

CORPORATE SECRETARIAT – PHASE 2 MODEL DOCUMENTS AND WORKPLAN

EXECUTIVE SUMMARY

The 2013 workplan for the Corporate Secretariat was approved by Council in 2012 November. The final deliverable for the 2013 workplan is attached and is comprised of the second phase of Model Documents, a proposed reporting framework, description of roles and responsibilities, and a model board recruitment process. Consequently a new workplan for the Corporate Secretariat in 2014 is required and is attached hereto.

ADMINISTRATION RECOMMENDATIONS

Administration recommends that Council:

1. Receive this report and attachments for information;
2. Adopt Attachment 3, Model Governance Documents, Phase 2 as a tool for developing and enhancing governance relationships with The City of Calgary's subsidiaries;
3. Direct Administration (Corporate Secretariat) to carry out the workplan set out in Attachment 4;
4. Keep this cover report and Attachments 1, 3 and 4 confidential pursuant to sections 24(1)(i) and (b) until Council rises and reports; and
5. Keep Attachment 2 confidential until December 2018 pursuant to sections 24(1)(a) and (b) of the Freedom of Information and Protection of Privacy Act.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2012 July 24 Council adopted in principle a Framework of Principles for Governance Relationships ("the Framework of Principles"), which were developed to help The City manage its governance relationships with subsidiary entities (C2012-0498).

On 2012 November 19 Council approved the establishment of a Corporate Secretariat for one year, and a workplan which set out a series of steps and deliverables to advance the review of governance relationships with the subsidiaries (C2012-0801). Council subsequently adopted the first phase of deliverables, Model Documents and Evaluation Framework in 2013 September (C2013-0685).

On 2013 November 27 as part of the Budget Adjustment process (C2013-0668), Council approved the establishment of the Corporate Secretariat on a permanent basis.

BACKGROUND

The Corporate Secretariat was initially established for one year to provide support for Council on governance matters, act as a liaison between Council and its subsidiaries, and with direction from Council put the Framework of Principles into action. In order to undertake an in-depth review of the governance relationships with a subsidiary, a baseline set of best practice-based documents and an evaluation framework have been developed and adopted by Council. The consultants who developed much of the materials for the first phase, Watson Advisors Inc., were subsequently retained to prepare a second phase of materials that will add to the existing library of best practice documents and templates, and round out the body of work with a

CORPORATE SECRETARIAT – PHASE 2 MODEL DOCUMENTS AND WORKPLAN

proposed reporting framework, roles and responsibilities description and director recruitment process.

The establishment of the Corporate Secretariat on a permanent basis means that a workplan for 2014 is required.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

A summary report from Watson Advisors Inc. is provided in Attachment 1. It lays out an overview of their task for phase two, and their approach to developing the materials. The proposed reporting framework, roles and responsibilities, and board recruitment process are set out in Attachment 3, which also includes the outline for a Council orientation session on the Governance Model Documents.

The central deliverable is the reporting framework, as it sets the stage for clear lines of accountability to be established. Implementing the proposed reporting framework will entail doing things differently in the future than they have been done in the past. It will also provide a more consistent approach among the subsidiaries as to how they communicate with and report on their progress to Council.

Some of the proposed changes include:

- Ensuring that the subsidiaries undergo a periodic “Mandate review” to confirm that the mandate of the entity is current and reflective of Council’s needs. It is proposed that mandate reviews occur approximately every four years. The subsidiaries would undergo a mandate review on a rotating basis, such that one or two reviews would be carried out each year.
- Each subsidiary would report to The City of Calgary’s Audit Committee once a year. Presently, some but not all of the subsidiaries report to Audit Committee annually.
- Each subsidiary would hold an Annual General Meeting with the Shareholder, and would also have a mid-year review with the Shareholder. Again, some but not all of the subsidiaries currently have two meetings per year with the Shareholder.
- The mid-year review meeting could be held with Council’s Priorities and Finance Committee (PFC). Currently, some of the subsidiaries have opportunities to report through the Standing Policy Committees, but this opportunity is not consistently available. The terms of reference for the PFC, found in the Procedure Bylaw 44M2006, would need to be amended to accommodate this change.

The proposed reporting framework is intended to give effect to current thinking on best practices for governance. Enhancing the opportunity for the subsidiaries to report to Council as the Shareholder, and to allow the Shareholder to obtain the information needed to provide appropriate oversight, is a need that has been identified over the past two years of work on governance matters.

CORPORATE SECRETARIAT – PHASE 2 MODEL DOCUMENTS AND WORKPLAN

In conjunction with the reporting framework, the Roles and Accountabilities descriptions will provide clarifying support for an enriched reporting relationship. The director recruitment process is intended to help the subsidiaries undertake a focused effort to identify the needs of the board, and to assist Council in its role as Shareholder in appointing qualified candidates that have the trust of the Shareholder.

If approved, the reporting framework and other processes will require an implementation strategy which will be developed upon approval of the new processes. In addition Attachment 4 provides a workplan for the Corporate Secretariat in 2014, which will focus on rolling out and implementing the reporting framework, as well as the Council orientation session and other tasks assigned to the Secretariat.

Stakeholder Engagement, Research and Communication

The methodology employed by Watson Advisors Inc. is described in Attachment 1. The consultants were able to build upon the research base that was used in the first phase of deliverables, and added to their understanding of issues and solutions with additional confidential interviews with City staff and representatives of the subsidiaries; researching other Canadian municipalities and Crown corporation governance models from federal and provincial jurisdictions; review of The City's policies and procedures, and application of their professional expertise.

Strategic Alignment

Supporting, clarifying and strengthening the governance relationship between Council and its subsidiaries will provide better understanding for all involved as to their expectations and responsibilities towards each other. This will contribute to The City's efforts to support transparent municipal governance and to continually become a more effective, disciplined and sustainable organization.

Social, Environmental, Economic (External)

Enhanced clarity around the roles, responsibilities and governance of all of Calgary's subsidiaries will support effective service delivery and contribute to accountability and good governance, which are essential to ensuring the sustainability of Calgary's future.

Financial Capacity

Current and Future Operating Budget:

This work was resourced through the 2013 budget for the Corporate Secretariat out of the City Manager's Office (Program 775).

Current and Future Capital Budget:

There are no anticipated capital budget implications associated with this work.

CORPORATE SECRETARIAT – PHASE 2 MODEL DOCUMENTS AND WORKPLAN

Risk Assessment

There are no significant risks associated with this report. The model documents and reporting framework were commissioned in order to reduce The City's risk associated with its relationships with the subsidiaries, by bringing current best practices and practical tools into application.

REASONS FOR RECOMMENDATIONS:

The second phase of Model Documents will be instrumental in implementing the Framework of Principles for Governance Relationships. The Corporate Secretariat workplan will ensure that the Model Governance Documents and reporting framework are put into action.

ATTACHMENTS

Attachment 1: Development of Model Governance Documents for The City of Calgary's Subsidiaries – Summary Report (Watson Advisors Inc.).

Attachment 2: Confidential attachment as per sections 24(1)(a) and (b) of the Freedom of Information and Protection of Privacy Act.

Attachment 3: Model Governance Documents, Phase 2.

Attachment 4: 2014 Workplan for the Corporate Secretariat.