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# **External Legislation Review**

May 9, 2005

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# External Legislation Review

## 1. Introduction

The City is impacted by a wide variety of external legislation (laws, regulations, etc.). The most prominent legislation affecting the City is the Municipal Government Act (MGA) which gives the City its right to exist, the authority to levy and collect taxes, the authority to purchase, develop and sell land, the authority to establish various boards and commissions to deliver services permitted under the Act, etc. (See Appendix A for a listing of external legislation applicable to City operations.) Generally, any type of legislation results in a restriction and/or enablement of specified practices. External parties (Provincial government, Workers Compensation Board, etc.) may conduct audits or require third parties to conduct audits to assess compliance to legislation. The consequences of non-compliance include potential for financial impact, socially unacceptable outcomes, and legislative penalties or restrictions.

Responsibility for compliance to external legislation is generally delegated to business units within City departments. Occasionally, it is assigned to functions or employee positions such as Office of Emergency Preparedness, Occupational Health and Safety, etc.

## 2. Objectives

The OCA's objective was to evaluate departmental strategies and procedures for monitoring compliance with external legislation. This evaluation included the following:

- Assessment of management's understanding of which external laws and regulations impact its business.
- Assessment of whether departments are taking the initiative in raising compliance awareness within the Corporation.
- Review of the framework used to ensure adequate monitoring of and compliance with external laws and regulations.
- Determination of whether a framework and procedures (a compliance program) are established to ensure consistent compliance.
- Assessment of the process of monitoring and reporting to management.
- Review of the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up including recommendations to management in the event of non-compliance.

### 3. Scope and Methodology

This review included all departments that report to the City Manager. Boards, Commissions (such as Edmonton Police Commission), the Edmonton Public Library, and Edmonton Economic Development Corporation were not included in the scope of this review.

The OCA conducted interviews and administered questionnaires (based on the objectives of the review) with management and staff to determine the extent and adequacy of the processes, policies, procedures and reports in place to monitor compliance with external legislation. The OCA reviewed documentation on a sample basis to support the existence of these processes, policies, procedures and reports. Evidence of compliance provided by third party audits was reviewed where available and violations were assessed for materiality and potential negative impact.

### 4. Observations and Analysis

#### 4.1 Overall Observations

Overall, the Administration demonstrated a good understanding of the external laws and regulations that impact City business units. Where legislation has a critical impact, the business units are structured to ensure compliance and to promote awareness within the Corporation (Taxation and Assessment Branch, Development Compliance Branch, Office of the Environment, etc.).

As a result of this review, a catalogue of relevant external legislation impacting the City has been developed and the Administration has made a preliminary assessment as to the adequacy of the processes, policies/directives, procedures and management reports relating to external legislation. A review of the documentation indicates that the City's business units do have processes, policies/directives, procedures, and reporting mechanisms in place to adequately monitor external legislation that has a significant impact on the City.

Legislation that has a major impact on the City is monitored by areas such as the Law Branch, Office of the Environment, Corporate Accounting and Reporting, Taxation and Assessment, etc. Other business units attempt to monitor legislative changes as closely as possible given the resources at their disposal. The information gathered in this review will provide the Law Branch and other central areas that monitor legislative changes with contact information for the affected business units in the event of legislative changes. It will also facilitate a joint effort in commenting on proposed legislative changes that impact various business units.

The OCA performed a documentation review of the framework used by each City business unit to ensure adequate monitoring of and compliance with external laws and

regulations. The findings indicated that frameworks have been established to ensure consistent compliance in those areas with significant risk exposure.

In instances where the impact to the City is material, the City often hires outside agencies to perform assessments of compliance with specific legislation. For example, in 2004 an external contractor completed an assessment of the City's compliance with Occupational Health and Safety legislation. Additionally, the City has met the requirements of or is moving toward adoption of International Standards Organization (ISO) quality management system and environmental management system registration in several business units (construction, waste management, environment, etc.). Attainment of ISO registration will provide assurance that the objectives of this review are satisfied.

Except for several corporate initiatives (Disaster Preparedness, Environment Office Reports, etc.) that are reported to Senior Management Team and/or Council, the results of compliance evaluations are reported on an exception basis to the Business Unit management team.

## 4.2 Departmental Observations

Emergency Response, Community and Emergency Services Department operates in a highly regulated environment. Both the Emergency Medical Services and Fire Rescue Services Branches have adopted international standards for monitoring their activities, personnel and equipment. A Quality Improvement Section in the Strategic Services Branch is responsible for supporting, coordinating and sometimes leading the development of systems and processes to ensure compliance with external legislation and internal standards.

The Planning and Development Department also operates in a highly regulated environment. The Audit, Regulatory and Standards Section of the Assessment and Taxation Branch reviews changes to the MGA and its regulations to ensure that the City's assessment procedures comply with legislation. The Planning and Policy Services Branch establishes and maintains bylaws and policies necessary to meet the requirements of external legislation. The Development Compliance Branch addresses the enforcement of legislation (building and fire safety codes, animal control, weeds, nuisances, etc.) and investigates complaints and violations relating to legislation.

The Human Resources Branch of the Corporate Services Department monitors compliance with employment, labour relations, occupational health and safety, human rights, and related legislation on behalf of all City departments. The Law Branch reviews documents such as contracts to ensure they meet external legislation requirements. The Finance Branch monitors the City's compliance with external legislation dealing with financial matters such as purchasing, budgeting, investments, securities, loans, banking, revenues, etc.

The complexity of the processes and procedures that address compliance with legislation in Community Services, Community and Emergency Services Department vary. Some areas such as Out-of-School Care, Community Support Housing, and swimming pool operations are highly regulated. They have processes, policies, procedures and reports in place to monitor compliance with external legislation. Other activities in the Recreation Facilities and Parkland Services Branches have less complex processes to address external legislation but this is mitigated by processes in other departments that address the same legislation.

In Asset Management and Public Works Department, the Design and Construction Section of the Drainage Services Branch has policies and procedures outlined in its quality management system (ISO 9001 certified) and environmental management system (ISO 14001) to ensure compliance with external legislation. The Waste Management Branch has developed an Environmental Management System Manual to meet ISO 14001 registration requirements. This system summarizes the regulatory requirements for the branch by the primary environment aspect/impact. Processes, policies and procedures have been established to meet the requirements of legislation for the Land and Buildings Branch (maintenance of buildings, acquisition and sale of land) and the Mobile Equipment Services Branch (acquisition, maintenance and operation of vehicles).

The Transportation and Streets Department has established a Transportation Plan and Transportation System Bylaw to meet the requirements of the compulsory legislation impacting the department's business units. The Department has also developed an extensive Branch Procedures Manual that specifies processes to follow and incorporates the requirements under the enabling legislation.

In addition, the City has established several offices that focus on specific aspects of City operations (Office of the Environment, Office of Conservation Coordinator, Office of Emergency Preparedness, etc.). These offices address legislation pertaining to their functions and have established processes to ensure compliance. For example, the Office of the Environment is facilitating the development and registration of a Corporate ISO 14001 Environmental Management System.

## 5. Conclusions and Recommendations

The Administration has demonstrated a good understanding of the external legislation that impacts City business units. In most cases the Administration has made at least preliminary assessments of the adequacy of the processes, policies and directives, procedures, and management reports in place to ensure compliance with the external legislation.

### 5.1 Maintenance of Up-to-date Legislative Information

Keeping legislative information compiled from this review up to date will be a challenge. A periodic review of the legislation (legislative scan) could be done by the business unit affected or by a centralized business support function and the information maintained in a central repository such as the documentation management systems in the Office of the City Clerk, Law Branch or elsewhere.

Recommendation 1	Management Response and Action Plan
<p>The OCA recommends that a periodic review and assessment of compliance with external legislation be conducted and the results maintained in a central repository.</p>	<p><b>Accepted</b>  Comments:  The business units will be responsible for updating the external legislation information applicable to them and submitting the results to a central repository. Where applicable, central reviews performed by the Law Branch, Office of the Environment, etc., will be used to update information for the business units.</p> <p>Planned Implementation: December 2005  Responsible Party:      Updating of the external legislation applicable to them – Branch/Unit Managers</p> <p>    Maintenance of central repository -      To be determined by SMT</p>

The OCA thanks the management and staff of the City departments for their cooperation and support during this review.