

<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON SEPTEMBER 10, 2019</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES &amp; CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>PROVINCIAL AUDIT AND ACCOUNTABILITY FUND – TRANSFER PAYMENT AGREEMENT</b>

<b>RECOMMENDATION</b>
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That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the attached proposed by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting on September 17, 2019 to approve the Ontario Transfer Payment Agreement between The Corporation of the City of London and Her Majesty the Queen in Right of Ontario for the provision of funding for an independent third party review of the delivery of housing services; and **TO AUTHORIZE** the Mayor and Clerk to execute the Agreement.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- “RFP 18-04: City of London Service Review – Consulting Services,” Strategic Priorities and Policy Committee, March 26, 2018
- “City of London Service Review: Project Update,” Strategic Priorities and Policy Committee, April 8, 2019
- “City of London Service Review: Review of Service Delivery for Housing,” Strategic Priorities and Policy Committee, August 26, 2019

<b>LINK TO THE STRATEGIC PLAN</b>
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Council’s 2019-2023 Strategic Plan for the City of London identifies ‘Leading in Public Service’ as a strategic area of focus. The City of London’s service review program is aimed at increasing the efficiency and effectiveness of service delivery through targeted service reviews to ensure Londoners experience exceptional and valued customer service.

<b>BACKGROUND</b>
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On March 27, 2018, Municipal Council approved the award of Request for Proposal 18-04 for consulting services for the City of London Service Review project to KPMG LLP. This project involves a number of phases, including:

- Developing service profiles and benchmarking the City’s services;
- Developing and prioritizing opportunities for in-depth reviews;
- Undertaking “deep dive” reviews of the highest priority opportunities identified; and
- Reporting on the results of the reviews undertaken.

On April 8, 2019, the Strategic Priorities and Policy Committee received an update on the status of the City of London Service Review project. As part of this update, it was identified that three “deep dive” reviews would be conducted by KPMG:

- Service Delivery for Housing
- User Fees for Municipal Services
- Service Delivery for Municipal Golf

These three “deep dive” reviews are currently underway or complete, and final reports for all three reviews are anticipated by Fall 2019.

On May 21, 2019, the Province of Ontario announced the creation of the “Audit and Accountability Fund,” making available \$7.35 million province-wide for large urban municipalities and district school boards to “[conduct] line-by-line reviews to identify potential savings, while maintaining vital front-line services.” This announcement was consistent with the focus of the provincial budget released on April 11, 2019, which contained a number of initiatives aimed at reducing the provincial deficit.

Subsequently released program guidelines for the Audit and Accountability Fund revealed the eligibility criteria for the program, most notably:

- Any proposed review project must result in a final report by an independent third-party reviewer; and
- The proposed review project must be completed by November 30, 2019.

Given the parameters of the program and limited time to complete the review(s), Civic Administration elected to submit applications to the Province for the three “deep dive” reviews being undertaken by KPMG for consideration for funding from the Audit and Accountability Fund.

On August 8, 2019, the City received funding approval from the Ministry of Municipal Affairs and Housing for up to \$60,540 in relation to the review of Service Delivery for Housing that was completed and presented to the Strategic Priorities and Policy Committee on August 26, 2019.

In order to receive this funding, the City must enter into a Transfer Payment Agreement with the Province of Ontario, attached as “Schedule 1” to “Appendix A.”

The City Solicitor’s Office and Risk Management have reviewed the Transfer Payment Agreement. Consistent with similar Transfer Payment Agreements from the Province of Ontario, there is an indemnity provision which holds the Province harmless and exposes the City to limitless liability. The inclusion of this provision is non-negotiable, therefore the City will mitigate the associated risks by using the optimum level of oversight, control and discipline in order to provide the proper level of assessment ensuring that programs and service delivery meet our objectives. This is done by using clearly defined expectations of the objectives, functions, eligibility criteria, and recipient obligations for all transfer payment programs. Ultimately, the benefits of the Transfer Payment Agreement outweigh the risk exposure.

## **FINANCIAL IMPACT**

The City of London Service Review project was funded through a one-time drawdown from the Efficiency, Effectiveness and Economy (EEE) Reserve. Receipt of funding through the Audit and Accountability Fund will offset a portion of the total cost of the project, reducing the drawdown required from the EEE Reserve.

## **CONCLUSION**

The City of London has received notification of funding from the Province’s Audit and Accountability Fund in the amount of \$60,540. In order to access this funding, the approval of Municipal Council is being sought to enter into a Transfer Payment Agreement with the Province. The funding received through the Audit and Accountability Fund will offset a portion of the cost of the City’s Service Review project.

**PREPARED BY:**

**KYLE MURRAY, CPA, CA  
DIRECTOR, FINANCIAL PLANNING & BUSINESS SUPPORT**

**RECOMMENDED BY:**

**ANNA LISA BARBON, CPA, CGA  
MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF  
FINANCIAL OFFICER**

cc. Mark Johnson, Business Planning Process Manager

## APPENDIX "A"

Bill No.

2019

A by-law to approve the Ontario Transfer Payment Agreement between Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing and The Corporation of the City of London for the provision of funding for an independent third party review of the delivery of housing services and to authorize the Mayor and City Clerk to execute same.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended, provides that a municipal power shall be exercised by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001*, as amended, provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS it is deemed expedient for The Corporation of the City of London to enter into the Ontario Transfer Payment Agreement with Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing for the provision of funding for an independent third party review of the delivery of housing services;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Ontario Transfer Payment Agreement ("Agreement") between Her Majesty the Queen in right of Ontario as represented by the Minister of Municipal Affairs and Housing and The Corporation of the City of London, substantially in the form attached hereto as Schedule "1" to this by-law, is hereby authorized and approved.
2. The Mayor and City Clerk are authorized to execute the Agreement approved under section 1 of this by-law.

This by-law shall come into force and effect on the day it is passed.

Ed Holder  
Mayor

Catharine Saunders  
City Clerk

First Reading –  
Second Reading –  
Third Reading –