / 2017  
ITEM - 1

**DATE:** March 3, 2017

**TO:** Members of the Finance, Administration and Audit Committee,  
Members of Vaughan City Council

**FROM:** Suzanne Craig, Integrity Commissioner

**RE:** Item 1, Report to the Finance, Administration and Audit Committee, Service  
Excellence Strategic Initiative: Procurement Modernization - Update

---

I am writing today to communication to Members of Council of the Finance, Administration and Audit Committee that the Office of the Integrity Commissioner of the City of Vaughan endorses the Strategic Initiative Procurement Modernization Update, as set out in March 6, 2017 Staff Report and Proposed Procurement Policy before the Finance, Administration and Audit Committee ("FAA") for discussion on March 6<sup>th</sup>, 2017 at 9:30 a.m.

In the Fall of 2016, the 2015 Annual Report of the Office of the Integrity Commissioner was submitted to Council. Vaughan City Council unanimously received and endorsed the reporting of my Office and the findings set out throughout the Report. In the Annual Report, I stated that during the period between 2010 and 2014, the City of Vaughan achieved a position of recognized leadership in the promotion of accountability, transparency and ethical-decision making at the municipal level and moved from the municipality that critics had once defined as the "*City Above Law*", to a City modelled on the principles of service excellence and strategic innovation in governance and accountability.

In my Annual Report, I highlighted areas of accountability risks for which the City of Vaughan required vigilance. I pointed out that in October 2011, the Honourable Justice Cunningham released his report on the Mississauga Judicial Inquiry, in which he provided several recommendations to ensure ethical decision-making and behavior for municipal elected officials. Justice Cunningham's Report echoed the recommendations of Madam Justice Bellamy. In particular, and of vital importance to effective governance and accountability are the recommendations that state:

*City Council should establish fair, transparent, and objective procurement processes. These processes should be structured so that they are and clearly appear to be completely free from political influence or interference.*

*Councillors should separate themselves from the procurement process. They should have no involvement whatsoever in specific procurements. They have the strongest ethical obligation to refrain from seeking to be involved in any way.*

*Members of Council should not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. (1)*

In October 2016, Item 3, Report No. 10 of the Finance, Administration and Audit Committee, was adopted without amendment by the Council of the City of Vaughan. In the October 2016 Report, the City's Chief Financial Officer and City Treasurer, the City's Director, Procurement Services, the City's Director of Environmental Services and the City's Director of Transformation and Strategy recommended:

That Council endorse the overall Procurement Modernization strategy based on the stated principles of:

- Transparency;
- Accountability;
- Efficiency;
- Teamwork;
- Innovation

In May 2016, the Ontario Superior Court of Justice, Divisional Court, the Court set out its view of the role and expertise of the Integrity Commissioner. In so doing, the Court submitted the comment from the Bellamy Report.

...the following comments on ethical urban government from Volume Two (Good Government) of the widely acclaimed Bellamy Report are helpful:

In a municipal government..., [the Office of the Integrity Commissioner] is valuable for the following reasons.

- An integrity commissioner can help ensure consistency in applying the [municipality's] code of conduct. Compliance with policy improves when everyone is seen to be held accountable under the same set of rules.
- Busy councilors and staff cannot be expected to tract with precision the development of ethical norms. The Integrity Commissioner can therefore serve as an important source of ethical expertise.
- An Integrity Commissioner provides significant profile to ethical issues inside City government and sends an important message to constituents about the City's commitment to ethical governance.
- No matter how comprehensive the rules, there will be on occasion be situations where the ethical course of action is not clear and an individual will need authoritative advice and guidance.

(1) The Honourable Madam Justice Denise E. Bellamy, Commissioner, Toronto Computer Leasing Inquiry, Toronto External Contracts Inquiry, Report Volume 4: Executive Summary, p.97, 2015

- Without enforcement, the rules are only guidelines. Although research shows that a values-based approach to ethics policy, focusing on defining values and encouraging employee commitment, is preferable to a system of surveillance and punishment, where the public interest is involved, there should be a deterrent in the form of consequences for bad behavior. The rules must have teeth. (2)

In my review of the Proposed Procurement Policy before the FAA on March 6<sup>th</sup>, the recommendations meet all of the stated principles set out in the October 2016 Report. In addition, the policy balances the oversight role of Council and its Members, with the fulfillment by the City to strive for the highest standard of ethical practices in all business relationships with vendors, compliance with the ethical codes of the Ontario Public Buyers Association, Supply Chain Management Association and the National Institute of Governmental Purchasing.

I was consulted as part of a board consultation process to ensure that best practices were not only met but superseded. In my view, from the perspective of ethical standards in Ontario municipalities, the principles contained in the March 6, 2017 Proposed Procurement Update, place the City of Vaughan in a position of ethical service excellence, meet the standards recommended by the Bellamy and Cunningham Reports, and will allow the City of Vaughan to have a regime that allows Members of Council to effectively provide leadership and oversight while assuring a continued distancing from the risk of potential litigation or reputational damage.

(2) *Di Biase v. Vaughan (City); Integrity Commissioner of the City of Vaughan* (2016), 2016 ONSC 5620, 2016 CarswellOnt 14568 (Ont. Div.Ct.)

Respectfully submitted,

---

*Suzanne Craig*

Suzanne Craig  
Integrity Commissioner