

Audit Committee Report

DATE: Monday, November 27, 2023

WARD(S): ALL

TITLE: BY-LAW AND COMPLIANCE, LICENSING AND PERMIT SERVICES – POLICY UNIT AUDIT MANAGEMENT ACTIONS

FROM:

Gus Michaels, Deputy City Manager, Community Services

ACTION: FOR INFORMATION

Purpose

This report provides the final outstanding management actions as a result of the Internal Auditor's report respecting the Policy Unit of the By-law and Compliance, Licensing and Permit Services Department.

Report Highlights

- In 2019, the City's Internal Auditor undertook an audit of the Policy Unit of the By-law and Compliance, Licensing and Permit Services Department with the objective of identifying any risks or other areas of concern and making recommendations thereto.
- Although the COVID-19 state of emergency and the need for the Department to focus on related priorities delayed some of the management actions in response to the Internal Auditor's recommendations, most actions were completed to the Internal Auditor's satisfaction within a year of the termination of the state of emergency.
- This report outlines the final management actions in response to the Internal Auditor's set of recommendations and brings to a close the audit of the Policy Unit.

Recommendation

1. THAT this report be received for information only.

Background

In July of 2014 City Council approved the City's By-law Strategy, a proactive, systematic approach to reviewing and modernizing the City's regulatory by-laws. The proposal before Council included hiring one Manager and three full-time policy staff, which would then address some 40 by-laws over a cyclical period of five years. Initially, Council only approved the Manager's position, with a Regulatory Policy Analyst being approved and hired in 2017. During this time, the Policy Unit also incorporated Client Services, Business Licensing and Adjudicative Services. This was followed by the hiring of a Policy Implementation Specialist in 2019 and a Regulatory Business Analyst in 2020. Finally, a Regulatory Policy Coordinator was also added in 2023.

The Policy and Business Planning Unit carries out the following activities:

- Review and consolidation of existing by-laws
- Research, development and implementation of new by-laws
- Preparation of the departmental budget, including any additional resource requests or capital requests
- Coordination of business requests, development of business plans, and implementation of process improvements

Representation of departmental interests in intra-departmental and corporate initiatives
The City of Vaughan's By-law Strategy established a framework by which City by-laws are reviewed, formulated, amended and consolidated, to ensure by-laws remain relevant, effective and suitable to community needs. There were three targeted deliverables arising from the implementation of the By-law Strategy:

- By-laws that are relevant, effective and sustainable;
- A coordinated process for managing and amending regulatory by-laws, creation of new by-laws and establishment of a renewable lifecycle model; and
- A centre of excellence and single point of contact for initiation of by-law reviews and procedural oversight.

During its audit of the Policy Unit, the Internal Auditor acknowledged that the department has met its third stated deliverable; however, it expressed concerns that the first two deliverables had not yet been met.

With respect to the first deliverable, it found that:

- The Policy Unit had not met its five-year target of review and consolidation of all regulatory by-laws;
- By-laws were not always going through the established process of review, including a 90-day preparation period, training, stakeholders/public communication, outreach and education, data collection and analysis; and

- In the absence of the City's Enterprise Risk Assessment Management Framework by-laws may not always be based on the current and projected risk environment and the Term of Council priorities.

With respect to the second deliverable, it found that:

- The Policy Unit, lacking the resources as recommended by the Strategy, was not able to achieve the 5-year lifecycle and that a revised renewable lifecycle has not been established.

Previous Reports/Authority

[Council-approved By-law Strategy](#), Item 3, Report No. 3, adopted on June 24, 2014.

Analysis and Options

Since the Unit's inception in late 2014, and as at November 2023, 24 by-laws have been reviewed and 29 by-laws have been consolidated. The Policy Unit is currently working with the Office of the City Clerk to codify the City's regulatory by-laws, as a first step towards the creation of a comprehensive City of Vaughan Municipal Code.

Since the audit of the Policy Unit began, prior to COVID, resources have been obtained and a full complement, as more or less envisioned in the original By-law Strategy, has been achieved. As such, it is expected that going forward the unit will be able to meet its five-year review cycle. Codification, which is now expected to take place in 2025 due to a need to push out budgetary pressures, is expected to also assist in making the task of reviewing by-laws more efficient.

Finally, staff recently began implementing better controls, by documenting the review process, providing details as to what process tasks are being undertaken and which ones are being left out and why. This new process recognizes that each review is unique and requires a tailored approach while at the same time bring transparent and providing rationale for all process decisions made. The documentation will also provide an analysis of any anticipated risk and will, in future and when rolled out, reference the City's Enterprise Risk Assessment Management Framework.

Financial Impact

There are no financial implications to the City's budget as a result of the management actions outlined in this report.

Operational Impact

There are no material impacts to other City departments as a result of the management actions outlined in this report.

Broader Regional Impacts/Considerations

There are no broader regional impacts or other considerations as a result of the management actions outlined in this report.

Conclusion

The management actions outlined in this report respond to the final outstanding recommendations from the City's Internal Auditor. In consultation with the Office of the Internal Auditor, Management believe that the new process of documenting the by-law review process will provide better controls and ensure enhanced transparency. Staff are confident that adequate resourcing as well as future governance enhancements through the creation of a municipal code will, going forward, enable the Policy Unit to meet its original mandate of reviewing all regulatory by-laws every five years.

These Management actions were reviewed by and found to be acceptable to the Internal Auditor and formally conclude the BCLPS Policy Unit audit.

For more information, Susan Kelly, Director and Chief Licensing Officer, By-law and Compliance, Licensing and Permit Services, ext. 8952.

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