

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 17, 2016

Item 5, Report No. 6, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on May 17, 2016.

5 OFFICE OF THE INTEGRITY COMMISSIONER – OPERATING BUDGET

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Integrity Commissioner, dated May 2, 2016:

Recommendation

The Integrity Commissioner, in consultation with the Chief Financial Officer and City Treasurer recommends:

1. That an operating budget transfer from Corporate Contingency to the operating budget of the Integrity Commissioner in the amount of \$26,000 be approved; and
2. That the Office of the Integrity Commissioner's operating budget be amended, with a resulting amendment of the current overall Office budget from \$200,000 per annum to \$257,100 in 2017 and \$257,900 in 2018.

Contribution to Sustainability

Not applicable

Economic Impact

It is forecasted that there will be a funding shortfall for the Office of the Integrity Commissioner in 2016 of approximately \$26,000. This shortfall is anticipated to be carried forward to future years. The table below illustrates the forecasted financial position of the Office over the term of Council:

\$M	2016	2017	2018
	Approved	Recognized	
Forecasted Expenses	248.0	257.1	257.9
Integrity Commissioner Office Budget	195.3	194.0	192.2
Forecasted Shortfall	52.7	63.1	65.7
Mitigation Measures:			
2015 Year End Expenditure Reserve transfer	26.9	0.0	0.0
2016 Contingency transfer	25.8	0.0	0.0
Total Mitigation Offsets	52.7	0.0	0.0
Forecasted Year End Variance	0.0	63.1	65.7
Forecasted Incremental Levy Requirement		63.1	2.6
Forecasted Incremental Tax Rate		0.04%	0.00%

The year end expenditure reserve transfer and the 2016 Contingency transfer are one time transfers for 2016 which do not carry forward to future years. As a result, there would continue to be a shortfall in the remaining term of the contract as a result of an expected lease agreement increase and annualization of the full time administrative assistant position. This shortfall equates to approximately \$63,100 in 2017 and \$65,700 in 2018. An amendment to the Office of the Integrity Commissioner's contract is equivalent to a 0.04% tax rate increase. In order to maintain the Term of Council initiative to meet Council tax rate targets of no greater than 3%, the increase to the Office of the Integrity Commissioner's budget would result in an increase to the City wide efficiency target in 2017 and 2018.

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Purpose

The purpose of this report is to present the Finance, Administration and Audit Committee the budget pressures facing the Office of the Integrity Commissioner and to request a budget amendment.

Background - Analysis and Options

The Office of the Integrity Commissioner has been in place since 2008 following the amendments made in 2006 to the *Municipal Act* 2001. In 2009, Council approved an Office budget of \$200,000 to fund a part-time Integrity Commissioner and general office operating costs. General office operating costs included administrative support, general supplies, and external investigative and legal support for Formal Complaints. The Office of the Integrity Commissioner has been located at Tigi Court since the creation of the Office

Office Lease Costs are increasing

Tigi Court was a satellite office for numerous departments during the construction of the current City Hall. When the Office of the Integrity Commissioner was established and located at Tigi Court, the lease payments for the space were paid through the Building and Facilities budget.

At the completion of City Hall in 2011, City departments relocated to City Hall and the Office of the Integrity Commissioner remained. It was decided that due to the confidentiality requirements of the function of the Office, the Tigi Court location would be better equipped to provide this office space. Once the move was completed, and the Integrity Commissioner remained at Tigi Court, the lease cost was transferred to the Office's operating budget. The operating budget of the Office was not amended to reflect this additional cost.

The lease terms have been renegotiated with the landlord and result in an increased pressure of \$1,500 to the general office operating costs.

Complexity of Issues and Tasks have increased

In addition to the duties outlined in Part V.I of the Municipal Act, the Commissioner must respond to informal inquiries and requests for information from members of the public and other interested groups, including receiving matters that do not fall within the jurisdiction of the Office and directing the complainants to the appropriate City staff, police or other jurisdiction. As a result, the volume of work on the Office has steadily increased in recent years.

	2011	2012	2013	2014-15
Formal Complaints				5*
Informal Complaints		4	12	14
Inquiries on Code Application**	144	161	87	234
Inquiries on Non-code Application***	157	173	147	320
Total	301	338	246	573

* Complaint #0114

** Includes inquiries from public, City Staff and Members of Council

*** Includes inquires relating to staff/staff, process/staff, staff/public, process/public

From 2011 to 2015, there has been a 40% increase in the number of inquiries that has passed through the Office of the Integrity Commissioner. For the summary table above, an inquiry is identified as an issue raised for review or comment by the Office on the application of the rules of the Code to the issue. An inquiry may require several telephone calls and meetings from one or more individuals.

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There is an impact on the 2016-18 Office budget

The Office of the Integrity Commissioner is requesting that the current contract for the Office of the Integrity Commissioner be amended in response to the above mentioned pressures. The Office's budget has remained at \$200,000 since 2009. If a compounding inflationary adjustment of 3% is applied to this amount, the 2016 amount would be \$253,354, which is in line with the 2016 forecast. During the 2016 Budget process there was a 2.37% reduction to the Office budget as outlined in the budget guidelines. This reduction placed further pressure on the operations of the Office.

At the end of 2015, the Office of the Integrity Commissioner's budget had a favourable variance of \$26,900 and was transferred to the Year End Reserve at the request of the Commissioner. If Council approves the transfer of \$25,800 from the Corporate Contingency to this Office budget, this, along with the funds in the year end reserve, would mitigate the forecasted funding shortfall for 2016.

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Total Mitigation Offsets	52.7	0.0	0.0
Forecasted Year End Variance	0.0	63.1	65.7
Forecasted Incremental Levy Requirement		63.1	2.6
Forecasted Incremental Tax Rate		<i>0.04%</i>	<i>0.00%</i>

An amendment to the Office of the Integrity Commissioner's budget request for 2017 and 2018 of \$63,100 and \$65,700 respectively, will be required to offset the forecasted shortfall in these future years.

There is an impact to service delivery at current budget levels

A core function of the Office of the Integrity Commissioner is to receive and manage informal and formal Code of Conduct complaints. Much of the work that has been handled by the Office has been untangling complex issues that are brought before the Commissioner and to determine what, if any, of the queries are Code related and which are more appropriately handled by City staff or other legislation or another complaint procedure.

In a complaint driven model, it is difficult to determine year to year what level of resourcing is required to effectively fulfill the function of the Office. In any given fiscal year, the number of informal complaints may far outnumber the formal complaints received. All municipalities that have adopted a Code of Conduct and appointed an Integrity Commissioner have witnessed the efficacy of being able to take advantage of the Integrity Commissioner's potential role as a mediator/conciliator of issues relating to a complaint, even if bringing forward an informal complaint is neither a precondition nor a prerequisite for filing a formal complaint.

Maintaining the current budget level would in turn result in delayed response times to emerging issues and handling of complaints. In addition, if the requested budget is not provided, the City risks reducing the ability for the Office to provide comments and advice to Members of Council to

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assist in identifying potential risks and preventing actions that may lead to breaches of the Code of Conduct. The negative consequences of these potential risks include increased costs attached to the implementation of the tools required to investigate Formal Complaints and the erosion of public trust in local government.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report supports the Term of Council Priorities, in particular to continue to advance a culture of excellence in governance.

Regional Implications

There are no Regional implications associated with this report.

Conclusion

It is recommended that the 2016 transfer from Contingency and the 2017-2018 budget amendment be approved for the Office of the Integrity Commissioner. These funds are in response to increased budgetary pressures on the Office and are required in order that the Office of the Integrity Commissioner fulfills the mandate of ensuring that the Code of Conduct and ethics rules governing elected officials is objectively and consistently applied.

Report prepared by:

Suzanne Craig, Integrity Commissioner

OFFICE OF THE INTEGRITY COMMISSIONER – OPERATING BUDGET

Recommendation

The Integrity Commissioner, in consultation with the Chief Financial Officer and City Treasurer recommends :

1. That an operating budget transfer from Corporate Contingency to the operating budget of the Integrity Commissioner in the amount of \$26,000 be approved; and
2. That the Office of the Integrity Commissioner's operating budget be amended, with a resulting amendment of the current overall Office budget from \$200,000 per annum to \$257,100 in 2017 and \$257,900 in 2018.

Contribution to Sustainability

Not applicable

Economic Impact

It is forecasted that there will be a funding shortfall for the Office of the Integrity Commissioner in 2016 of approximately \$26,000. This shortfall is anticipated to be carried forward to future years. The table below illustrates the forecasted financial position of the Office over the term of Council:

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Report prepared by:

Suzanne Craig, Integrity Commissioner

Respectfully submitted,

Suzanne Craig
Integrity Commissioner