

Presented To:	Audit Committee
Presented:	Tuesday, Dec 03, 2019
Report Date	Tuesday, Nov 19, 2019
Type:	Managers' Reports

Request for Decision

Governance Audit of the Greater Sudbury Public Library

Resolution

THAT the City of Greater Sudbury approves the recommendations as outlined in the report entitled "Governance Audit of the Greater Sudbury Public Library", from the Auditor General, presented at the Audit Committee meeting on December 3, 2019.

Signed By

Auditor General
Ron Foster
Auditor General
Digitally Signed Nov 19, 19

Relationship to the Strategic Plan / Health Impact Assessment

Audits promote improved governance processes, value for money in operations, and effective safeguards over assets.

Report Summary

This audit indicated that a number of changes are required to the oversight processes for the GSPL and the City's museums in order to fully respond to the requirements within the Public Libraries Act and Ontario Heritage Act as well as the applicable governance standards for community museums.

Financial Implications

No direction financial implications

Governance Audit of the
Greater Sudbury Public Library

November 20, 2019
Final Report



1. ORGANIZATIONAL BACKGROUND

Following the amalgamation that established the City of Greater Sudbury (City), the Greater Sudbury Public Library (GSPL) was formed in accordance with the City of Greater Sudbury Act, the Public Libraries Act (the Act) and By-law 2001-23A of the City.

The GSPL has 13 locations including Main, Azilda, Capreol, Chelmsford, Coniston, Copper Cliff, Dowling, Garson, Levack-Onaping, Lively, New Sudbury, South End and Valley East.

The GSPL Board currently includes six citizens and one member of Council. Members of the Board have also formed the Greater Sudbury Heritage Museums Advisory Panel which oversees the City's four museums in Lively, Copper Cliff, Azilda and the Flour Mill area.

The GSPL's Board entered into a services agreement with the City of Greater Sudbury in 2002 that was by authorized by By-law 2002-24 on February 14, 2002. Under this agreement, the Board appoints the City Solicitor and his or her delegates as the Board's solicitor and the City Treasurer as the Board's Treasurer.

In 2017, the Board passed a resolution to appoint the City's Treasurer as the GSPL Treasurer and the City's Director of Children and Citizen Services as the Chief Executive Officer and Secretary on an interim basis.

For the fiscal the year ended December 31, 2018, the GSPL had revenues of approximately \$0.8 million and expenses of \$6.6 million.

2. GOVERNANCE REVIEW: APPROACH & EXECUTION

This governance audit was completed based on the assessment framework detailed in the *Practice Guide to Auditing Oversight* published by the Canadian Audit & Accountability Foundation. Based on the *Practice Guide*, the following Approach, Objectives and Assessment Criteria were used.

2.1 Approach

The audit focused on the oversight structures and systems in place within the GSPL, including examining:

- Structure and mandate;
- Definition of roles and responsibilities within the GSPL;
- Oversight exercised by the Board over its respective areas of responsibility; and
- Oversight exercised by the City over the GSPL.

2.2 Scope

The scope of the audit included activities from January 1, 2016 to August 31, 2019.

2.3 Objectives & Assessment Criteria

The key objective of this audit was to assess the effectiveness of the design of oversight structures and processes. As such, the audit was not specifically designed to assess whether the oversight processes are operating as designed and/or the outcomes generated by these oversight processes are appropriate. The table below sets out the audit objectives and related assessment criteria.

Audit Area	Objectives	Assessment Criteria
Overall Oversight Framework	To determine whether the structures and processes established for the organization set the framework for effective oversight	The governance structure and mandate of the organization are sufficient and appropriate to provide a framework for effective oversight.
Oversight Roles	To determine whether the board (or governing body) has clear oversight roles and responsibilities and a clear mandate to carry out specific oversight functions	The oversight body and its committees and members have clearly defined oversight roles and responsibilities.
Performance Monitoring	To determine whether the board (or governing body) has put in place adequate systems and practices to monitor the organization's performance in meeting its established objectives	The oversight body has established a performance management framework for the organization. Performance targets and pertinent indicators are in place to enable the oversight body to monitor organizational performance effectively.
City Oversight	To determine whether the City has established a clear framework for the oversight of the organization	The City has defined and communicated its performance expectations and the reporting thereof.

2.4 Execution

The audit was completed based on a number of key activities:

- **Documentary Review:** Relevant documentation was collected and reviewed;
- **Interviews:** All members of the Board as well as the Acting Chief Executive Officer and certain members of senior staff at the City were interviewed; and
- **Informal Benchmarking:** Benchmarking was completed for public library systems in other medium-sized Ontario municipalities.

2.5 Executive Summary

This audit indicated that a number of changes are required to the oversight processes for the GSPL and the City's museums in order to fully respond to the requirements within the Public Libraries Act and Ontario Heritage Act as well as the applicable governance standards for community museums.

2.6 Audit Standards

We conducted our audit in accordance with Generally Accepted Government Auditing Standards which require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

For further information regarding this report, please contact Ron Foster at extension 4402 or via email at ron.foster@greatersudbury.ca

3. OBSERVATIONS

The following section sets out the key observations which generally relate to the design of the oversight structures and processes in place with respect to the GSPL. However, observations related to the operation of these structures and processes are noted where relevant.

3.1 Overall Oversight Framework

Observations:

The oversight framework is not designed effectively to set out the mandate of the Board for proper oversight of the GSPL. Specific concerns include:

- a) The requirement for the GSPL to be under the management and control of the Board as set out in section 3(3) of the Public Libraries Act (the Act) is not clearly identified within the Board manual.
- b) The agreement between the GSPL Board and the City has not been updated since it came into effect on February 14, 2002.
- c) The City has appointed only one member of Council to the Board of the GSPL. This practice is inconsistent with most of the City's municipal peers which appoint a higher number of Council members to their respective Library Boards.

Recommendations:

- a) The requirement for the GSPL to be under the management and control of the Board should be clarified to members who are appointed to the Board during the orientation sessions following each municipal election.
- b) The agreement between the GSPL Board and the City should be updated to align with the Board's powers and duties which are set out in the Act.
- c) Council should consider appointing at least two members of Council to the Board of the GSPL.

Management Responses:

The Library's Board agrees.

The City of Greater Sudbury agrees and will undertake a process to work with the GSPL Board to review and update the operating agreement by the end of Q2 2020.

By the end of Q1 2020, for Council's consideration, the City of Greater Sudbury will bring a recommendation to the CGS Nominations Committee to appoint an additional member of Council to the GSPL.

3.2 Oversight Roles & Responsibilities

Observations:

- a) There are a number of Board duties that are set out in the Act that are not clarified in the current Board Manual, including:

- a. Seek to provide in co-operation with other library boards, a comprehensive and efficient public library service that reflects the community's unique needs;
 - b. Seek to provide library services in the French language, where appropriate;
 - c. Operate one or more libraries and ensure that they are conducted in accordance with this Act and the regulation;
 - d. Fix the times and places for Board meetings and the mode of calling and conducting them, and ensure that full and correct minutes are kept;
 - e. Make an annual report to the Minister and make any other reports or provide any information required by the Public Libraries Act or regulations;
 - f. Make provision for insuring the board's real and personal property;
 - g. Take proper security for the Treasurer for relevant amounts owed to the GSPL;
- b) Although the agreement between the GSPL and City automatically appoints a Treasurer and Solicitor, the statutory obligation of the Board to appoint a Chief Executive Officer and Secretary are not identified; and
 - c) The duties of the Chief Executive Officer and Secretary are not defined within the agreement between the GSPL and the City or in job descriptions.
 - d) The duties of the Treasurer are not identified in the agreement between the GSPL and the City.

Recommendations:

- a) The specific duties and powers of the Board that are set out in the Act should be identified clearly within the Board Manual.
- b) The Board should appoint a Chief Executive Officer and Secretary every 4 years to coincide with the term of the Board.
- c) The duties of the Secretary and Chief Executive Officer should be defined within the agreement between the GSPL and the City and in job descriptions as these individuals have an ongoing working relationship with the Board and important statutory obligations.
- d) The duties of the Treasurer should be identified in the agreement between the GSPL and the City to ensure both the statutory and non-statutory duties are fulfilled.

Management Response:

The Library's Board agrees.

The City of Greater Sudbury agrees and will undertake a process to work with the GSPL Board to review and update the operating agreement by the end of Q2 2020.

3.3 Performance Monitoring

Observations:

The Board has not established systems and practices to monitor the performance of the GSPL or to assess the extent to which its established objectives have been achieved. For example:

- a) The last Strategic Plan that was developed was for 2011 to 2015;
- b) The Board has never approved the annual budget for the GSPL;
- c) The Board has never received financial statements or benchmarking information to monitor the performance of the GSPL;
- d) The Board has never approved the annual report to the Minister; and,
- e) The Board has never conducted an annual performance appraisal for the Chief Executive Officer or Secretary.

Recommendations:

- a) The Board should update the strategic plan.
- b) The Board should approve the annual budget for the GSPL.
- c) The Board should review and approve quarterly financial statements of the GSPL and benchmarking information on an annual basis to allow Board members to monitor the GSPL's performance;
- d) The Board should ensure it reviews and approves the GSPL's annual report to the Minister.
- e) The Board should conduct annual performance appraisals for the Chief Executive Officer and Secretary.

Management Response:

The Library's Board agrees.

The City agrees. In its role as Financial Services Provider, the City of Greater Sudbury will work with the GSPL to establish systems and reporting structures to ensure that the Board has the appropriate information in a timely manner so as to meet its obligations as outlined in this recommendation. This undertaking will be reflected in the updated agreement between the two organizations.

3.4 City Oversight

Observations:

The City has not established an effective general framework for the oversight of the GSPL. For example:

- a) The City does not review and approve a separate annual budget for the GSPL as the financial results are included within the results for Children and Citizen's Services.
- b) The City does not review and approve the annual return to the Minister for the GSPL.

- c) The City does not recruit and appoint separate members to an Advisory Panel to oversee the City's museums in accordance with the Ontario Heritage Act and applicable governance standards for community museums. Instead, the members of the GSPL Board have traditionally been appointed to this panel which meets twice a year in accordance with the Ontario Heritage Act.

Recommendations:

- a) The City should review and approve a separate annual budget for the GSPL.
- b) The City should review and approve the annual return to the Minister for the GSPL.
- c) Following the next election, the City should recruit and appoint members to an Advisory Panel to oversee the City's museums in accordance with the Heritage Act and applicable governance standards for community museums.

Management Response:

The City agrees. In its role as Financial Services Provider, the City of Greater Sudbury will work with the GSPL to establish systems and reporting structures to ensure that the Board has the appropriate information in a timely manner so as to meet its obligations as outlined in this recommendation. This undertaking will be reflected in the updated agreement between the two organizations.

The City will work with the GSPL to establish a process to review and approve the annual return to the Minister.

The City accepts the recommendation regarding museums and will undertake a full strategic review of Greater Sudbury Museums by the end of 2020.