



STAFF REPORT ACTION REQUIRED

Publishing Expense Details on the City's Website

Date:	January 13, 2012
To:	Government Management Committee
From:	City Manager
Wards:	All
Reference Number:	P:\2012\Internal Services\acc\gm12003(AFS14870)

SUMMARY

This report responds to the two motions referred from the Government Management Committee on publishing certain expenses for staff and business meeting expenses for divisions on the City's public website on a semi-annual basis.

RECOMMENDATIONS

The City Manager recommends that:

1. Commencing with the 2012 calendar year, expenses related to business meetings, business travel, conferences, training, hospitality and protocol expenses be published on the City's public website for each Division on a semi-annual basis.

Implementation Points

Divisional expenses for business meetings, business travel, conferences, training, hospitality and protocol expenses for the first six (6) months of 2012 will be posted in early September 2012, with ongoing postings thereafter to be done on a semi-annual basis. Accounting Service staff will work with Corporate I&T on developing an appropriate format to tabulate and post divisional expenditures on the City's public website.

Additionally, as directed by Council, 2011 expenses related to business travel, conferences and training, hospitality and protocol for senior staff (Division Heads and

above) will be published by April 2012 with ongoing postings thereafter to be done on a semi-annual basis.

Financial Impact

There is no financial impact resulting from the adoption of this report.

Should Council request that expenses be published for individual staff, additional time will be required to work with Divisions to develop a process for tracking and appropriately apportioning costs to individual employees, and to assess resource and system requirements, including potential financial impacts.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on November 29, 30 and December 1, 2011, City Council adopted the following in relation to item GM9.4 titled "Feasibility of Publishing Expense Details of Senior City Staff on the City's Website":

1. City Council approve to be published on the City's public website on a semi-annual basis, commencing with the 2011 calendar year, expenses related to business travel, conferences and training, hospitality and protocol for senior staff positions at the Division Head level and above.
2. City Council provide a copy of this report to the City's major agencies and corporations requesting that they adopt a similar policy for their organization if they have not already done so.

At its meeting held on November 9, 2011 the Government Management Committee, in its consideration of the aforementioned item, referred the following motions to the City Manager for report back at its meeting on January 30, 2012:

1. Moved by Councillor Doug Ford:

That travel and hospitality expenses of any City staff paid for by the public be posted on the City of Toronto Website.
2. Moved by Councillor Jaye Robinson:
 - a. That commencing with the 2011 calendar year, expenses related to business travel, conferences and training, hospitality and protocol for staff be published on the City's public website on a semi-annual basis.
 - b. That commencing with the 2011 calendar year, expenses related to business meetings for divisions be published on the City's public website on a semi-annual basis.

COMMENTS

Government Management Committee has asked staff to report on the feasibility of publishing, on the City's public website, expenses related to business travel, conferences and training, hospitality and protocol events, and business meetings. The following provides a brief description of these expense categories:

Kilometrage, In-Town (i.e. within the GTA) is an allowance paid to employees for the use of their personal vehicle for business travel. Given that Divisions deliver services through, and to, a vast number of City facilities and properties across Toronto, many staff are required to travel to various locations in carrying out their job responsibilities. For example, this includes:

- Staff travelling from one office business location to another;
- Staff carrying out inspection duties (examples are in Transportation Services, Toronto Water, Toronto Buildings, and Municipal Licensing & Standards);
- Staff visiting clients (examples are in Public Health, Social Services, and Children Services etc).

Training represents education provided to employees through an academic institution, professional body or other professional organization. Much of the training provided to employees is mandatory or legislated (e.g. Health and Safety, Human Rights, and ongoing training for emergency services staff), or a requirement of the position including training on technical subjects, systems and policy requirements. Training can be provided on an individual basis, but it is often provided to groups of employees.

Business Travel is for travel necessary to conduct City business outside of the GTA. Business travel must be within budget and properly approved, and is required by employees to carry out duties directly related to their job responsibilities or to participate in their capacity as an executive of a professional association where membership is paid by the City. Expenses for business travel include kilometrage, hotel, airfare, ground transportation, per diem and other expenses. Examples of Business Travel include: Meetings of the Board of Directors; Big Mayors' caucus of FCM in support of Mayor and Councillor Board Members; meetings between the City Manager and Federal Clerk of the Privy Council and Federal Deputy Ministers; meetings of the Regional & Single Tier CAO's; participation in professional associations, e.g. MFOA, GFOA, Canadian Institute of Planners.

Conferences & Seminars may be attended by City employees in the course of their work to represent the City and advance its interests. Expenses for conferences and seminars include kilometrage, hotel, airfare, ground transportation, registration fees, per diem and other expenses.

Hospitality & Protocol are business meetings and official visits and official events hosted by City employees on behalf of the City and/or Council for external business contacts and

stakeholders related to the City business. These expenses may include receptions, catering services and meal expenses for hosting dignitaries.

Business Meetings are business and staff meetings held by staff to discuss, plan and make decisions on City business. Business meetings involve mainly internal staff, though staff from multiple Divisions may be in attendance. Expenses must comply with City policies and may include food and refreshments, facility and equipment rentals, supplies, and other required expenses.

Management and control of expenses

The City has policies which establish the rules regarding the types of business expenses which may be incurred or reimbursed and outline senior management responsibilities as to the occurrence, approval and oversight of these expenses. Each Division is responsible for adhering to these policies and may have additional systems in place to manage these costs at the service or activity levels. In addition, the Auditor General periodically audits business expenditures, and the external auditor reviews certain matters during their annual audit.

Survey of other governments' reporting

Staff surveyed other levels of government and other municipalities across North America to determine the extent of reporting on staff expenses. In general, reporting is limited to out-of-town travel and hospitality for senior executives:

- The Federal government reports on out-of-town travel and hospitality expenses for senior management staff;
- There are three provinces in Canada which report on management expenses:
 - Ontario - out-of-town travel and hospitality for senior managers;
 - New Brunswick - out-of-town travel and other for senior managers, which includes living expenses, transportation, accommodations and meals, business meetings and incidental travel expenses.
 - British Columbia - out-of-town travel expenses greater than \$5,000 per year.
- In Ontario, 28 municipalities were surveyed and the only municipalities that report staff expenses are Ottawa and London. Both of these municipalities limit reporting to the top five (5) senior executives with Ottawa reporting travel, hospitality and membership expenses for its top five executives and London reporting out-of-town travel expenses for its top five executives;
- Five major Cities (Montreal, Winnipeg, Calgary, Edmonton, and Vancouver) in Canada were surveyed, and only Calgary reports on dining and hosting expenses for General Managers, the CFO and the City Manager.
- Five major U.S. Cities (New York, Chicago, Boston, Los Angeles, and Washington) were surveyed and none report on senior management expenses.

Publishing of expenses for the City

Beginning in 2012, the City of Toronto will publish on its public website, expenses related to business travel, conferences and training, hospitality and protocol for Division Heads and above. Expenses for 2011 will be posted by April 2012, 2011, with ongoing postings thereafter to be done on a semi-annual basis.

To further enhance this initiative, this report recommends publishing these same expenses, as well as business meeting expenses, for each of the City's Divisions on a semi-annual basis commencing with the 2012 calendar year. Divisions and staff are delegated responsibility for providing programs and services and, in order to do so, many different types of expenses are incurred, including those subject to this report.

Reporting such expenses at an individual staff level is often not appropriate or meaningful given that many of the costs incurred are:

- Delivered at a program or divisional level. These are not directly incurred by or related to individual staff members, and therefore would be difficult to allocate. For example, training and/or business meetings are often conducted at a program level or for a group of staff, and it would be difficult and sometimes inappropriate to allocate these to individual staff members.
- Related to corporate initiatives or responsibilities. As an example, hospitality and official visits and official events are normally coordinated and hosted for the City and/or Council, with staff often required to attend to support the Mayor and/or Council.
- Related to mandatory and legislative requirements. For example, ongoing required training for emergency services staff, Human Rights training, Health and Safety, and Ontario Disabilities Act training.
- A requirement in fulfilling day-to-day job responsibilities and requirements. For example, City staff are required to travel to many properties across the City as part of their job to inspect buildings, roads, water and sewer connections, properties, and issue bylaw infractions.

Although there may be a personal element of benefit in some of the expenses, the overriding factor with all expenses is that the primary benefit must be for the City.

Costs implications

Attempting to report on the basis of employees is problematic because there is an administrative cost associated with tracking, allocating and publishing such expenses at an individual staff member level. In order to report senior staff (Division Head and above) expenses, a certification process is underway in each Division, with Accounting Services coordinating the collection of data, verifying to Corporate records, and publishing the data. Attempting to expand publishing to include all employees who incur

business travel, conferences, training, hospitality and protocol expenses (involving an estimated 7,000 employees), would be problematic and require much more time for certification at the Divisional level, as this information is not readily available from the City's financial system.

Although controls are in place and approvals are made for each type of expense, the City's corporate systems only track expenses by employee when they are paid through the Payroll system or reimbursed directly to the employee. Expenses, generally paid directly to suppliers, are not allocated to employees in the financial system, and would result in analysis at the divisional level should there be a requirement to list expenses by employee. In addition, expenses incurred for a group of employees would need to be analyzed and appropriately allocated to individuals on a manual basis. A process for appropriately tracking and allocating costs to individual employees would need to be developed.

It will likely take less than one person year in each of the City's Divisions to track, accumulate and allocate all costs to individual employees, the amount of time to do this City-wide will be considerable, both during the initial publishing phase, and every six months. If this requirement resulted in an additional financial analyst per cluster, the extra costs for this reporting would exceed \$300,000. A report back would be required to determine the staffing impact by Division and Cluster. Reporting at the Divisional level would be more cost efficient and would be more meaningful as an aggregation can be made by program or service.

Recommended reporting

In order to promote transparency and openness in an efficient and publicly meaningful way, it is recommended that expenses related to business meetings, business travel, conferences, training, hospitality and protocol expenses for each of the City's Divisions be posted on the City's web-site on a semi-annual basis concurrent with the posting of senior staff (i.e. Division Head level and above) expenses.

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SIGNATURE

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