

RECRUITMENT PROCESS FOR SENIOR ROLES – UPDATE AND BACKGROUND INFORMATION**Purpose**

To provide the task force with an overview of this issue, provide relevant reports requested by the task force and identify recommended next steps to explore this issue, and a suggested project plan to reach the objectives of the task force.

Recommendations

1. That this report be received for information.

Report Highlights

- Background of authority through the City Manager's By-Law
- Overview of recruitment process over the past 2-3 years
- Previous communications / reports on this issue
- Response to Task Force's request for additional information
- Recommended next steps to achieve the Task Force's objectives

Background

The Recruitment Policy task force was created by Council to review the role of Council in the recruitment of senior staff and to provide recommendations to Council for consideration.

The Municipal Act defines the role of Council and the role of the Chief Administrative Officer. The City Manager's by-law approved by Council outlines the City Manager's responsibilities as it relates to "Personnel Administration".

2.1 To have authority to recommend to Council the appointment or dismissal of a Commissioner and to have the authority to discipline a Commissioner.

2.2 To have authority and responsibility to appoint, promote, demote, suspend or dismiss employees of the Corporation below the position of Commissioner in accordance with the lines of authority that are defined in the organization chart with the exception of the appointment or dismissal of individuals with respect to the following positions:

City Clerk (Municipal Officer)

City Treasurer (Municipal Officer)

Chief Building Official (appointment required by the Building Code Act)

Fire Chief (appointment required by the Fire Protection and Prevention Act)

Director of Internal Audit

The City Manager's By-Law was last revised in 2012 following recommendations to Council through a task force. At that time one of the key changes was for the City Manager no longer requiring Council's approval for hiring or dismissal decisions related to Director level roles with the exception of statutory positions listed above.

Overview of how senior level positions were recruited

Vaughan has undertaken numerous recruitments for senior executives over the past several years. These recruitments have included statutory positions as well as Commissioner, Deputy City Manager and City Manager roles.

Until 2015 the City's practice with respect to the recruitment of senior staff included the following process:

- Retaining an executive search firm from a roster of pre-approved vendors.
- Compiling a briefing document and ad strategy.
- Staff conducting the first round of interviews.
- A Council sub-panel approved by Council (4 members-appointed by Council) attended along with staff the second and final round interviews with the finalists.
- City Manager's recommended candidate for the role would be submitted to Council for consideration and ratification in a closed meeting.

In and around 2015 Council elected to end the Council sub-panel and instead directed that staff bring to all of Council the final candidates for final interviews and consideration of the City Manager's recommended candidate for approval.

This approach has been utilized for the role of City Manager, Deputy City Manager, Public Works, Director, Internal Audit, Deputy City Manager, Planning and Growth Management and Deputy City Manager, Community Services.

Council Education Session (Spring 2017).

On February 3, 2017 staff presented to Council in a Council Education Session the attached presentation titled "*Council's Role in the Recruitment of Municipal Staff*" (Attachment #1). The main points of the presentation included the importance of having clear roles and responsibilities, an outline of the recruitment process, the difference between staff reporting to Council and those reporting to the City Manager and the responsibilities of each party in the process. (Presentation material attached).

Integrity Commissioner's Comments regarding this issue

In September of 2017 the Integrity Commissioner has provided commentary on the role of Council in the recruitment process.

Specifically, the Integrity Commissioner's guiding principles from the code include:

*It is inappropriate for Members to involve themselves in matters of administration or departmental management which fall within the jurisdiction of the City Manager. Therefore, **individual** Members of Council have no role to play in influencing in any way, the hiring process for any member of staff, except for the position of Executive or Administrative Assistant to the Mayor and/or Members of Council.*

Any attempt by individual members of Council to, for example, urge that an individual candidate must be put on the shortlist or to secure additions to or removals from an already determined shortlist, is behavior prohibited under the Code. This kind of conduct amounts to inappropriate meddling and undue use of influence in terms of the Code.

Staff Communication to Council regarding the Recruitment Process (September 25, 2017)

The option of involving Council in the recruitment process for the Deputy City Manager, Planning and Growth Management were further explored during a FA&A meeting on September 10, 2017. See link to extract:

https://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance0920_17_10.pdf (Attachment #2)

Several options were provided along with the risks for each option and a briefing was prepared by an external governance consultant on the role of Council in this process along with the pros and cons of each option.

A confidential legal opinion was also provided to Council during an in-camera meeting identifying some of the legal risks for Council's consideration.

Academic Research on Local Government Governance Issues

At the first meeting (January 29, 2018) of the Recruitment Task Force an article titled: ***The "public service bargain" in local government: A new way of looking at relations between municipal councils and CAOs*** was shared with the Task Force. The article shared was an edited version, of the full article, that had been published in the May 2017 edition of the Municipal World magazine. The article link is available here:

<https://vol.vgn.cty/departments/OCHRO/Documents/Governance/The%20Public%20Service%20Bargain%202.pdf> (Attachment #3)

In the article, the professor Siegel argues that the CAO must have reasonable complete authority to manage the activities of the public service including particularly the ability to hire, promote, discipline and fire staff on a merit basis. In exchange, Council has the right to hold the CAO accountable for the competence, efficiency and effectiveness of the public service. Council must refrain from becoming involved in managing the public service.

Number of internal vs external hires on senior roles.

At the January 29, 2018 Recruitment Policy Task Force meeting staff were directed to provide an overview of the number of internal versus external hires for key roles (senior roles) during this term of Council (2014 to date).

Overall for Director and above level positions and above there were a total of eleven (11) internal hires and four (4) external hires.

The internal promotion rate overall throughout the organization has been tracked for the past few years and the following chart shows the comparison between Vaughan and other public service organizations across Canada. In essence, what the chart below shows is that Vaughan's internal promotion rate (all positions) has been consistently higher than the average of like organizations.

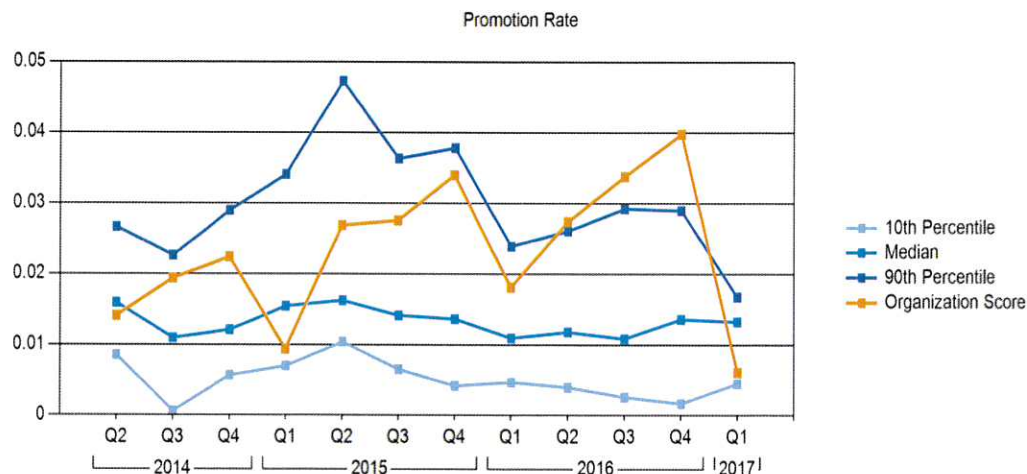
HR Metrics Service - Analyst Report

HRmetrics SERVICE

Workforce Demographics

Promotion Rate

	2014			2015				2016				2017
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
10th Percentile	0.9%	0.1%	0.6%	0.7%	1%	0.7%	0.4%	0.5%	0.4%	0.3%	0.2%	0.4%
Median	1.6%	1.1%	1.2%	1.5%	1.6%	1.4%	1.4%	1.1%	1.2%	1.1%	1.4%	1.3%
90th Percentile	2.7%	2.3%	2.9%	3.4%	4.7%	3.6%	3.8%	2.4%	2.6%	2.9%	2.9%	1.7%
Your score	1.4%	1.9%	2.2%	0.9%	2.7%	2.8%	3.4%	1.8%	2.7%	3.4%	4%	0.6%
Sample size	18	19	18	15	15	11	12	14	14	13	12	12



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Jurisdictional review of recruitment process of senior roles with similar size municipalities

Municipality	CM / CAO Presents Recommendation to Council for approval	CM / CAO Interviews with Sub-panel of Council (3/21 members)	CM In /CAO interviews with all of Council
Mississauga	✓		
Ottawa	✓		
Edmonton	✓		
Hamilton	✓		
Brampton	✓		
York Region		✓	
Vaughan			✓

This jurisdictional review requested by the task force provides a quick overview of the process used to select and approve Commissioner and Statutory roles. (Does not apply to the selection of CAO).

Hiring Process Audit Report 2015

The task force also directed that staff share the internal audit report on the hiring process that was conducted in 2015. The following link is to the Council extract and the second link is to the full report including the presentation material.

https://www.vaughan.ca/council/minutes_agendas/Extracts/11Finance0908_15ex_2.pdf (Attachment #4)

http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance0908_15_2.pdf (Attachment #5)

Recommended Project Plan for the Recruitment Policy Task Force

The task force also directed that staff provided a recommended approach on how we should work towards achieving the objectives of the task force. The following is a quick overview of the next dates and suggested discussion items:

Date	Topic of Discussion / Outcome
February 20, 2018	Present summary of topic and relevant literature to date / Discuss report and address questions
March 19, 2018	Cancel
April 18, 2018	Attend Education Session / Governance overview (Date to be confirmed)
May 22, 2018	Formulate recommendations for Council's consideration including options with pros and cons

Financial Impact

There are no financial impacts

Broader Regional Impacts/Considerations

Not Applicable.

Conclusion

This report provides an overview of the recruitment process, and the role of Council over the past 3 years. It identifies the relevant authority provided to the City Manager through the City Manager's By-Law and an overview of previous relevant communications on this topic. In addition, it provides responses to the questions the task force submitted to staff during the January 29, 2018 meeting and a quick overview of the recommended next steps to achieve the task force's objectives.

For more information, please contact: Demetre Rigakos, Chief Human Resources Officer.

Attachments

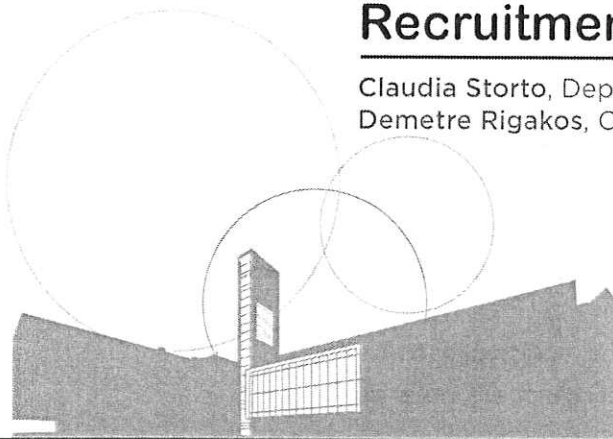
- #1 - Presentation titled *"Council's Role in the Recruitment of Municipal Staff"*
- #2 – Extract – Item 10, Report 8 (2017) Finance, Administration and Audit Committee
- #3 – Article entitled "The Public Service Bargain"
- #4 - Extract – Item 2, Report 11 (2015) Finance, Administration and Audit Committee
- #5 - Extract and Full Report

Prepared by

Demetre Rigakos, Chief Human Resources Officer ext. 8297.

Council's Role in the Recruitment of Municipal Staff

Claudia Storto, Deputy City Manager
Demetre Rigakos, Chief Human Resources Officer



Why is it important to have clear roles?

A well defined recruitment process for the selection of senior staff (where Council is participating) will improve governance and transparency, enhancing the public's trust in its elected officials.

What is the authority?

Section 224 of the Municipal Act, 2001

It is the role of council,

- a) to represent the public and to consider the well-being and interests of the municipality
- b) to develop and evaluate the policies and programs of the municipality
- c) to determine which services the municipality provides
- d) to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council (d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality**
- e) to maintain the financial integrity of the municipality and
- f) to carry out the duties of council under this or any other act

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What is the authority?

By-law 012-2013 A By-law to amend By-law 403-203 that defines the general duties, roles and responsibilities of the City Manager.

- 2.1 To have authority to recommend to Council the appointment or dismissal of a Commissioner and to have the authority to discipline a Commissioner.
- 2.2 To have authority and responsibility to appoint, promote, demote, suspend or dismiss employees of the Corporation below the position of Commissioner in accordance with the lines of authority that are defined in the organization chart with the exception of the appointment or dismissal of individuals with respect to the following positions:
 - City Clerk (Municipal Officer)
 - City Treasurer (Municipal Officer)
 - Chief Building Official (appointment required by the Building Code Act)
 - Fire Chief (appointment required by the Fire Protection and Prevention Act)
 - Director of Internal Audit

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When is Council involved in the process?

Positions reporting directly to Council

- City Manager
- Director of Internal Audit
- Integrity Commissioner

Senior administrators reporting to the City Manager

- City Treasurer (Municipal Officer)
- Deputy City Managers
- Fire Chief
- Director of Building Standards (Municipal Officer)
- City Clerk (Municipal Officer)

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What are the steps in the Recruitment and Selection process?

- Identifying the role and the specifications/required qualifications
- Identifying the competencies and characteristics
- Selecting a Search Consultant
- Defining the advertising strategy
- Developing a Job Profile (details)
- Sourcing candidates
- Initial screening by Search Consultant
- Long List presented to hiring panel
- Short List selected to be interviewed along with Qs
- Interviews 1st and 2nd round
- Selection decision
- References and background checks

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What are the steps in the Recruitment and Selection process? (DCM's, Municipal Officers, CBO, Fire Chief, Treasurer - Reporting to the CM directly or indirectly)

Tasks	Responsibility	Support
Identify the role requirements / JD	CM	HR / Search Consultant
Identifying competencies	CM	HR / Search Consultant
Selecting a Search Consultant	CM	HR
Defining the advertising strategy	CM	HR / Search Consultant
Sourcing candidates	Search Consultant	HR / CM
Initial screening of candidates / applicants	Search Consultant	
Long list presented to hiring panel	Search Consultant	
Short list decision	CM	HR / Search Consultant
First round interviews	CM / HR / Search consultant	
Final round interviews	CM / DCM / Council (as appropriate)	HR / Search Consultant
Selection Decision	Council approval required of CM recommendation	CM / DCM / Search Consultant / HR

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What are the steps in the Recruitment and Selection process? (Roles reporting directly to Council)

Tasks	Responsibility	Support
Identify the role requirements / JD	Council	CM / HR / Search Consultant
Identifying competencies	Council	CM / HR / Search Consultant
Selecting a Search Consultant	Council	CM / HR
Defining the advertising strategy	Council	CM / HR / Search Consultant
Sourcing candidates	Search Consultant	
Initial screening of candidates / applicants	Search Consultant	
Long list presented to Council	Search Consultant	CM / HR
Short list decision	Council	
First round interviews	Council	CM / HR / Search Consultant
Second round interviews	Council	CM / HR / Search Consultant
Selection Decision	Council	CM / HR / Search Consultant
References and background checks	HR	CM / Search Consultant

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Recruitment Policy

The Corporation is committed to a fair and transparent recruiting process that supports hiring the best candidate for all positions. The Corporation ensures all candidates have an equal opportunity. There is no toleration of personal bias or discrimination of candidates in the recruitment process. The Corporation strives to represent the diversity of the community by underscoring the importance of external recruitment to diverse applicant pools.

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How do other Municipalities in the GTA handle the recruitment of senior staff?

(Roles reporting to Council)

Municipality	Council interviews final candidates
Mississauga	Optional
Oakville	No
Hamilton	No
Richmond Hill	Yes
Markham	Yes

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Thank you.



CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 10, Report No. 8, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on September 26, 2017, as follows:

By approving the following in accordance with Communication C3, from the Chief Human Resources Officer, dated September 25, 2017:

1. ***That Council approve the recruitment process as per Item 10 on the September 20, 2017 Finance, Administration and Audit agenda and as outlined in Option 1; and***
2. ***That the City Manager provide progress update(s) to Council on the recruitment process (without disclosing confidential personal information of or pertaining to candidates) prior to making a final recommendation to Council as outlined in Option 3;***

By approving the confidential recommendation of the Council (Closed Session) meeting of September 26, 2017; and

By receiving the report of the City Manager, Deputy City Manager, Legal and Human Resources and Chief Human Resources Officer, dated September 19, 2017.

10 RECRUITMENT FOR DEPUTY CITY MANAGER, PLANNING AND GROWTH MANAGEMENT

The Finance, Administration and Audit Committee recommends that consideration of this matter be deferred to the Council meeting of September 26, 2017, to allow staff to provide Council with further information and options.

Recommendation

The City Manager, Deputy City Manager, Legal and Human Resources and Chief Human Resources Officer recommend:

1. That Council approve the selection process for Deputy City Manager, Planning and Growth Management as outlined in the report.

Contribution to Sustainability

The recruitment process will support the implementation of the Service Excellence Strategy Map (2014-2018) that Council approved on September 30, 2015 ensuring minimal impact to the operations and continuing service to Vaughan citizens.

Economic Impact

The costs associated with the recruitment processes have already been included in the approved budget. Therefore, there is no economic impact associated with this report.

Communications Plan

A media release was issued to announce the appointment of the current Deputy City Manager, Planning and Growth Management, Mr. John MacKenzie as the new Chief Executive Officer of the Toronto and Region Conservation Authority effective November 2017.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 10, Finance Report No. 8 – Page 2

Purpose

The purpose of this report is to advise Council that the recruitment process for the soon to be vacant role of Deputy City Manager, Planning and Growth Management has been initiated and to inform Council of the expected selection process.

Background - Analysis and Options

In August of this year Mr. John MacKenzie, Deputy City Manager, Planning and Growth Management submitted his resignation effective October 2017. Mr. MacKenzie will be taking on the role of Chief Executive Officer with the Toronto and Region Conservation Authority.

To move quickly with backfilling the anticipated vacancy staff retained the services of an executive search firm to initiate the recruitment process and an ad was posted both internally and externally on August 31, 2017. Currently the recruitment agency is sourcing candidates and it will present a long list to the City Manager in late September 2017. The selection committee comprised of the City Manager, Chief Human Resources Officer and the search consultant will conduct interviews during the month of October 2017 with the expectation that the top one or two candidates will be invited to meet with all of Council for a final interview and approval of the City Manager's recommended candidate by November 2017. Staff expect the successful candidate will assume their new role shortly thereafter.

Although not recommended, should Council wish, they may appoint three members of Council to participate along with the selection committee in the final selection interviews. Council may wish to select one regional and one local Council member in addition to the Mayor.

The role of the selection committee as selected by Council will be to participate in the final round of interviews of the top candidates and to provide their input to the City Manager on the recommended candidate. The City Manager will then seek approval of the recommended candidate by all of Council.

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

The report is consistent with Council's Service Excellence Strategy Map and Term of Council Priorities.

Regional Implications

There are no Regional implications associated with this report.

Conclusion

The role of Deputy City Manager, Planning and Growth Management is an integral position within the City of Vaughan and the Corporate Management Team. Noting this role will become vacant in November of 2017 staff have initiated a recruitment process to ensure a smooth transition and implementation of the City's Service Excellence Strategy Map. Staff is seeking Council's endorsement of the election process to ensure effective implementation of the City's recruitment policy as well as ensuring that the City attracts an effective candidate to be appointed to this important role.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 10, Finance Report No. 8 – Page 3

Attachments

N/A

Report prepared by:

Demetre Rigakos, Chief Human Resources Officer



c <u>3</u>
Communication
COUNCIL: <u>Sept 26/17</u>
FAA Rpt. No. <u>8</u> Item <u>10</u>

DATE: September 25, 2017

TO: Mayor and Members of Council

FROM: Demetre Rigakos, Chief Human Resources Officer

COPIES: Daniel Kostopoulos, City Manager, Claudia Storto, Deputy City Manager, Legal and Human Resources, Barb McEwan, City Clerk

RE: **Additional information and options for recruitment of Deputy City Manager, Planning and Growth Management**

Recommendation:

The Chief Human Resources Officer recommends:

1. That Council approve the recruitment process as per Item 10 on the September 20, 2017 Finance, Administration and Audit agenda and as outlined in Option 1 below; and
2. That the City Manager provide progress update(s) to Council on the recruitment process (without disclosing confidential personal information of or pertaining to candidates) prior to making a final recommendation to Council as outlined in Option 3 below.

Purpose:

The purpose of this communication is to address Council's direction to report back on options for Council involvement in the recruitment process for the Deputy City Manager, Planning and Growth Management.

Discussion

At the September 20, 2016 Finance Administration and Audit (FAA) Committee meeting, Council discussed the staff report "Recruitment for Deputy City Manager, Planning and Growth Management".

Council considered the options before them and the following positions were put forward by various individual members of Council as well as by Staff:

1. Accept staff recommendation as per the September 20, 2017 FAA report and have all members of Council participate in an interview of the final qualified candidate or candidates as presented by the selection committee comprised of the City Manager,

Chief Human Resources Officer and Search Consultant.

2. Consider creation of a hiring subcommittee of three members of Council, who will participate in the final interviews along with the City Manager, Chief Human Resources Officer and Search Consultant to assist in the final determination of the recommended candidate by the City Manager for Council's approval. This option was presented by Staff as well in the September 20, 2017 report however, it was not a recommended option.
3. That Staff proceed with the recommended option as per the September 20, 2017 report but that they also provide an update to Council prior to final interviews as to the response to the posting and search consultant's efforts and an explanation of how the selection committee arrived at the preferred candidate(s) for final interview(s).

In addition to these three options, one of the considerations discussed at the meeting was that individual members of Council who wish to participate in the interviews be permitted to attend the interviews and observe without active participation. The purpose of this would be for any member of Council that wishes to monitor the selection process. This option is not recommended due to legal and governance risks (see confidential attachment 1).

In addition, the memorandum from the Office of the Integrity Commissioner (attachment 2) identifies potential violations of certain rules within the Code of Ethical Conduct for Members of Council.

The following is a summary of the benefits and risks of each of the options identified:

Option #	Benefits	Risks
1.	Participation by all of Council in the interview(s) of the finalist(s) prior to deciding on the City Manager's recommendation.	Little to no risk
2.	Council's appointment of 3 members of Council as a hiring subcommittee to be included in the selection panel facilitates the process so that the City Manager's recommended candidate to all of Council has been endorsed by the selection panel that includes members of Council.	Little to no risk. Council needs to identify who will participate.
3.	An update to Council in terms of the steps taken in the recruitment process to arrive at the final candidates is beneficial so that all of Council understands the efforts undertaken to date and how the selection panel arrived at its recommendation.	Little to no risk.

Additional information related to senior executive recruitment and best practices

At the September 20, 2017 FA&A meeting the City Manager highlighted some of the best practices when undertaking a recruitment process for senior executive positions. It is important to follow up on the City Manager's comments with some additional information to support Council in making an informed decision that is in the best interest of the City and public they serve.

- Attracting top talent to senior local government roles is very challenging. One of the factors is the significant demand for talent by many of our neighboring municipalities, as well as from the private and public sector more broadly.
- An important consideration for potential candidates is whether the recruitment process will be discreet and confidential to protect candidate's privacy and their current employment situation. Following discussion at FAA, candidate(s) indicated an intent to withdraw from the competition if there was risk of their identity being exposed as an applicant. Additional legal advice on this risk is provided in confidential attachment 1.
- Municipalities, pursuant to the *Municipal Act, 2001*, are corporations run by a Governance Board; This is to be distinguished from a Management Board. Council is not a business, it is a level of Government controlled by statute. Councillors are not managers nor supervisors. Council as a body is the employer and supervisor only of the City Manager. The Clerk (per the *Municipal Act*), the Fire Chief (per the *Fire Protection and Prevention Act*) and the Chief Building Official (per the *Building Code*) are appointed by Council and have statutory roles but direction flows through the City Manager.
- At the February 2017 Council education session, staff reinforced the distinction between Council hiring a City Manager, Integrity Commissioner or Director of Internal Audit from the City Manager hiring senior roles such as Deputy City Managers or statutory positions. While Council can take an active role in the entire recruitment process when hiring a position that reports directly to them, the same is not appropriate when the City Manager undertakes a recruitment for one of the roles that reports to his office directly or to one of the Deputy City Managers. (Governance briefing as per attachment 3).
- The selection of the search firm to support this process is one that has been carefully considered by the City Manager and staff to achieve the desired outcome. The reputation of the search firm, their competence and skills in identifying talent for senior executive roles and their past performance in achieving results are all important considerations.
- The City of Vaughan undertook a review of its recruitment policy and procedures in late 2015 and in April of 2016, Council approved a revised policy. The policy review process

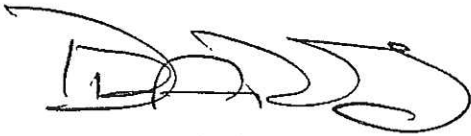
involved a jurisdictional review of practices in other municipalities and review of best practices in the industry. The policy statement is as follows:

The Corporation is committed to a fair and transparent recruiting process that supports hiring the best candidate for all positions. The Corporation ensures all candidates have an equal opportunity. There is no toleration of personal bias or discrimination of candidates in the recruitment process. The Corporation strives to represent the diversity of the community by underscoring the importance of external recruitment to diverse applicant pools.

Conclusion

The recruitment process to fill the role of Deputy City Manager, Planning and Growth Management is extremely important to the Corporation in its efforts to meet Council Priorities and serve the citizens and businesses of Vaughan. Council has an important role to play in considering the City Manager's recommended candidate. Options 1 and 3 are both recommended to Council in an effort to support the effectiveness, confidentiality and success of the recruitment process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Demetre Rigakos', with a stylized, flowing script.

Demetre Rigakos
Chief Human Resources Officer

ATTACHMENTS:

1. Confidential legal advice (provided to Mayor and Members of Council under separate cover)
2. Memorandum from the Integrity Commissioner
3. Governance briefing



memorandum

DATE: September 21, 2017

TO: Demetre Rigakos, Chief Human Resources Officer

FROM: Suzanne Craig, Integrity Commissioner

RE: Role of Members of Council in Recruitment

I am writing today to provide you with comments from a Code of Conduct perspective with respect to the role of individual Members of Council in City recruitment processes.

Relevant Code of Conduct for Members Rules

Rule 7 (Improper Use of Influence) and Rule 16 (Conduct Respecting Staff) of the Code contain provisions respecting contact between Members of Council and staff, whether that is regularly employed staff or contract consultants acting on behalf of staff.

Rule 16 of the Code prohibits improper interactions between Members of Council and staff. A Member's conduct can be both workplace harassment under Rule 14 and a breach of Rule 16 if it is disrespectful of staff's professional capacity or if it interferes with staff's duties

The Commentary to Rule 7 states that, pursuant to corporate policy, the City Manager directs City Commissioners (now DCMs). Therefore, City Council and **not individual** Members of Council appropriately give direction to the City administration, including in recruitment

Guiding Principles that flow from the Code

It is inappropriate for Members to involve themselves in matters of administration or departmental management which fall within the jurisdiction of the City Manager. Therefore, **individual** Members of Council have no role to play in influencing in any way, the hiring process for any member of staff, except for the position of Executive or Administrative Assistant to the Mayor and/or Members of Council.

Any attempt by individual members of Council to, for example, urge that an individual candidate must be put on the shortlist or to secure additions to or removals from an already determined shortlist, is behavior prohibited under the Code. This kind of conduct amounts to inappropriate meddling and undue use of influence in terms of the Code.

Allowable activities in recruitment models in accordance with the Code:

1. In the context of defining a job profile, competencies and desired skill sets that a potential job description should include, input from individual Members of Council is allowable only through discussion as part of a properly convened sub-Committee of Council;
2. Unless as part of a sub-Committee of Council, contact between/meetings with the executive search team is not an allowable activity (Rule 7 – improper use of influence);
3. Where an independent contractor/search firm reports directly to a sub-Committee of Council or Council under the Memorandum of Understanding (MOU) with the City, any suggestions in respect to the makeup of any short list of candidates should be made before the hiring sub-Committee of Council, not offline in a private meeting or by telephone;

4. The RFP for selection of the executive search firms and MOUs should include reference to the City's Recruitment Policy and should clearly set out the roles and responsibilities of Members of Council *in their capacity* of sub-Committee of Council set up as a hiring committee. This should include but not be limited to the reporting relationship of the executive search firm team and whether there will be reports to the sub-Committee.


Suzanne Craig
Integrity Commissioner



BRIEFING FOR THE CITY OF VAUGHAN

GOVERNANCE IMPLICATIONS FOR COUNCIL'S
ROLE IN RECRUITMENT OF DEPUTY CITY
MANAGER, PLANNING AND GROWTH
MANAGEMENT

September 2017

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BRIEFING ON COUNCIL'S ROLES

The City of Vaughan asked Governance Solutions Inc. to prepare this briefing on governance implications – alternatives, pros and cons – of Council's role in recruitment of a Deputy City Manager, Planning and Growth Management.

We looked at the different stages of authority / decisions in recruitment, alternative ways and places for Council to engage or be involved, and evaluated these through the lens of governance best practices, opportunities and risks. While this briefing applies to this specific situation, the governance principles apply broadly to recruitment of staff beyond the City Manager.

The matrix below outlines a range of alternatives where Council – or a sub-committee – might engage in stages of this recruitment. These are the main touchpoints in a recruitment process, but it's not a comprehensive list. Following the matrix is a review of pros and cons.

RANGE OF ALTERNATIVES: AUTHORITY STAGES AND APPROVAL LEVELS:

Stage of Recruitment	Prepare	Review	Approve	Monitor	Comment
1. Profile of position: needed attributes	?	?	?	?	
2. Posting of position	?	?	?	?	
3. Initial screen of applicants: reduce to shortlist	?	?	?	?	
4. Interview / meet candidates on shortlist	?	?	?	?	
5. Final screen of applicants: reduce to single top applicant	?	?	?	?	
6. Interview / meet single top candidate	?	?	?	?	
7. Appoint top candidate	?	?	?	Yes	Council needs to approve the recommendation of the City Manager with regard to appointment

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Key: the stages of governance authority are (the matrix only shows four of these since Council would rarely Recommend or Report):

Prepare: means the process of preparing a document or leading a function

Review: means the process of checking someone else's work to give input, advice and suggestions for improvement and passing it along to someone else for a decision

Recommend: means the process of both reviewing [above] and formally signing-off on a document or function to indicate concurrence, and passing this along to someone else for a decision

Approve: means the process of both reviewing [above] and formally signing-off on a document or function to indicate that a decision has been made to proceed

Report: means being required to provide information in a prescribed form, usually to the next level of authority

Monitor: means to be aware of content and strategic implication of actions, and the process of checking that decisions and recommendations are being carried out effectively after a decision

PROS AND CONS

Clearly, there are many different combinations of ways where Council, or a sub-committee, may play a role in the recruitment process.

Two facts are clear and important here:

- ✓ Council has the legal right under both statute and bylaws to engage in any or all of these recruitment steps: authority of the Corporation vests in Council until and unless Council delegates this to the City Manager (or others, such as a sub-committee);
- ✓ Council has chosen to delegate the overall authority for staff administration to the City Manager (through the City Manager's By-Law 012-2013), and
- ✓ Council needs to approve the recommendation of the City Manager with regard to appointment.

At one end of the spectrum, Council could choose to be "hands-on", directly involved early at each step: to prepare a profile of needed attributes, the posting, initial screen, short-list interviews, final screen and interview, and then the appointment.

By preparing, or actually "doing", the stage, Council would take "ownership" or "hold the pen" on the whole process. This is not generally what Council does or is equipped to do – even in the recruitment of the City Manager, the Council's direct employee, Council would delegate the "prepare" stage to others, human resource professionals qualified to develop profiles, job postings and the like.

Or Council or a sub-committee could choose to conduct the initial screen of candidates and interview / meet candidates on the short-list. When a City Manager is recruited, Council usually strikes a Search Sub-Committee that would take on this role. But by doing this for a Deputy City Manager, Council would be taking direct responsibility for the selection, and more importantly, removing this responsibility from the City Manager.

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This is at the crux of the governance implications in Council's choice here: what is the City Manager accountable for, and who is the Deputy City Manager accountable to? By directly selecting among the applicants, Council signals to the City Manager that the consequences of the recruitment belong to Council, and the City Manager is no longer accountable for these. This is the governance principle of alignment: that we delegate authority level equivalent to the level of accountability that we expect.

If Council expects to be able to hold the City Manager accountable for the Deputy City Manager's performance and contributions, then it should delegate that selection authority.

There are other implications.

The greater involvement that Council has in the recruitment process, this signals to the Deputy City Manager that she/he is accountable not to or through the City Manager, but perhaps directly to the Council. This risks unclear lines of accountability within the City's management, with multiple positions feeling that they report to Council. This turns Council from a governing body into a managing body, like a management committee.

There are indirect consequences in terms of public and reputational perception. What message do we want to send to the public in terms of Council's role, and its confidence in its City Manager? How is the public interest best served? In governance, while legislative branches always have the right to make decisions directly, they typically delegate the bulk of operational or tactical decisions to the executive branch, precisely so that they can fulfill their governance and oversight roles. Once you make a decision directly, you can no longer independently oversee it and provide the public confidence in this independent (second) line of defence or control.

Another implication is confidentiality. Recruitment of a senior position is a sensitive matter, and if candidates saw that they were going to be interviewed by Council or a sub-committee at an earlier stage, those with a good job with other cities might deselect and not apply. The recruitment process itself needs to be transparent, but the applicants need to stay confidential to encourage the largest number of highly qualified candidates.

Having said that, what is the appropriate role of Council in this recruitment process?

At the other end of the spectrum, Council could choose to be "hands-off", to wait for the final recommendation of the City Manager, and to approve that recommendation.

But what we're aiming to do here in governance is to balance the principle of empowerment – delegating sufficient authority for tactical decisions to capable people that may then be expected to be held accountable – with the principle of consistency and diligence – Council being confident ("gaining reasonable assurance") that the process followed by those people was fair, equitable and reached a reasonable outcome.

By engaging in the recruitment process to the minimum extent necessary to satisfy this governance principle of consistency, diligence and fairness, but no more than that, Council balances its governance accountabilities with its operational empowerment.

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One path forward would be for Council to monitor the earlier stages of recruitment, not preparing (doing), reviewing or approving, but overseeing the decisions made by the City Manager in the profile, posting, screening and interviews, and then perhaps meeting or interviewing the top candidate as an opportunity to gain reasonable assurance that this choice – which is being made by the City Manager – is reasonable and fair.

It's not unusual for governing bodies to meet the top candidate for key positions before the approval of their appointment. One reason is diligence – reaching a confidence level that we just talked about. Another is succession – Council is legitimately interested in the qualifications and character of people who may be in line to succeed their one employee, the City Manager, one day. Another reason is that key positions fulfill governance functions that independently give Council assurance that governance is effective: that financial and ethical integrity is in place, not solely relying on the City Manager. This is a sensitive but important area of governance, making sure that other senior positions are clear that, while they report to and are accountable to the City Manager for operations, when it comes to governance (e.g. financial and ethical integrity), they are obliged to communicate with Council without interference from or fear of the City Manager.

This briefing gives Council a sense of the range of alternatives and governance implications involved in their role in recruitment of this senior position, and hopefully will clarify these sufficiently to make a clear choice and path forward.

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FINANCE, ADMINISTRATION & AUDIT COMMITTEE – SEPTEMBER 20, 2017

RECRUITMENT FOR DEPUTY CITY MANAGER, PLANNING AND GROWTH MANAGEMENT

Recommendation

The City Manager, Deputy City Manager, Legal and Human Resources and Chief Human Resources Officer recommend:

1. That Council approve the selection process for Deputy City Manager, Planning and Growth Management as outlined in the report.

Contribution to Sustainability

The recruitment process will support the implementation of the Service Excellence Strategy Map (2014-2018) that Council approved on September 30, 2015 ensuring minimal impact to the operations and continuing service to Vaughan citizens.

Economic Impact

The costs associated with the recruitment processes have already been included in the approved budget. Therefore, there is no economic impact associated with this report.

Communications Plan

A media release was issued to announce the appointment of the current Deputy City Manager, Planning and Growth Management, Mr. John MacKenzie as the new Chief Executive Officer of the Toronto and Region Conservation Authority effective November 2017.

Purpose

The purpose of this report is to advise Council that the recruitment process for the soon to be vacant role of Deputy City Manager, Planning and Growth Management has been initiated and to inform Council of the expected selection process.

Background - Analysis and Options

In August of this year Mr. John MacKenzie, Deputy City Manager, Planning and Growth Management submitted his resignation effective October 2017. Mr. MacKenzie will be taking on the role of Chief Executive Officer with the Toronto and Region Conservation Authority.

To move quickly with backfilling the anticipated vacancy staff retained the services of an executive search firm to initiate the recruitment process and an ad was posted both internally and externally on August 31, 2017. Currently the recruitment agency is sourcing candidates and it will present a long list to the City Manager in late September 2017. The selection committee comprised of the City Manager, Chief Human Resources Officer and the search consultant will conduct interviews during the month of October 2017 with the expectation that the top one or two candidates will be invited to meet with all of Council for a final interview and approval of the City Manager's recommended candidate by November 2017. Staff expect the successful candidate will assume their new role shortly thereafter.

Although not recommended, should Council wish, they may appoint three members of Council to participate along with the selection committee in the final selection interviews. Council may wish to select one regional and one local Council member in addition to the Mayor.

The role of the selection committee as selected by Council will be to participate in the final round of interviews of the top candidates and to provide their input to the City Manager on the recommended candidate. The City Manager will then seek approval of the recommended candidate by all of Council.

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

The report is consistent with Council's Service Excellence Strategy Map and Term of Council Priorities.

Regional Implications

There are no Regional implications associated with this report.

Conclusion

The role of Deputy City Manager, Planning and Growth Management is an integral position within the City of Vaughan and the Corporate Management Team. Noting this role will become vacant in November of 2017 staff have initiated a recruitment process to ensure a smooth transition and implementation of the City's Service Excellence Strategy Map. Staff is seeking Council's endorsement of the election process to ensure effective implementation of the City's recruitment policy as well as ensuring that the City attracts an effective candidate to be appointed to this important role.

Attachments

N/A

Report prepared by:

Demetre Rigakos, Chief Human Resources Officer

Respectfully submitted,

Daniel Kostopoulos, City Manager

Claudia Storto
Deputy City Manager, Legal and Human Resources

Demetre Rigakos, Chief Human Resources Officer



The Public Service **BARGAIN**

C1
COMMUNICATION
RECRUITMENT POLICY REVIEW
TASK FORCE
January 29, 2018
ITEM - 1

A new way of looking at relations between municipal councils and CAOs



Developing the appropriate relationship between the mayor and council on one hand, and the CAO and municipal staff on the other, is very important in terms of maintaining proper accountability and ensuring good service delivery. However, this important relationship is sometimes fraught with tension and dysfunction. One way of bringing structure to the council-staff relationship is to see the relationship between council and the CAO as a “public service bargain.” This type of bargain is not a formal legal relationship, but rather an informal, dynamic relationship that helps define the proper role of council and staff.

This is an edited version of a longer work: “The Public Service Bargain in Local Government: A New Way of Looking at Relations between Council and CAOs,” *Canadian Public Administration*, vol. 58, no. 3 (September 2015), pp. 406-25.

The Public Service Bargain

Many aspects of society are built on bargains. This could be a formal, explicit bargain, such as a contract to sell a parcel of property; or, it could be the kind of implicit bargain that couples develop about how child care responsibilities will be handled. The concept of the public service bargain has been widely discussed in parliamentary systems.

An example of such a bargain would be: public servants will remain neutral in partisan political discussions in exchange for reasonable security of tenure when governments change. Each side in the bargain gives up something in order to obtain something. Politicians give up the right to hire and fire public servants at will in exchange for a loyal and professional public service. Public servants give up some rights to political participation in exchange for reasonable job security.

Like the marriage bargain about child care, the public service bargain is not a written agreement negotiated between the

parties; it is an understanding that develops over time. However, the ability to arrive at an appropriate bargain about child care can determine whether the marriage will survive; the same kind of statement can be made about finding an appropriate bargain between council and the CAO.

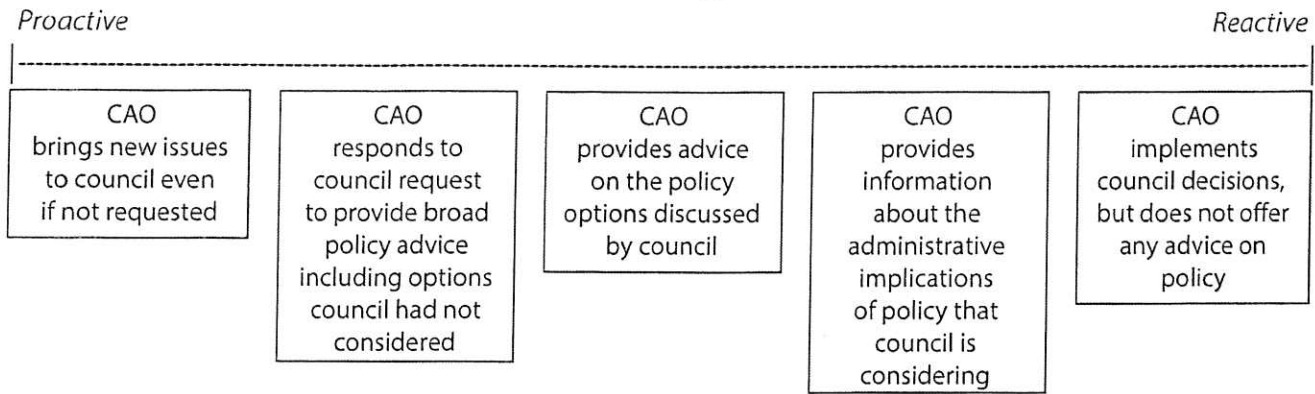
The Bargain Applied to Council and the CAO

The bargain between council and the CAO can be divided into two parts. The first part of the bargain is the condition precedent. In legalese, a condition precedent is a condition that must occur before other parts of a contract can become operative.

The condition precedent in this case involves an agreement on the role that council expects the CAO to play. Figure

DAVID SIEGEL is the interim Dean, Faculty of Education and Professor of Political Science at Brock University.

Figure 1
Role of the CAO with Regard to Council



It is a continuum that illustrates some possible positions that the CAO could occupy vis-à-vis council. There is no ideal position on this continuum. Council and the CAO could land at any point on the continuum; the important point is that council and the CAO are in agreement about the point on which they want to land.

The first thing that a new CAO (or a continuing CAO working with a new council) must do is to negotiate the position that he or she is expected to occupy on this continuum. In this context, “negotiate” does not mean sitting down at a table and discussing an issue until the parties arrive at a written agreement. The negotiation process in this case is much more subtle.

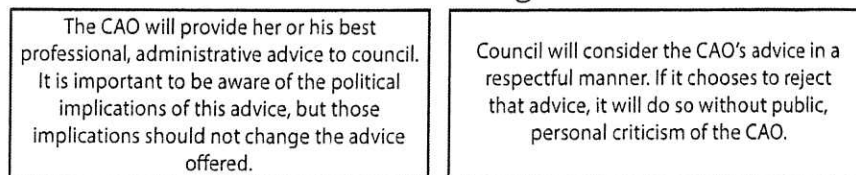
Some of this negotiation should occur *before* the CAO takes a new position. A council should have a sense of the role it wants the CAO to play, and the CAO should have a sense of where he or she prefers to fit on this continuum. A part of the job interview process should involve the two sides sizing up one another to determine if there is a good fit in regards to these expectations. When this condition precedent is met, there are several other aspects to the bargain that need to be understood between the parties.

A major part of the bargain is based on the idea that councillors and public servants each bring a different kind of expertise to the table. On the one hand, councillors are elected by the public and put their jobs on the line every few years. This makes them highly attuned to community values and citizens’ expectations with regard to policy. On the other hand, public servants are highly-trained professionals who have a great deal of knowl-

edge and experience in their areas of expertise. The best policy decisions reflect the two different kinds of expertise brought to the table by the two groups; good decisions will be the product of a melding of community values and professional expertise.

In order for this melding to occur, both sides need to carry out the role assigned to them properly. Public servants must provide their best professional, administrative advice to councillors. They should never temper that advice in order to tell councillors what they want to hear. Public servants are short-changing their employer if they provide anything other than their best professional advice.

Figure 2
The Advice Bargain



Looking at the situation from the other side, councillors need the best professional advice that they can receive. If they do not obtain that advice, then they are making a decision on something other than the best information available, and they risk making an uninformed and bad decision. However, if councillors want to receive the best advice, then they must ensure that they create an atmosphere where public servants feel comfortable providing that advice. This leads to one aspect of the public service bargain.

The bargain does not require the council to *accept* the advice provided by the CAO. The role of council is to *evaluate* the CAO’s professional, administrative advice in light of community culture and values. In some cases, council will reject the CAO’s advice. However, council must understand that the CAO has a role to play by providing professional, administrative advice, and council must respect the CAO for doing that.

The fact that the CAO’s advice must be based on professionalism and rationality does not require the CAO to be completely politically naïve. The wise CAO should be able to anticipate the reaction that her or his advice will evoke, and decide how forcefully to pursue the advice. A really wise CAO might happen to have a compromise position in reserve to bring forward at the appropriate time.

If council engages in virulent public, personal attacks on the CAO, then council is creating an atmosphere that encourages the CAO to provide advice that mimics what council wants to hear. If the CAO is forced to come over to “the other side,” then council will not be well-served because it will never hear the CAO’s best professional, administrative advice. As discussed above, the best decisions will involve a melding of professional, administrative advice with community culture and values. If one side of this is muted, then council runs the risk that its decisions will be unbalanced.

The CAO as Sole Employee

It can be useful for council to think of itself as having only one employee – the CAO. The CAO is responsible for managing the public service, within the confines of policy set by council. This does not prevent the mayor or councillors from interacting with staff to ask questions or seek advice about certain matters; it does prevent the mayor or councillors from attempting to manage or provide instructions to staff members.

Figure 3
The Accountability Bargain

<p>The CAO must have reasonably complete authority to manage the activities of the public service, including the ability to hire, promote, discipline, and fire staff on a merit basis.</p>	<p>Council has the right to hold the CAO accountable for the competence, efficiency, and effectiveness of the public service. Council must refrain from becoming involved in managing the public service.</p>
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This bargain requires that the CAO must have “reasonably complete authority” to manage the public service. “Reasonably complete” means that the CAO must have authority to manage the operations of the municipality, but it is also a recognition that council has an obligation to set the broad policies within which the CAO must operate. For example, council has an obligation to ensure that the CAO has a proper merit system in place, but council cannot interfere in a specific merit-based hiring decision made by the CAO.

This is a very important aspect of the public service bargain. If council wants to maintain the idea that it has only one employee – the CAO – and it wants to hold that employee accountable for the competence, efficiency, and effectiveness of the public service, then council must allow that person reasonable freedom to make management decisions. If council involves itself in making management decisions, then it can no longer hold the CAO accountable for the results of those decisions, and for the competence, efficiency, and effectiveness of the public service.

The Overarching Bargain

The preceding sections have discussed a number of aspects of the public service bargain. They all come together in one overarching bargain. The CAO must serve the current council loyally; and, in exchange, council will provide the CAO with reasonable security of tenure assuming good behaviour and proper performance of her or his duties. Proper performance means providing council with the best professional, administrative advice, even if the CAO knows in advance that the council would rather not hear the advice; the CAO has an obligation to speak truth to power. The CAO must present bad news as well as good. Council would not be well served if the CAO ignored these issues and allowed them to fester.

Figure 4
The Overarching Bargain

<p>The CAO will be loyal to the current council, provide professional advice, and carry out the instructions of council in a conscientious and loyal manner.</p>	<p>Council will provide the CAO with security of tenure based on good behaviour and proper performance of her or his duties.</p>
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As argued earlier, the best decisions will be products of the interaction of the CAO’s professional, administrative advice and the council’s knowledge of local values and culture.

If the two sides are going to merge properly, then each side in the discussion has to feel free to play its role. From the perspective of the CAO, the council must create an atmosphere in which the CAO will not feel threatened when presenting unpopular advice.

BARGAIN, cont’d on p. 44

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BARGAIN, cont'd from p. 10

This means that council must avoid public personal criticism of the CAO, including the ultimate criticism that an employer can impose on an employee – termination of employment. If a council develops a reputation for dealing harshly with staff, then that council will have difficulty finding good staff who want to work in the municipality, and when someone is found, he or she will likely resort to telling council what it wants to hear. This is not appropriate professional behaviour, and it does not serve either the council or the residents of the municipality well.

This understanding gives rise to the overarching bargain.

The maintenance of this bargain will provide a good working environment for staff, a positive experience for councillors, and most important, it will provide a well-governed and well-managed municipality that will serve the interests of residents.

The CAO plays a key role in providing advice to council as well as in implementing council's decisions in an efficient and effective manner. The CAO is the essential link in the accountability relationship between council and the public service.

It is essential that a municipality has a professional CAO, and it is essential that the CAO has the tools and the ability to carry out the duties of the position. An important part of the ability to carry out those duties is a positive relationship with council. This positive relationship will only develop when both parties in the relationship understand their respective roles and are able to carry out those roles in a competent manner. The council must respect the role of the CAO as the professional administrative expert, and the CAO must respect the council as the reflection of community will. The concept of the public service bargain developed in this article could be used to structure the relationship between council and the CAO so that the abilities of the CAO can be used to the utmost. MW

SCHOOL, cont'd from p. 26

The community may look viable in the short term, as there is no immediate functional collapse with the closing of the local school; over the long term, however, it becomes unviable – and eventually declines.

Call to Action

Good public policy requires a nonpartisan and objective approach, supported by proper due diligence and study. It also requires, in a democratic society, fulsome public consultation, and involvement in crafting its final objectives and outcomes. Modern policy development also recognizes that, within the Canadian context, diversity is valued and needs to be a key factor in its final considerations. In this case, diversity requires urban policy makers to recognize the unique conditions and context of rural communities.

Continuing to make determinations regarding the closures of schools in rural and remote communities without any study of the consequences of this activity – including the potential exacerbation of the hollowing out of these communities – is not good policy making. It can be seen as a form of non-evidence based decision making. Neither is it sound practice to engage in policy making within institutional silos, as it fails to recognize the potential consequences within the larger societal framework.

If provincial governments value rural communities, they need to redress their current educational policies around how they regard and fund rural schools. In reality, local school administrators and boards abide by provincial policy. A better understanding of the longitudinal consequences of rural school closures is required; continuing to close schools in absence of evidence is bad policy. Until this research is conducted, a moratorium on any future closings of rural and remote schools is the best approach, to help prevent irresponsible damage to these communities. MW

TASK FORCE, cont'd from p. 34

The CANTF2 medical component, although intended to support the CANTF2 team, operated as the critical medical support for the entire incident, treating many of the responders involved.

Fort McMurray is a remote, self-sufficient community that was under a full mandatory evacuation order. Many first responders deployed quickly when the call for help came from the local community and many arrived without the necessary supplies to be self-sufficient. CANTF2, is designed for self-sufficiency; in the early days of the response, the team was one of the only sources of food. The team travelled with a kitchen trailer and supplies, ensuring the capacity to serve the equivalent of 600 meals per day. For over a week, the team chef (who is also a firefighter and rescue specialist) was able to prepare and deliver 3,500 meals in one day out of that trailer until more suitable facilities could be provided. CANTF2 was able to ensure that everyone that came to the kitchen trailer left with a hot meal and drink, which gave them much needed energy to continue responding.

Success in Many Forms

It is always interesting to define success for a team like CANTF2, as it can look different responding to different types of events. During the response to support Slave Lake in 2011, the team defined success as being able to watch and help the community come home. Success in Fort McMurray looked different. Due to the length of the evacuation, the team was not going to be in the community when residents were allowed to return home. Success meant having key members of the community return home, as rested as possible, to take on the roles that CANTF2 members were supporting. Success was watching local community members lead, drive, and recover their own community. MW

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EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015

Item 2, Report No. 11, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 16, 2015.

2 INTERNAL AUDIT REPORT – AUDIT OF HIRING PRACTICES

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Director of Internal Audit, dated September 8, 2015, be approved; and
- 2) That the presentation by the Audit Project Manager and the Acting Commissioner of Strategic and Corporate Services and C3, presentation material titled "*Hiring Practices Audit*", dated September 8, 2015, be received.

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Audit of Hiring Practices be received.

Contribution to Sustainability

Internal Audit activities and reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the effective delivery of services and programs are effective. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Audit of Hiring Practices.

Background - Analysis and Options

The process of hiring staff in the City of Vaughan is done by individual departments with guidance from the Human Resources Department. All hiring must be done in compliance with the City's Hiring and Nepotism Policy. The City is committed to hiring the best staff possible consistent with City Policy and governing legislation.

As a result of reports coming from the Anonymous Reporting System and the increased interest in how the City recruits and hires staff, Internal Audit decided to review current practices and processes.

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 16, 2015

Item 2, Finance Report No. 11 – Page 2

Regional Implications

Not applicable.

Conclusion

An audit of 42 individual recruitments done in 2013 and 2014 demonstrated that the City's current hiring process is unbiased. Based on our review of the current hiring process, we conclude the City does its utmost to hire the best staff available.

We did identify opportunities to streamline recruitment file documentation with the objective of making the overall process more efficient. Management has agreed to complete its documentation strategy and is looking at issuing an RFP for an e-recruit technology solution that will better support a more efficient process.

Attachment

1. Internal Audit Report – Audit of Hiring Practices

Report prepared by:

Paul Wallis CPA, CMA CIA CISA CRMA
Director, Internal Audit

(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.)

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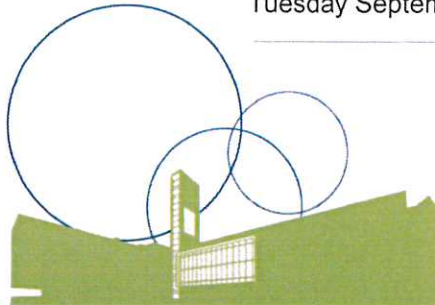
C 3
COMMUNICATION

FAA - SEPT 8/15

ITEM - 2

Hiring Practices Audit

Tuesday September 8, 2015



Today's Presentation

- Audit Objective, Scope and Methodology
- Audit Conclusion
- Audit Recommendations
- Management Response and Action Plans
- Next Steps
- Questions



2



Audit Objective

- To evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with the hiring of staff in the City of Vaughan.



3



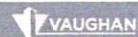
Audit Scope & Methodology

- Review of existing Policies and Procedures
- Staff interviews
- Sampling of recruitment files
- 42 of 82 Full Time staff hired that are still actively employed
- Review period of January 2013 – December 2014
- Analysis of staff sourcing.

Not in Scope: → Vaughan Fire and Rescue Service recruitment.



4



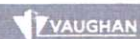
Audit Conclusion

- No evidence of inappropriate hiring practices for the period under review.
- Opportunities exist to streamline recruitment file documentation



Audit Recommendations

1. Develop and implement a documentation and file management strategy
2. Applications and job inquiries are received by Human Resources directly from the applicant.



Management Action Plans

1. Develop and implement a documentation and file management strategy:
 - Completing the documentation strategy.
 - Standardizing recruitment forms across the organization.
 - Implementing an e-recruit solution.



Management Action Plans

2. Applications and job inquiries are received by Human Resources directly from the applicant:
 - Enhancing Recruitment policies and procedures to communicate process to be followed by all job applicants.
 - Implementing standard protocol to be followed by HR staff when dealing with inquiries from Council and senior management, staff members or constituents.



Next Steps

- Action plans have been developed.
- Implementation is underway.
- Internal Audit will follow up and report on the status of these action plans.



Questions?



INTERNAL AUDIT REPORT – AUDIT OF HIRING PRACTICES

Recommendation

The Director of Internal Audit recommends:

1. That the Internal Audit Report on the Audit of Hiring Practices be received.

Contribution to Sustainability

Internal Audit activities and reports contribute to the sustainability of the City by providing advice and assurance that controls supporting the effective delivery of services and programs are effective. Longer term sustainability needs the support of good, efficient risk mitigation strategies. Internal Audit can provide support for that sustainability by providing independent advice and assurance.

Economic Impact

There are no direct economic impacts associated with this report.

Communications Plan

Not applicable.

Purpose

To present to the Finance, Administration and Audit Committee the Internal Audit Report on the Audit of Hiring Practices.

Background - Analysis and Options

The process of hiring staff in the City of Vaughan is done by individual departments with guidance from the Human Resources Department. All hiring must be done in compliance with the City's Hiring and Nepotism Policy. The City is committed to hiring the best staff possible consistent with City Policy and governing legislation.

As a result of reports coming from the Anonymous Reporting System and the increased interest in how the City recruits and hires staff, Internal Audit decided to review current practices and processes.

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the strategic goal of management excellence through financial stability and effective governance.

Regional Implications

Not applicable.

Conclusion

An audit of 42 individual recruitments done in 2013 and 2014 demonstrated that the City's current hiring process is unbiased. Based on our review of the current hiring process, we conclude the City does its utmost to hire the best staff available.

We did identify opportunities to streamline recruitment file documentation with the objective of making the overall process more efficient. Management has agreed to complete its documentation strategy and is looking at issuing an RFP for an e-recruit technology solution that will better support a more efficient process.

Attachment

1. Internal Audit Report – Audit of Hiring Practices

Report prepared by

Paul Wallis CPA, CMA CIA CISA CRMA

Director, Internal Audit

Respectfully submitted,

Paul Wallis CPA, CMA CIA CISA CRMA
Director, Internal Audit



INTERNAL AUDIT REPORT

Audit of Hiring Practices

July 2015

INTERNAL AUDIT REPORT

AUDIT OF HIRING PRACTICES

CONCLUSION AND SUMMARY

We did not find any evidence of inappropriate hiring practices for the period under review. Our examination of the recruitment files demonstrated that the hiring process was unbiased. Based on our review, we conclude that the City does its utmost to hire the best staff to support the City's vision and objectives. However, no system or process is perfect. No matter how good a process is, hiring the right employee for every position is not guaranteed. As such, we made no attempt to determine if the right hiring decision was made. We were only concerned that a reasonable and defensible process was in place to reduce the risks of inappropriate hiring.

We did identify some opportunities for improvement that would enable a more streamlined approach to documenting the hiring process. These include:

- Enhancing the current internal process by developing a more standardized approach to ensure that recruitment file structure is consistent. This also includes the level of documentation needed to support a reasonable and defensible hiring process.
- Developing standardized forms [i.e. interview scoring, screening criteria, decision notations] to support a more efficient documentation process.

Files we examined had a variety of approaches with respect to documenting the recruitment and selection process and decisions. Recruitments handled internally generally had more complete documentation and were easier to follow. Although some documentation was missing, further follow-up indicated that a reasonable process was followed and that all relevant parties were involved in the hiring process. Some of the documentation was maintained in electronic format while some was in paper file format. In addition, some of the documentation was kept in files other than the recruitment file (e.g. employee files).

Files involving third-party recruiters were less complete. These files did not have all interview notes and decision making documentation was absent in some files. Using a third-party recruiter improves the chances of recruiting a quality candidate and is used often by the City to hire senior level positions [commissioners, directors and some managers]. As such, the risk of hiring an unqualified or preferential candidate is reduced as the City is using a resource that can penetrate the broader marketplace. However, having complete documentation serves to better support the overall hiring decision and further reduces the perceived risk of inappropriate hiring practices.

A number of different forms and methods were used to document the hiring process. For example, not all files contained checklists, standard screening documentation or standard interview note formats. In the case of candidate searches done using third-party recruiters, many different forms of documentation were used. Using standard forms and criteria adds to a more efficient and effective process. Aside from supporting increased efficiency and effectiveness, consistent documentation adds strength to a defensible process.

In discussing these issues with Human Resources, the intent was to suggest a documentation strategy that would enhance the defensibility of the process while reducing the type and amount of documentation needed. In a public sector collective bargaining environment, a well-documented hiring process helps support public and employee trust and confidence.

INTERNAL AUDIT REPORT

AUDIT OF HIRING PRACTICES

The Human Resources Department currently uses a recruitment checklist, and has developed a Recruitment Policy/Recruitment and Selection Guidelines. A draft policy and procedures document is currently under review. Aside from finalizing this document, the Department has agreed to look at the type and amount of documentation needed.

We will follow-up on the status of outstanding Management Action Plans related to this audit and will report the status to the Finance, Administration and Audit Committee.

BACKGROUND

The process of hiring staff in the City of Vaughan is done by individual departments with guidance from the Human Resources Department. All hiring must be done in compliance with the City's Hiring and Nepotism Policy. The City is committed to hiring the best staff possible consistent with City Policy and governing legislation.

As of December 31, 2014, the City of Vaughan workforce consisted of 1161 full time and 103 permanent part time staff.

As a result of reports coming from the Anonymous Reporting System and the increased interest in how the City recruits and hires staff, Internal Audit decided to review current practices and processes.

OBJECTIVES AND SCOPE

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with the hiring of staff in the City of Vaughan.

The scope of the audit initially included all full time staff hired in 2013 and 2014 who are still employed by the City. This represented 138 staff. Because of the specialized nature of recruiting fire and rescue personnel, we eliminated the Vaughan Fire and Rescue Service from the total population leaving an audit population of 82. From the remaining 82, we sampled 42 individual recruitments or just over 50% of the relevant population.

Our sample selection included all levels of positions across all commissions in the organization.

In addition, we examined recruitment files and processes done by third-party recruitment firms. We did not include documentation kept by third-party recruitment firms as initial search information is not shared to protect the integrity of the process.

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Paul Wallis CMA, CPA CIA CISA CRMA

Author: Paul Wallis CMA, CPA CIA CISA CRMA

Director: Paul Wallis CPA, CMA CIA CISA CRMA

INTERNAL AUDIT REPORT

AUDIT OF HIRING PRACTICES

DETAILED REPORT

1. *Type and Amount Of Recruitment Documentation Needs to be Defined*

The City of Vaughan has a systematic process for recruiting and hiring new staff. It is the responsibility of the Human Resources Department, in conjunction with the hiring department, to make sure recruitment and hiring staff is done in compliance with City goals and objectives, legislation and policy.

Key steps in the process include:

- Requisitioning staff
- Position posting and advertising
- Application screening and selection criteria
- Interviewing and testing
- Candidate selection
- Reference checking
- Criminal background checking
- Credential validation
- Offer to successful candidate

Human Resources have the responsibility for retaining all relevant documentation and maintaining recruitment and hiring information.

Our review of files indicated that the amount and quality of documentation varies depending on the hiring team and whether the recruitment is done internally or through a third-party. In some cases interview notes, application selection criteria, credential vetting information and final decision documentation were either missing or incomplete.

Through follow-up, we were able to validate that the right process was followed, although it was not necessarily documented completely.

File documentation can be a time consuming process but the risks of not doing it consistently or completely can lead to the perception that a proper process was not followed. Because recruitment and hiring can ultimately affect people in the organization, it is important to ensure all files are fully documented.

Recommendation

We recommend that Human Resources management:

- Determine the documentation required for all files with the objective of keeping the minimum level needed to defend all hiring decisions.
- Develop standardized forms or formats to ensure consistency. Once again, technology can be used to improve the efficiency and effectiveness of the documentation process.

INTERNAL AUDIT REPORT

AUDIT OF HIRING PRACTICES

In both cases technology solutions should be considered in developing and implementing a documentation strategy.

Management Action Plan

Management agrees with the recommendations in the audit report and the Director of Human Resources commits to developing the following:

- Complete documentation strategy. [Fourth Quarter - 2015]
- Standardized forms across the organization. [Fourth Quarter - 2015]
- Human Resources is about to issue an RFP for an e-recruit solution that will further enhance our ability to streamline the process, and standardize the forms used throughout the process. [Fourth Quarter - 2015]

INTERNAL AUDIT REPORT

AUDIT OF HIRING PRACTICES

2. *All Job Applications Should Directly Go Through Human Resources*

On occasion, candidates for positions may go directly to senior management or Council to either inquire about job prospects or to be considered for an existing vacant position. Usually the request or resume is subsequently forwarded by the initial contact to Human Resources for follow-up.

We found one example where two members of Council received e-mails from a candidate asking to be considered. The requests were forwarded to Human Resources with instructions to respond to the candidate.

Although this is not a major issue or risk, there is a possibility that resumes being directed by Council and senior management to Human Resources could be viewed as an attempt to influence the hiring process or perceived as preferential treatment. It is for this reason that job inquiries and resumes must go directly through Human Resources.

Recommendation

We recommend:

- Council or senior management who receive job inquiries or resumes send a reply to the sender instructing the sender to go directly through Human Resources. This will eliminate the perception of Council or senior management having influence.
- Human Resources revise procedures to provide guidance and instructions on how to handle hiring inquiries coming through Council or senior management.

Management Action Plan

Management agrees with the recommendations and the Director of Human Resources will develop as part of the revised Recruitment policy and procedures the expectation that all candidates submit their interest for a particular position through the process identified in the posting. [Third Quarter - 2015]

INTERNAL AUDIT REPORT

AUDIT OF HIRING PRACTICES

3. Sources of Staff Hires are Reasonably Distributed

Staff recruitment should be viewed as a transparent and open process where all skilled and qualified people have an opportunity to apply and be considered for positions in the City. This is stated very clearly in the City's Hiring and Nepotism Policy.

Sometimes there is the perception that hiring managers may favour people from a certain organization or based on friendships.

Based on the current hiring process, we believe that risk is very low. To test this, Human Resources provided us a list of thirty recent management hires and the organizations from which they came.

Our analysis of the staff sources is highlighted in the following table.

Sources of New Management Staff	Number
Municipalities [Including Regions and other Cities – 9 in all] **	17
Private Sector [Non-Government Organizations]	11
Ontario Public Service/Agencies	2
Total	30

**** Nine Municipalities included Orillia, Peel, Ajax, Oshawa, Waterloo, Newmarket, Brampton, Markham and Toronto.**

Based on our test, we conclude that staff are sourced from a variety of organizations representing both the public and private sectors.

No further recommendations are necessary at this time.