



THOMPSON-NICOLA
REGIONAL DISTRICT

TNRD PROGRESS: ACCOUNTABILITY

OCTOBER 2022

CORPORATE GOVERNANCE ACTIVITIES AND OVERSIGHT



Ref.	Action Item	Recommendations	Status	What We've Done
1	Strengthen Board oversight on financial controls	<ol style="list-style-type: none"> 1. Provision of governance, ethics and fraud awareness training on an annual basis. Mandatory onboarding sessions for newly appointed Board members 2. Consider governance and financial skills to be amongst the TNRD Board of Directors 3. Delegate governance reviews to the Audit Committee or to Internal Audit. If necessary, seek external advice and review/assessments. 	(90%)	<p>Newly-elected Board members are provided with orientation/ training at the start of their 4-year term which includes governance, ethics, conflict of interest and roles and responsibilities of elected officials. Staff will incorporate fraud awareness training into orientation, and staff will look into implementing “refresher” training on a yearly basis.</p> <p>TNRD Directors are democratically elected by their constituents – there is no ability to enforce criteria or requirements with respect to background or skillset.</p>

CORPORATE GOVERNANCE ACTIVITIES AND OVERSIGHT



Ref.	Action Item	Recommendations	Status	What We've Done
2	Strengthen oversight by TNRD Audit Committee	<ol style="list-style-type: none"> 1. The Audit Committee should develop a Charter to define its roles and responsibilities and reporting requirements 2. Ensure that the Audit Committee has access to resources and relevant committee skills 3. Ensure access to internal audit capacity to carry out the audits. Engage external advisors where there are capacity constraints or special investigations are warranted. 4. Frequent rotation of Audit Partners, and change in selection of Audit firm. 5. Complete External Audit quality feedback questionnaire 	76%	<p>Request for proposal in progress for independent External Auditor. TNRD has sought proposals from firms that have not performed annual auditing services for TNRD in recent years.</p> <p>The Audit Committee has now been restructured into a Finance Committee, and the Terms of Reference were approved at the September 22 Board meeting.</p> <p>Finance Committee Terms of Reference set out mandate of the Committee, procedures, terms of appointment and related matters.</p>

CORPORATE GOVERNANCE ACTIVITIES AND OVERSIGHT



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3	Implement "zero tolerance" tone at the top	<ol style="list-style-type: none"> 1. Provide annual leadership and governance training to Management and Board members. Encourage a zero tolerance approach to wrongdoing. 2. Enforce mandatory annual ethics training. 3. Encourage communication between management and employees and the public in terms of a zero tolerance approach to fraud and corruption and wrongdoing. 4. Reprimands for non-compliance or breaches of policies, procedures, especially where multiple repeats are observed 	83%	<p>The TNRD has an employee Code of Conduct Policy that has now been updated and rolled out to staff with training. Staff have been required to sign off and acknowledge they have read and understand and will follow this policy.</p> <p>Change in senior leadership has resulted in zero tolerance to wrongdoing.</p> <p>Senior management completed ethics training as of spring 2022.</p> <p>The TNRD will implement mandatory leadership training.</p> <p>Lists of vendors by month are now being shared on the TNRD website (linked in multiple locations).</p>

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4	Improve CAO leadership and oversight	<ol style="list-style-type: none"> 1. Enhanced Board governance and Internal Audit activities 2. Enforced vacations 3. 360 degree performance reviews 4. Employee exit interviews 	58%	<p>TNRD vacation policy for exempt staff has been reviewed and communication has increased on making sure employees use vacation days allotted to them.</p> <p>360 performance review for CAO initiated by Board in July, 2022, and process is nearing completion.</p>

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5	Implement fraud risk assesement	1. We would recommend that TNRD considers carrying out a Fraud Risk assessment on a periodic basis.	50%	Administration is considering how Fraud Risk Assessment initiatives could be implemented.

APPENDIX A – RECOMMENDATIONS TO MANAGEMENT
POLICIES AND BYLAWS



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Ref.	Action Item	Recommendations	Status	What We've Done
6	Update policies and bylaws	<ol style="list-style-type: none"> 1. Itemized receipt(s) should be required for reimbursement 2. Names of individuals in attendance at meals must be on itemized receipt for expense reimbursements 3. Names of recipient of gifts and purpose should be recorded (e.g., backpacks, gift cards) 4. Amend Policies and Bylaws to be more specific on allowable business expenses (e.g., coffee/tea, alcohol) 5. Review policies and bylaws and refresh periodically. 6. Define standard terms for contracts for external vendors. (E.g. Mobile usage benefits) 7. Periodic review of non-standard benefits paid to staff. (E.g. Telecommunication expenses paid for personal addresses) 	80%	<p>Policy Framework approved by the Board during April 21, 2022 Board Meeting. This Policy Framework sets out TNRD's policy goals, stages of policy development and review, and defines terms, roles and responsibilities and differences between types of policies.</p> <p>Board Expense Policy created by staff earlier this year and approved by the Board at June 16 Board Meeting.</p> <p>Staff are currently working on several other Administrative Policies. Among those, updates to the Credit Card Policy and Purchase Order Policy are expected to be completed in Fall 2022.</p>

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POLICIES AND BYLAWS



THOMPSON-NICOLA
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Ref.	Action Item	Recommendations	Status	What We've Done
7	Update policies surrounding gifts and anti-bribery and corruption	<ol style="list-style-type: none"> 1. Refine or create a policy outlining specific gift giving rules and guidance, with clearly defined limits and practices, including the clear identification of recipients of gifts 2. Include a declaration on gifts for signing by all employees 3. To report gifts offered, given or received in a register of gifts. 4. Training on what constitutes as bribery or corrupt practices with employees, Management, and the Board. 	90%	<p>Conflict of Interest policy has been updated.</p> <p>Conflict of Interest policy includes employees needing to sign off to say they understand new rules on declaring gifts.</p> <p>Bribery and corruption training has been prepared and training will take place with Board in November.</p> <p>Finance Committee Terms of Reference includes that the Committee will provide advice or recommendations to the Board on any financial or audit issues where needed.</p>

POLICIES AND BYLAWS



Ref.	Action Item	Recommendations	Status	What We've Done
8	Strengthen TNRD Code of Conduct	<ol style="list-style-type: none"> 1. Annual review and updates to the Code of Conduct. Followed by periodic reviews, best practice would be every three years. 2. Enhance guidance on whistle-blowing, entertainment and corruption 3. Enhance guidance on harassment and intimidation 4. Establish and communicate a clear workplace incident response process 	63%	<p>TNRD does have a Disclosure ("Whistleblower") Policy in place and Respectful Workplace Policy both of which will be reviewed on a regular basis.</p> <p>Work now completed on updates to incident reporting form, and new process is in effect as of September 7. Communicated to all staff in advance.</p>

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9	Strengthen conflict of interest policies	<ol style="list-style-type: none"> 1. Whilst the Code of Conduct addresses Conflict of Interest it is important that all employees understand the consequences. We would recommend regular training and dissemination in this regard. 2. It is important that all employees sign the declaration on Conflicts of Interest, on behalf of themselves and close family members, either annually or on the occurrence or apparent occurrence of a potential conflict 3. Consider requesting vendors to also sign a disclosure of close relationships with TNRD staff, Management, and the Board. 	100%	Training on updated Conflict of Interest and Code of Conduct policies done in Spring 2022, and annual declaration will be required.

POLICIES AND BYLAWS

Ref.	Action Item	Recommendations	Status	What We've Done
10	Develop policy addressing use of employer's time for personal activities	<ol style="list-style-type: none"> 1. The Code of Conduct deals with human behaviour and, as such, includes a section on external business activities. We would recommend regular enhanced training in this regard, to include the necessity for disclosure of external business activities. 2. Following up on the "Zero Tolerance" tone at the top, communicate or consider putting into a written document how employees should respond when asked to conduct non-TNRD related tasks. 	100%	Outlined in updated Code of Conduct policy, and communicated to staff during training in Spring 2022. Training/refresh will be done annually.

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Ref.	Action Item	Recommendations	Status	What We've Done
11	Improve expense reimbursement process	<p>The Entertainment policy should include reference to the following:</p> <ol style="list-style-type: none"> 1. Detailed itemized receipts to be attached for all expense claims 2. Lists of attendees should be included on receipts for all meals and these lists should be subject to internal auditing 3. There shall be no situations whereby attendees are instructed to pay the bill or a proportion of the bill on behalf of someone else, in the rare occasion where meals are split, a detailed explanation must be provided as to the reason for the split allocation of meals. 4. Consider implementing a three strike warning, where if the submitter of expenses for reimbursements does not comply with policies and procedures, then those expenses may be at risk of not being reimbursed. 5. The Finance team should meet periodically to discuss high-risk fraud schemes and develop control/testing to monitor these activities (e.g. individuals double-dipping on per diems and incurring corporate credit card charges). 6. Requirement for two signatures of approval for expense reimbursements 7. Clear "delegation of authority" table of approvers for each level of expense submitter 8. Re-design of expense claim forms to specify differentiation between working overtime, travelling, per diem claims 9. More variety of vendors to avoid creating a perception of conflict of interest or corrupt practice 10. Annual training on existing or revised policies 11. Annual review and updates to policy 	81%	<p>Updates in progress to the policy on special events and meals; TNRD has improved this practice for multiple years.</p> <p>Updates in progress to the Corporate Credit Card Policy.</p> <p>PO Policy updates in progress.</p> <p>New Procurement Policy and Delegation of Authority Policy are almost complete. These policies will more clearly outline delegated authority for approvals and signings of agreements and contracts.</p> <p>Expense Claim forms have been redesigned.</p> <p>Bill splitting is no longer permitted.</p>

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12	Strengthen corporate credit card policy	<ol style="list-style-type: none"> 1. We would recommend including what types of expenditure are allowed to be charged on corporate credit cards (e.g. Air tickets, hotels, alcohol and limits related thereto) 2. There should be clarity as to whether cash withdrawals or advances are permitted. 3. Credit card limits should be defined 4. Clearly define usage of how credit card points should be used 5. Enforce indicating business-related purpose for expenses incurred. 6. Set guidelines on what reasonable frequency and dollar amounts for meals should be. 	90%	<p>Board Expense Policy created by staff earlier this year and approved by the Board at June 16 Board Meeting, which covers these recommendations.</p> <p>Updated Delegation of Authority Bylaw in progress, which will more clearly outline delegated authority for approvals and signings of agreements and contracts.</p> <p>Updates in progress to the Corporate Credit Card Policy.</p>

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13	Review Emergency Operations Centre (EOC) compensation policy	1. The requirements to attend EOC activities and guidance surrounding charging time should be included in a Policy covering Emergency Operations Centre (EOC) activities	100%	TNRD EOC Compensation Policy has been reviewed, and will be continuously reviewed and updated when needed.

POLICIES AND BYLAWS

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14	Implement performance review of CAO	1. We would recommend that the annual CAO performance review process be reviewed and be aligned to HR Directives and the CAO's performance plan.	80%	CAO Performance Review framework created by staff this year and approved by the Board during July 14, 2022 Board Meeting. CAO Review sub-committee completed during September.

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15	Implement compensation benchmarking	<ol style="list-style-type: none">1. We would recommend an annual review of compensation at Management level.2. Senior management and Board compensation to be benchmarked within industry on an annual basis.	100%	Management compensation benchmarking is in place and will happen annually. Board salary benchmarking in line with other jurisdictions.

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16	Strengthen formal whistle-blowing mechanism	<ol style="list-style-type: none"> Whilst we understand that the TNRD Code of Conduct contains a section on "Raising Questions or Concerns" and encourages reporting breaches to management, we would recommend that TNRD considers the implementation of an independent, confidential whistle blowing mechanism offering anonymity, toll free calling and internet based and email reporting channels. 	100%	TNRD does have a Disclosure ("Whistleblower") Policy in place and Respectful Workplace Policy both of which will be reviewed on a regular basis.

INTERNAL AUDIT



Ref.	Action Item	Recommendations	Status	What We've Done
17	Implement testing of internal control measures	<ol style="list-style-type: none"> 1. Consideration should be given to the recruitment of an internal auditor, reporting directly to the audit committee. Alternatively consider engaging an external consultant to complete an assessment and compliance to internal controls. 2. Establish an annual internal audit plan and review same with the Audit committee Chair. Plan to cover all functions within TNRD on a rotational basis. 	100%	<p>Request for proposal in progress for independent External Auditor. TNRD has sought proposals from firms that have not performed annual auditing services for TNRD in recent years.</p> <p>The Audit Committee has now been restructured into a Finance Committee, and the Terms of Reference were approved at the September 22 Board meeting.</p> <p>Finance Committee Terms of Reference stipulate that the Committee is mandated to review findings of annual external audit and audit compliance, including the auditor's findings report and the annual financial statements.</p>

INTERNAL AUDIT



Ref.	Action Item	Recommendations	Status	What We've Done
18	Increase accountability in financial department	<ol style="list-style-type: none"> 1. Regular Internal audit reviews to include financial controls and authorization procedures and develop enhanced compliance to policies and procedures. 2. Independent reviews of financial reconciliations by both Internal Audit. 3. Enforced vacation leave. 4. Specific finance training towards roles and responsibilities 	65%	<p>TNRD vacation policy for exempt staff has been reviewed and communication has increased on making sure employees use vacation days allotted to them.</p> <p>Finance Committee Terms of Reference stipulate that the Committee is mandated to review findings of annual external audit and audit compliance, including the auditor's findings report and the annual financial statements.</p> <p>Updated Delegation of Authority Bylaw in progress, which will more clearly outline delegated authority for approvals and signings of agreements and contracts.</p> <p>Planning for specific finance training is in progress and some sessions have taken place.</p>