

**REPORT TO GOVERNANCE AND FINANCE COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 06, 2019**

SUBJECT Regional Governance and Transparency Initiatives

ISSUE

Consideration of a Motion with Notice to endorse governance and transparency initiatives and report on resource implications associated with implementing the new initiatives at the Capital Regional District.

BACKGROUND

At the November 14, 2018 Capital Regional District (CRD) Board meeting, a Motion with Notice regarding improving regional governance and transparency was referred to this committee, with further direction that staff provide information on resource implications.

The recommendation in the Motion with Notice (included as Appendix A) was as follows:
That the Capital Regional District Board:

1. Endorse in principle the following best practices in governance and transparency.
 - (1) Introduce a Director Voting Dashboard, to ensure transparency of the voting record of each director on each item of Board and Committee business, adopting the best practice from the City of Vancouver;
 - (2) Publish Directors' annual Financial Disclosure Statements (submitted according to the requirements of the BC Financial Disclosure Act) online and update these disclosure statements on an annual basis, adopting the best practice from the City of Vancouver;
 - (3) Improve Proactive Disclosure of Closed Meeting Business, including decisions and reports of the Board and Committees, as soon as the need for confidentiality has ceased to exist, adopting the best practice from the City of Vancouver;
 - (4) Endeavour to publish information on Directors' Expenses on a quarterly basis, adopting the best practice from the City of North Vancouver;
 - (5) Publish a Board Highlights Report following Board meetings, to make information on key Board decisions accessible to the general public, adopting the best practice from the City of Victoria;
 - (6) Provide clear and accessible Summaries of Financial Information in the CRD's Annual Report and in annual financial planning documents, and provide prominent, easily accessible links to this information on the CRD website, focusing on clarity and transparency in the presentation of this information to the public.
2. Direct staff to report back to the Governance Committee with recommendations for the timely implementation of each of these items.

3. Request that the Chair, on behalf of the Board, forward these recommendations to member local governments, encouraging favourable consideration and action.

ALTERNATIVES

Alternative 1

That the Governance and Finance Committee recommend to the Capital Regional District Board that:

- a) Staff be directed to create a Rise and Report webpage on the CRD website for the disclosure of Closed meeting resolutions that no longer need to be kept confidential;
- b) Rise and report resolutions identify the mover and seconder of the motion and the voting record;
- c) No changes be made to current service levels relating to open meeting vote recording, public access to statements of financial disclosure, Director expense reporting and statements of financial information, or post-Board meeting communications.

Alternative 2

That the Governance and Finance Committee recommend to the Capital Regional District Board that:

- a) Service plans, final budgets and the staff establishment chart be amended for 2020 to accommodate the introduction of:
 - a. A CRD Board Voting Dashboard, and
 - b. Quarterly Expense reporting
- b) Written consent be sought from Directors and Alternate Directors in order to make Statement of Financial Disclosures available on the web starting in January 2020;
- c) A monthly Board Highlights summary be created in lieu of the current press release model;
- d) A Rise and Report webpage be created for the disclosure of Closed meeting records for those resolutions that can be risen and reported on, including the voting record; and
- e) Request that the Chair, on behalf of the Board, forward the direction of the CRD Board on the transparency initiatives to other member local governments.

IMPLICATIONS

Staff have considered the above recommendations in relation to current practice at the CRD to identify any gaps in meeting the identified benchmarks, as well as any resource implications associated with implementing new initiatives.

The recommendations from the Motion with Notice are broken down by item below. Screenshots of the relevant best practice examples from other jurisdictions are included in Appendix B.

- 1) Introduce a Director Voting Dashboard, to ensure transparency of the voting record of each director on each item of Board and Committee business, adopting the best practice from the City of Vancouver.***

The City of Vancouver website hosts a page that lists the voting history of each member of Council on each motion. The data is collected via the City's electronic voting technology and uploaded using open data technology. There appears to be a delay of a couple weeks in the upload of this data to the dashboard.

On May 9, 2018, the CRD Board deferred consideration and implementation of an electronic voting system due to cost and complications with weighted and participant voting. With no electronic voting system, the options for tracking and presenting the vote of Directors on each

motion are either to (a) do a manual input which has small upfront cost but large resource implications or (b) pursue a website or meeting manager based solution that would have higher upfront cost but require less manual data entry. The CRD currently uses Granicus (Legistar) as its meeting manager and there is currently no 'off the shelf' tool for a voting dashboard. Either option would require additional resourcing to implement and maintain.

A further consideration in a voting dashboard is number of Directors and the complication of weighted voting and participant voting. A challenge in a voting dashboard would be to convey the complexity of a weighted vote or participant vote, versus a traditional pass/fail motion at a municipal Council. The complexity of Regional District voting somewhat mitigates the usefulness of a voting dashboard as a quick and easy snapshot of voting outcomes.

Currently, members of the public are able to access the voting record of Directors by accessing the meeting webcast, either live or the archived video that is posted within 24 hours of the meeting. Minutes are also made public, usually within 1 month of the meeting date, and list all Directors that are opposed to a motion, the mover and seconder, and if the motion was carried or defeated. A voting dashboard would not capture any addition information it would simply provide information that is already available in a different format. A comparable regional district, Metro Vancouver, does not record votes as theirs are only counted out loud on request – this is known as a "roll call" vote.

2) *Publish Directors' annual Financial Disclosure Statements (submitted according to the requirements of the BC Financial Disclosure Act) online and update these disclosure statements on an annual basis, adopting the best practice from the City of Vancouver;*

Statements of Financial Disclosure (SOFD) records are filed each year between January 1st and 15th, as required under the Act. Access to these records is also provided under the Act, and all records are made available for public inspection during regular working hours. These records are collected for all current Directors and Alternate Directors. In years where there is a municipal election, SOFD records are also collected for outgoing Directors and Alternate Directors. Further, the Act requires senior municipal officials, including the CAO and CRD General Managers, to fill out SOFD; however, these records are not available for public inspection but can be inspected by Directors. In 2019, CRD will collect 64 SOFD.

There is no legislated requirement to publish SOFDs electronically to the Internet (online) which makes these records and the personal information they contain accessible inside and outside of Canada. If the Board wishes to publish SOFDs online, it would be done starting in January 2020, to address the CRD's privacy requirements and concerns.

Prior to posting SOFDs online, written consent of each affected individual is required. Under the *Freedom of Information and Protection of Privacy Act* (FOIPPA), information must be stored and accessed in Canada only, unless written consent is provided by the individuals being affected. Another privacy concern is that the level of personal information provided is at the discretion of each SOFD filer and varies greatly; while some simply provide income and real owned property information, others provide every mutual fund investment. Thus, the degree of disclosure could result in more or less harm to an individual's privacy by publishing these records online, depending on the level of personal information provided. Redactions may be required and would be done by CRD staff in compliance with the requirements of FOIPPA.

Given the number of Directors, Alternate Directors and those no longer serving, it would require significant staff time and resources to publish historical SOFD records online; requiring staff to: locate and scan SOFD records, obtain written consent from each individual affected, review and apply any required redactions, upload and populate the CRD's website, and track and manage

through to completion. It would be handled within current staff complements, however at the potential delay or expense of other departmental or organizational initiatives.

3) *Improve Proactive Disclosure of Closed Meeting Business, including decisions and reports of the Board and Committees, as soon as the need for confidentiality has ceased to exist, adopting the best practice from the City of Vancouver;*

The City of Vancouver has a webpage dedicated to “Information from In-Camera Meetings”. As of January 30, 2019, the last rise and report was posted on the site on August of 2018. All rise and report items on the site from 2018 were appointments.

The CRD’s current practice for In Camera meetings is to identify those items on the agenda that are appropriate for a rise and report and determine the trigger for the release of that resolution. Not all closed meeting resolutions can be released, and many cannot be risen and reported on the day of the meeting, for example when we are in negotiations for a land purchase, or when senior levels of government require us to keep a matter confidential pending a formal announcement. When a matter is able to be risen and reported on, the closed resolution is then recorded on the open meeting minutes or another means of proactive disclosure, such as a press release or media event. The rise and report item is then recorded on the open meeting minutes and posted online once the minutes are approved at the subsequent meeting.

CRD has made recent improvements in its process to close meetings by providing a brief description of each In Camera agenda item, next to the applicable section of the *Community Charter*, with separate motions passed by the Board for each item. The CRD’s current process for closing meetings meets all best practices set out in the *Ombudsperson’s Best Practices Guide for Local Governments*.

A Rise and Report section on our website, similar to the one from the City of Vancouver, would assist in creating one location where the public can expect the proactive disclosure of Closed meeting resolutions. In addition, more information on the voting related to each resolution could be included: the mover and seconder and who voted in opposition. There would be no additional resources required to implement this webpage, however it may delay other web improvement projects identified by staff. One such project is archiving of past committee and Board minutes to help address delays in the time to download meeting agendas from the CRD website.

4) *Endeavour to publish information on Directors’ Expenses on a quarterly basis, adopting the best practice from the City of North Vancouver;*

Since 2017, the organization has been implementing systems, processes, and procedural improvements to support quarterly financial reporting. In 2018 the CRD began presenting quarterly capital reporting on projects greater than \$500k through the Finance Committee, and in Q2, consolidated into the quarterly CAO report to the board.

The implementation of quarterly operating reporting has been purposely delayed due to the significant implications on organizational change. As we are currently required to produce annual financial statements our regular staffing compliment is supplemented with multiple seasonal resources to assist with year-end activities including our statements of financial information; which includes directors’ expense reconciliation among many other activities. In addition to resourcing this function annually, there would need to be a behavioral shift in timely expense claim submissions.

A review of The City of North Vancouver shows they post detailed quarterly expense claims for their seven member Council, however the most recent data on their website is from Q2 of 2018.

Given the number of Directors and Alternate Directors, the resources required to post quarterly reports at this level of detail would require a minimum of one additional clerk-level FTE for data entry and reporting/processing. Additionally, Directors and Alternates would be required to provide a completed claims form on a quarterly basis, a practice which is currently encouraged, yet most claims are submitted on an inconsistent and in most cases annual basis.

To date no additional staff resources have been requested for quarterly reporting, however moving forward, incremental improvements to quarterly capital and implementation of quarterly operating will require a minimum of 1.0 FTE in the Financial Services department for these increases in service delivery.

5) *Publish a Board Highlights Report following Board meetings, to make information on key Board decisions accessible to the general public, adopting the best practice from the City of Victoria;*

The City of Victoria publishes Council highlights as “a snapshot of the progress made on City programs initiatives and on Council decision making.” The highlights report summarizes certain items for each meeting with links to staff reports on the agenda. The City of Kelowna offers a subscription email and web based summary of Council decisions that focuses on the top items of interest and links back to council meeting details on its website.

The CRD currently has a subscribe feature on its website for members of the public to receive email notifications when agendas and minutes are posted for regional boards, standing committees and various sub-regional and local committees and commissions. Those serve as the official record of CRD business and decisions.

To support public awareness of and understanding of Board decisions, CRD Corporate Communications triages media requests and proactively prepares and circulates press releases, which are also posted on the website and shared on social media. In addition, Corporate Communications coordinates updates to related project and initiative web pages when progress has been made as the result of the Board decision and when public feedback is requested. Topics that have been covered by the media leading up to and following Board meetings may also be featured on the home page for quick access to related information. The Board also participates in formal announcements and events marking major milestones, often with other partners. This overall approach fosters positive media relations and drives media coverage of key activities and decisions. Performance metrics in the Corporate Communications service plan reflect these activities and service level.

A Board Highlights Report could be created with existing resources but would require a reallocation of staff time away from preparing press releases to creating the highlights report instead. A similar selection process would need to be in place for selecting topics of regional impact and interest to be featured each month. The highlights report would have links to related staff reports or web pages instead of media-friendly press releases. Additionally, the highlights report would be sent to email subscribers instead traditional media outlets.

A highlights report may support the goal of transparency, however, staff do not recommend it as the best tool to drive media coverage, as media-friendly releases typically have more background, context and official quotes than would be included in a highlights report.

6) *Provide clear and accessible Summaries of Financial Information in the CRD's Annual Report and in annual financial planning documents, and provide prominent, easily accessible links to this information on the CRD website, focusing on clarity and transparency in the presentation of this information to the public.*

As mentioned in the CAO quarterly report to the board, the CRD has received two Government Finance Officers Association (GFOA) US & Canada awards for financial reporting. The Distinguished Budget Presentation Award (open to all local governments in the US and Canada), and the Canadian Award for Financial Reporting.

GFOA sets the industry standard and guidelines for excellence in local government financial reporting; they are the authority for best practices. A number of changes in CRDs reporting have been implemented since 2016 to redefine processes, clarity, and transparency. The award showcases the changes and alignment with continuing advancements in best practices of financial management and reporting. This is the first time CRD has received the Distinguished Budget Presentation Award and 9 years since winning the Canadian Award for Financial Reporting.

For budgeting, the CRD advances a provisional budget through committees and to the board in the fall of the preceding year for approval before December 31. This is required to set various fees and charges bylaws, continue to execute work programs and advance projects before the final budget in March of the subsequent year. The budget includes a summary presentation to the board in a public meeting which includes various key performance indicators such as; economic and job creation, revenue and funding sources, investments in capital, debt affordability and leverage position, etc. A communications and public feedback campaign utilizing paid print and social media advertising is also included in the budget package, where all public responses are included in the final budget documents.

For the annual report and statements of financial information (SOFI), the CRD presents both in addition to the audit findings report in June of each year. The SOFI includes a summary presentation to the board in a public meeting which includes explanations of changes in addition to another set of key performance indicators such as benchmarking financial position, leverage, interest coverage and reserve health with other comparable regional districts in BC. All financial reports are prepared in accordance with Public Sector Accounting Standards (PSAB) and either meet or exceed requirements of the Financial Information Act (FIA) set by the provincial government. Two examples of CRD published SOFI compared against FIA templates show:

- Schedule of remuneration for Directors – provides additional detail separating salary from allowances. CRD also includes a total of salary, allowances, and expenses;
- Schedule of remuneration for employees – provides additional detail of employee position titles. CRD also includes a total of salary and expenses.

All financial documents, presentations, and simplified infographics are available through the public agenda packages and/or the CRD website. In fact, there is a dedicated landing page on Financial Accountability with easily accessible links and sub sites including:

- Financial Planning; presentations, financial plan summaries, indicators;
- Budget in Brief; current year summary of operating and capital, service activity;
- Budget Planning Process; detailing how budgets are developed annually; and,
- Annual Reports, Corporate Plans, Service Plans, Grants Dashboard, etc.

Resource Implications & Timing

Full implementation of the recommendation from the original Motion with Notice, as reflected in Alternative 2, would require additional staffing as follows:

- 1.0 FTE for Corporate and Executive Services: for additional work related to manually

maintaining and updating a voting dashboard; reviewing, redacting and publishing SOFD; additional data capture, reporting and publication of rise and report items; and support with compiling a Board highlights report;

- 1.0 FTE for Finance: For data entry and processing of quarterly Director expenses alongside quarterly operational reporting and for increasing details within the annual SOFI.

The additional resources have not been included in the Service Plan or budget for 2019 and any direction for implementation would need to be included in Service Plans and budget for 2020, or include a recommendation to amend the provisional 2019 budget to include the identified resource requirements.

CONCLUSION

Staff continually seek improvements and the opportunity to harness technological upgrades to not only increase transparency but also to improve both the public and Board experience. These improvements are incremental but substantive over time.

The proposed initiatives have not been compared against any other potential transparency or overall governance initiatives and do not respond to any specific concerns; however, they generally relate to areas of focus that are already being enhanced with organizational effort towards greater accountability and transparency.

The six transparency initiatives in the Motion of Notice require varying levels of resources and time to implement. The recommended implementation has the least amount of immediate additional resources and reflects the ongoing and recent improvements already underway at CRD to enhance Board transparency.

RECOMMENDATION

That the Governance and Finance Committee recommend to the Capital Regional District Board that:

- a) Staff be directed to create a Rise and Report webpage on the CRD website for the disclosure of Closed meeting resolutions that no longer need to be kept confidential;
- b) Rise and report resolutions identify the mover and seconder of the motion and the voting record;
- c) No changes be made to current service levels relating to open meeting vote recording, public access to statements of financial disclosure, publication of Director expense reporting and statements of financial information, or post-Board meeting communications.

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Attachments:

Appendix A: Motion with Notice of November 2018: Improving Regional Governance and Transparency (Director Isitt)

Appendix B: Samples of Jurisdictional Transparency Initiatives