Toronto Foundation for Student Success

Date: April 9, 2013
To: Executive Committee
From: City Manager
Wards: City-wide
Reference Number:

SUMMARY

This report provides information to clarify the accountability of the Toronto Foundation for Student Success (TFSS) to the Toronto District School Board (TDSB), and the role of Councillors on the TFSS as requested by Council, to inform Council's decision regarding the continued appointment of Councillors to the TFSS.

This report includes recommendations aimed at maintaining the stability of the TFSS and Student Nutrition Program by recommending continuation of the appointment of a Member of Council, while recommending measures that would enhance the accountability framework.

RECOMMENDATIONS

The City Manager recommends that:

1. Council resume the appointment of a Council member to the Board of the Toronto Foundation for Student Success through the Striking Committee, to maintain linkage with the TFSS Board and oversight of the City's contribution to the Student Nutrition Program.

Financial Impact

There are no financial implications resulting from the implementation of the recommendations in this report.
DECISION HISTORY

Submission of this report responds to City Council's referral of the appointment of a Council Member to the TFSS in Item ST8.1, Council Member Mid-term Appointments to Committees, Agencies and Advisory Bodies at its meeting of November 27, 28 and 29, 2012. The referral requested that the City Manager report to Executive Committee on clarification of the role of Council members on the Toronto Foundation for Student Success Board of Directors, and the accountability of the TFSS to the Toronto District School Board. This directive required that CMO Staff review information from the TDSB, the TFSS and City Staff, in order to report back to Council. This Council referral is located at: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.ST8.1.

On January 15 and 16, 2013 in Item EX27.1, Council approved Toronto Public Health's 2013 Operating Budget, which includes funding of $5,299,908 gross and net for the Student Nutrition Program ($3,819,580 for 2012) with $5,076,996 for the enhancement of the existing Student Nutrition Program and $222,912 for the expansion of the program into 19 additional schools beginning in the 2013/2014 school year. 2013 allocations through the foundations have not yet been finalized. In 2012, this funding was provided through the Angel Foundation for Learning ($730,259) and the Toronto Foundation for Student Success ($2,989,321) to administer the student nutrition programs across the City of Toronto, with $100,000 held in reserve for appeals and late applications.

Council also directed in Item EX27.1 that the Medical Officer of Health and the Board of Health review the accountability framework for the City's financial investment in student nutrition. This work is currently underway at Toronto Public Health and is expected to come forward to Council in a separate report in 2013.

BACKGROUND

Profile of the Toronto Foundation for Student Success

The Toronto Foundation for Student Success is not a board of the City of Toronto. The TFSS is an independent, not-for-profit charitable corporation without share capital, registered under the Business Corporations Act (Ontario), affiliated with, but at arm's-length from, the Toronto District School Board. It is not a wholly owned subsidiary of the School Board. It is the successor organization of the foundation for the Advancement of Community and Education - East York, in the former Borough of East York, formed by superintendents, teachers, principals, school trustees, social workers and a business development coordinator. The corporation subsequently underwent a change of name on November 17, 1998, at the time amalgamation to the Toronto Foundation for Student Success.
Objects of the Toronto Foundation for Student Success Corporation

The stated Objects of the corporation are to receive and maintain charitable funds and other property, and apply these funds to charitable purposes of an education nature, including but not limited to:

i) the development, support and advancement of educational programs and experiments that would promote the cause of education generally or benefit the community;

ii) the making or awarding of gifts or awards to organizations, individuals or institutions to further and promote education;

iii) to assist individuals, organizations and institutions in the development of program proposals which may be supported by alternate sources of funding; and

iv) cooperating in any manner consistent with these Objects with any agency, organization or group, private or governmental, which support educational goals.

Further, the corporation is to carry out its Objects without the purpose of gain for its members, and any profits gained are used in promoting its Objects by distributing or using funds for charitable purposes. Members of the Board of Directors serve without remuneration except for reimbursement of reasonable expenses.

Mandate and Structure of the TFSS:

The TFSS Board's draft mandate (October 9, 2012) among other responsibilities, includes the responsibility to oversee the conduct and affairs of the Foundation. The Board is also responsible for the overall strategic directions of the Foundation and their implementation, internal controls and management. The Board is aware of funding initiatives and provides support to these initiatives wherever possible.

The governance structure of the board includes a number of sub-committees: the Governance Committee; an Executive Committee composed of the Chair, Vice-Chair, Treasurer and Executive Director; a Program and Planning Committee; a Finance Committee; and is currently launching a Fundraising Committee.

Composition of the Board of the Toronto Foundation for Student Success:

The TFSS Board consists of 20 Directors as follows (Toronto Foundation for Student Success By-law No.3; December 1999):

i) Director of Education
ii) A Financial Officer of the Toronto District School Board
iii) A Superintendent from the Toronto District School Board
iv) Three Trustees of the Toronto District School Board selected by the Toronto District School Board
v) A Toronto City Councillor selected by Toronto City Council, provided such selection is confirmed by the members of the TFSS Board
vi) 11 representatives of the communities in the City of Toronto who are residents of the City and elected by members
vii) A representative of organized labour elected by the members
viii) A representative of the health care sector elected by the members

Apart from stakeholder nominated members, the Board has delegated to the Governance Committee the responsibility for identifying required skill sets for the Board, community outreach, interviewing and nomination. Nomination of candidates is then presented for approval by the Board of the TFSS.

**Accountability Framework of the Toronto Foundation for Student Success to the Toronto District School Board**

Council has requested clarification on the accountability of the Toronto Foundation for Student Success to the Toronto District School Board. The Toronto Foundation for Student Success is an independent, not-for-profit, charitable corporation and is not a wholly owned subsidiary of the Toronto District School Board. Both the TDSB and the TFSS have confirmed that the TDSB has not exercised direct oversight of the Foundation, since its beginnings with the Board of Education for the Borough of East York. The TFSS conducts its business planning independently and business plans are only provided at the discretion of the TFSS.

The TDSB is one of many funding partnerships of the TFSS, which include Federal, Provincial and Municipal governments, concerned corporations, NGO's, private individuals and families, and diverse communities.

There are, however, some mechanisms through which the TDSB remains closely involved with the work of the TFSS:

- through representatives on the TFSS Board who are appointed through a resolution of the TDSB, including the influence of Director of Education, who report back to the TDSB on the operations of the Board;

- Audited Financial Statements are submitted annually to the TDSB CFO and published annually by the TFSS;

- financial reports are presented to TFSS Board members at meetings, and the TDSB has the option of obtaining these from its members on the TFSS Board.

The TDSB also contracts with the TFSS for services which include student nutrition at schools, and there is accountability for the administrative support provided annually to TFSS by the TDSB for this purpose, through invoiced payments and service standards. This administrative subsidy allows 100% of other donations to go directly into the nutrition programs.

At this time, there is no formal financial or governance accountability of the TFSS to the Toronto District School Board, except as a service provider for administrative services for the Student Nutrition Program that is paid for by the TDSB. As such, the TFSS maintains a separate operation.
It is to be noted also that the Toronto District School board is also not a city board of the City of Toronto, and not accountable to Toronto City Council.

**Role of the City Councillor on the Board of Directors of the Toronto Foundation for Student Success**

Since its inception in 1998, a series of Council member appointments have been made to the Board of the TFSS. Under the October 9, 2012 Board Mandate document provided by the TFSS, the mandate of the Board of the TFSS among others are:

- Responsibility for stewardship of the organization; oversee conduct of its affairs
- Setting overall strategic directions and tracking of implementation
- Internal controls and management
- Management effectiveness
- Awareness of funding initiatives and support to these whenever possible. This clause, along with the fact that the TFSS is in the process of setting up a Fundraising Committee, leads to the conclusion that Directors of the Board are not formally required to engage directly in fundraising. The mandate reads: "some board duties will be discharged directly, and some through committees of the Board."


The 2011 report clarifies the role of Councillors serving on City boards. While the report does not specifically outline the role of Councillors on non-City external boards, the general principles are applicable. It clarifies that the general role of Councillor members on an external board where appointed by the City are multi-fold:

- bring forward where required the perspective of the board to Council
- bring forward City Council perspective at board meetings
- bring forward community perspective; and
- integrate a consensus between perspectives.


There is no provision in the Board or Council documents that automatically prevents a member of Council from serving on the board of a fundraising body such as the Toronto Foundation for Student Success, except where there would be a conflict of interest, determined on a case by case basis.

The role of a Board member to be "aware of funding initiatives and support these whenever possible", along with the fact that the TFSS is in the process of setting up a Fundraising Committee, leads to the conclusion that Directors of the Board are not formally required to
engage directly in fundraising. The mandate reads: "some board duties will be discharged directly, and some through committees of the Board."

Accountability and Controllership Regarding City Contributions to Student Nutrition Programs Administered by the TFSS

In recognition of the value placed on student nutrition programs in the City of Toronto, Council has invested in this initiative through the Board of Health and Toronto Public Health. The 2013 allocation to this program as authorized by City Council was to enhance current programs and to expand the program to reach additional schools within the City. Council also authorized the Medical Officer of Health to enter into service contracts on behalf of the City with the Toronto Foundation for Student Success regarding the Student Nutrition Program.

The Medical Officer of Health has confirmed that the TFSS is in full compliance with all of the requirements of these contracts with the City, and that there are currently adequate accountability mechanisms in place to account for the City's contributions to the programs. City controllership includes the following measures:

- Approval of funds to individual programs are made under the direction of the Toronto Partnership for Student Nutrition Steering Committee (TPSN), a table of student nutrition program partners established by Toronto City Council, with a Chair and secretariat support from the TPH;

- A Service Contract between the Medical Officer of Health on behalf of the City of Toronto and the TFSS for provision of services which specifies: the distribution of funds in three instalments to Student Nutrition Programs as directed by the TPSN, collection of monthly financial reports from fund recipients, and submission of three financial reports to the City;

- The TFSS as a service provider has produced detailed reports and financial statements to the City for each Student Nutrition Program receiving funds;

- The Service Contract provides performance standards and corrective action and remedies in the event of default; and

- The City retains the right to audit and inspect accounts records, receipts and other documents of the TFSS.

At the request of City Council, the City's Medical Officer of Health is in the process of reviewing the accountability framework for the Student Nutrition Program to report back to Council through the Board of Health in 2013.

Conclusion

It should be noted that the information about the Toronto Foundation for Student Success are based on review of available documentation and informal, voluntary interviews with the following organizations: the Toronto Public Health, Toronto District School Board, and the
Toronto Foundation for Student Success. The conclusions reached regarding the role of the City Councillor on the TFSS, the accountability framework of the Toronto Foundation for Student Success to the Toronto District School Board, and TFSS' accountability to the City of Toronto regarding the City's service subsidy for the Student Nutrition Program, are based on that process. Both the TDSB and TFSS have confirmed that the TFSS is an independent, arm's-length, charitable foundation, and not a wholly owned subsidiary of the Toronto District School Board, with various funding partners, programs and clients. Staff review of documentation indicates it would be beneficial for the Board to update its by-laws and other corporate documentation as required by applicable legislation.

Council's Appointment of a Member to the TFSS

Taking into account the available information, the City Manager is recommending that Council resume appointment of a member of Council to the Toronto Foundation for Student Success for the remainder of the Council term, through the Striking Committee.

City Manager's Staff have consulted with the Medical Officer of Health and Staff of Toronto Public Health, the CEO of the Toronto Foundation for Student Success, and the Toronto District School Board, including the Education Director, CFO and the Board's Legal Counsel, in the development of this report. Staff have also consulted with City Staff of the Clerk's Office, Legal Services and Financial Planning.

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SIGNATURE

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