



## **Review of Policy and Best Practice**

### **Re: Notice of Motion NM2014-37**

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#### **1. Background**

At the September 22, 2014 Council meeting, Councillor Colley-Urquhart brought forward a Notice of Motion: *NM2014-37 Workplace Alcohol & Business Expenses of City of Calgary Elected Officials*. Following Council discussion and amendments to the Notice of Motion, Council voted and the Notice was carried.

The Notice states that all members of Council would follow Section 3.6 and 3.7 of Administration's *Reimbursement of Meal and Hosting Expenses* policy. These sections of the policy indicate that alcohol expenses are only allowed for meetings involving third parties (i.e. non-City), external agencies, or organizations. The Notice stated that Members of Council may continue to host appreciation events for volunteers and/or members of the public service.

The Notice directed The City Auditor to work in consultation with Administration to review both current policies regarding use of alcohol during work hours and expensing of alcohol for all city employees. The analysis was to consider other leading best practices such as that applied by the City of London and examples from the private sector. The City Auditor was asked to report back through the Priorities and Finance Committee no later than January 2015 with recommendations for Council consideration.

#### **2. Summary**

The City Auditor Office completed the review and research and determined the following:

Seven of the nine (78%) private sector companies surveyed indicated that their company has a policy prohibiting alcohol use during work hours or on work premises. In contrast, only four of the twelve (33%) government bodies and agencies had a policy prohibiting alcohol use by employees during work hours and all indicated that policies were silent with regards to alcohol use during work hours for elected officials. As alcohol use at work poses safety risks, the City is mitigating those risks by aligning its policy direction with that taken by the majority of private sector companies rather than following the majority of other government bodies or agencies. The City provides employees with clear direction on the expectation of being fit for work (not impaired) in its Substance Use policy (HR-TR-005); however, no such guidance exists for Members of Council.

Most private sector companies surveyed allowed reimbursement of alcohol for travel, business meetings, and hosting (78%, 56%, and 89%). The majority of government bodies and agencies allowed employees reimbursement of alcohol only for hosting. In terms of expensing of alcohol it is appropriate that the City aligns with other government bodies and agencies.

The City provides clear policy direction regarding alcohol for business meetings and hosting but falls short on providing direction for alcohol as part of a travel meal expense for employees and Members of Council.

### 3. Recommendations

Based on our review and analysis specific to the Notice of Motion, we propose the following four recommendations:

1. Council adopt a similar substance use policy for Members of Council as in place for Administration. An alternative would be to amend the Ethical Conduct for Members of Council to include guidance on alcohol use.
2. Council amend Council policy (PAC007 or PAC008) to specifically address alcohol expensing rather than to have direction for Councillors remain in the *Reimbursement of Meal and Hosting Expenses* policy (non-Council policy).
3. Council consider adding clarity on whether or not alcohol is allowed to be expensed as part of a travel meal for Members of Council.
4. Council direct Administration to consider adding clarity on whether or not alcohol is allowed to be expensed as part of a travel meal for employees.

In addition, during our review of government policies and information gathered from the private sector, we noted that elected officials and board members often have an independent or arms-length approver for expenses. Council may want to consider assigning an independent Approver to approve Councillors expenses.

### 4. Approach Taken

Our approach included a review of existing expense and alcohol use policies at the City of Calgary, evaluation of other municipality policies, survey of private sector company policies, best practice research, review of a sample of recent Expense Audit Reports from other agencies for any alcohol related lessons learned, and communication with Administration and Members of Council. We based our recommendations on the following:

- City of Calgary policies pertaining to the use of alcohol during work hours and expensing of alcohol. Policies reviewed apply to all employees and/or Members of Council and in some cases those that apply to volunteers, contractors, and individuals doing business with the City. We reviewed the design of the policies; however, we did not conduct work to attest to the operating effectiveness of the policies.

- A sample of related policies from other government bodies and agencies including The City of London as directed by the Notice. Our sample selection consisted of:
  - 6 major cities<sup>1</sup> (population greater than 500,000)
  - 3 provinces
  - 2 provincial government agencies
  - Federal government

See Appendix 2 for a list of sampled government bodies and agencies.

- Information received through an email survey<sup>2</sup> of a sample of private sector companies. We selected seventeen companies<sup>3</sup> and received responses from nine companies. Our sample selection included large companies representing the airline, banking, communications, retail, oil & gas, and transportation industries.
- Best Practice guidance.
- Discussions with Administration.

## 5. Policy Comparison Results

The results below provide a comparison of the City of Calgary to the private sector companies who completed our survey and to the policy information for the sampled government bodies and agencies.

As the Notice of Motion specifically referenced the City of London we have provided a separate comparison of the City of Calgary to the City of London in a table format in Appendix 4. We have no data to support whether the policies established in the City of London achieved the desired outcomes.

### **Alcohol use during work hours**

The City of Calgary provides clear direction for employees in the Substance Use policy (HR-TR-005). All City Calgary employees, volunteers, and contractors must abstain from any substance (includes alcohol) prior to and during a scheduled work shift that could impair their ability to safely and/or efficiently perform their duties. In some cases there is business unit or position specific guidance that presents more restrictive direction on alcohol use to address safety risks of the work being done.

Direction on alcohol use in the workplace for Members of Council is not stated in a workplace alcohol policy rather it is implied in the *Ethical Conduct Policy for Members of Council*. That policy

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<sup>1</sup> Although the population for the City of London falls below 500,000 it was included in the sample as it was specified in the Notice of Motion.

<sup>2</sup> Policy information for private sector companies is not always readily available online; therefore, we conducted a survey.

<sup>3</sup> At the request of some of the companies, we assured the surveyed recipients that company names would remain confidential.

states that Members of Council must act in good faith, with trust, confidence and candour and are expected to demonstrate high standards of personal and professional conduct. The *Ethical Conduct Policy for Members of Council* is silent on alcohol use. It would be more transparent to taxpayers to have a similar workplace alcohol policy for Members of Council that clearly states the fit for work requirements.

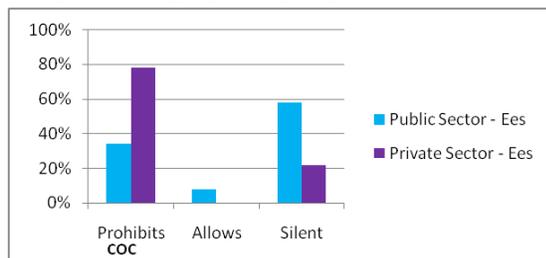
For employees, only 34% of government agencies had policy direction that prohibits alcohol use during work hours. In contrast, seven of the nine (78%) private sector companies who responded indicated that they have policies which prohibit alcohol use during work hours or on work premises.

At the City, there is no policy on alcohol use during work hours for Members of Council. Similar to the City of Calgary all eleven<sup>4</sup> (100%) government agencies who provided policy details for elected officials indicated that their policies were silent with regards to alcohol use during work hours.

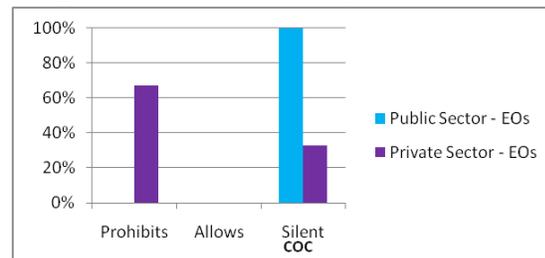
While the City is consistent with other government agencies in not providing a policy specific to alcohol use for elected officials, it is not a recommended practice from a health and safety perspective.

Graph 1 and 2 illustrate the results discussed above regarding policies on alcohol use during work hours. City of Calgary policy position is indicated with "COC".

**Graph 1: Employees (Ees)**



**Graph 2: Elected Officials\Board Members (EOs)**



**Reimbursement of alcohol expensed during travel (non-hosting)**

The City's *Reimbursement of Employee Travel, Vehicle, Parking, Insurance, Petty Cash and Other Expenses* policy (FA-011 (C)) defines the restrictions for employee travel and other employee expenses but it is silent on claims for reimbursement of alcohol. Councillors' policy (PAC007) is also silent on claims for reimbursement of alcohol for out of town travel.

In comparison we noted that across the twelve government bodies or agencies nine (75%) prohibit reimbursement of alcohol expense during travel meals for employees and seven of ten (64%) polices for elected officials prohibit it.

<sup>4</sup> For the Province of British Columbia we were only able to gather policy information for employees as the policies for elected Members of the Assembly were under review at the time of our inquiry.

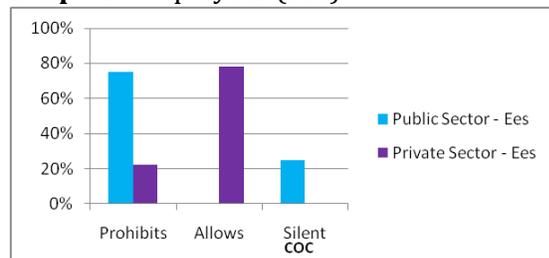
In contrast to the public sector, only two of nine (22%) private sector companies that responded prohibited reimbursement of alcohol for travel related meals with seven of the nine (78%) allowing it.

The major difference is the City of Calgary's expense policies (FA-011 and PAC007) are silent on expensing alcohol for travel while the majority of government bodies (75% employees and 64% elected officials) do not allow alcohol reimbursement of alcohol for travel meals.

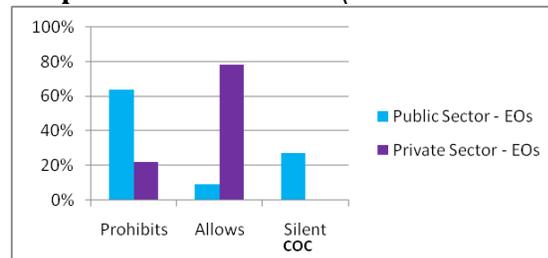
The City's current policies for both employees and elected officials do not articulate whether or not reimbursement of alcohol is allowed for travel meals. The City could consider following the majority of government bodies and prohibit reimbursement of alcohol expensed during travel for employees and Members of Council. Prohibiting such expensing would support Administrations and Council's ethical responsibility to spend taxpayers' dollars with due care.

Graph 3 and 4 illustrate the results discussed above regarding reimbursement of alcohol for travel meals (non-hosting). City of Calgary policy position is indicated with "COC".

**Graph 3: Employees (Ees)**



**Graph 4: Elected Officials\Board Members (EOs)**



**Reimbursement of alcohol expensed for business meetings (non-hosting)**

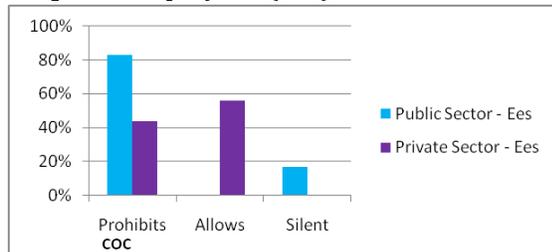
As of September 22, 2014, City Council Members must comply with Sec 3.7 of policy FA-048 *Reimbursement of Meal and Hosting Expenses* that states no alcohol expense will be paid by City funds for any meeting that is attended by only City staff. This policy has applied to City employees and contract employees since May 1, 2010.

We noted similar direction for the sampled government agencies for employees with ten of the twelve (83%) prohibiting reimbursement of alcohol expense for internal business meetings. While six of eleven (55%) responders for elected officials stated alcohol expense for internal business meetings was prohibited.

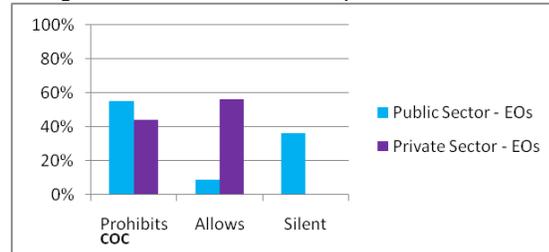
In contrast, the private sector five of the nine (56%) responders indicated that reimbursement for alcohol for internal meetings was allowed.

Graph 5 and 6 illustrate the results discussed above regarding reimbursement of alcohol for business meetings (non-hosting). City of Calgary policy position is indicated with "COC".

**Graph 5: Employees (Ees)**



**Graph 6: Elected Officials\Board Members (EOs)**



**Reimbursement of alcohol expensed for hosting events**

Hosting events are generally defined as business events where individuals from outside of the organization are present. Section 4.1 of the City’s *Reimbursement of Meals and Hosting Expenses* policy (FA-048 (A)) indicates that alcohol is an allowable expense at Corporate Events<sup>5</sup>. Section 3.6 of the same policy indicates that alcohol expenses are allowed if the meeting involves third parties (i.e. non-City), external agencies or organizations, and the consumption is reasonable. Subsequent to the passing of the Notice of Motion (NM2014-037) on September 22, 2014, Section 3.6 applies to employees, contract employees and Members of Council<sup>6</sup>.

Similar to the City we noted eight of the twelve (67%) government bodies or agencies state in policy that for alcohol is an allowable hosting expense for employees. In contrast the City of Mississauga informed us that their City-hosted events, including VIP receptions are “dry” events so the City does not expense nor serve alcohol at any events.

Policy direction for elected officials in government bodies or agencies varied with five of eleven (46%) allowing alcohol expensing for hosting, two of eleven (18%) prohibiting alcohol expensing for hosting and four of eleven (36%) being silent on the matter of alcohol.

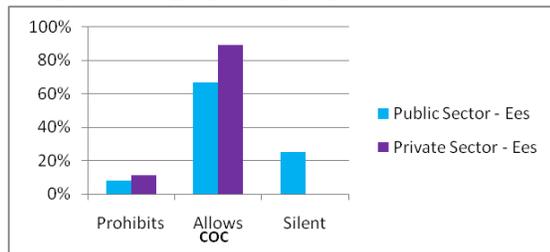
In the private sector we found a higher percentage of policies allowing alcohol as a hosting expense than in the government sector. Eight of the nine (89%) private sector companies indicated that alcohol is an allowable expense for hosting events by employees and Board Members with the remaining one of nine indicating reimbursement is not allowed.

<sup>5</sup> A Corporate Event as defined in FA-048 is an annual or semi-annual corporately-sanctioned event. Examples include employee 25-and 30-year service recognition events, business unit (BU) safety events and the Heritage Park Event.

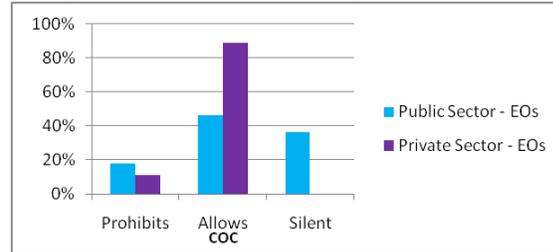
<sup>6</sup> Councillor policies (PAC007/8) are silent on whether alcohol is an allowable hosting expense.

Graph 7 and 8 illustrate the results discussed above regarding reimbursement of alcohol for hosting events. City of Calgary policy position is indicated with "COC".

**Graph 7: Employees (Ees)**



**Graph 8: Elected Officials\Board Members (EOs)**



## 6. Best Practice Research

The Canada Labour Code stipulates that an employer has a duty to ensure that the health and safety at work of every employee is protected. This includes a responsibility "to prevent accidents and injury to health arising out of, linked with or occurring in the course of employment".

The Alberta Health Services<sup>7</sup> website indicated a well-implemented alcohol and drug policy allows employers to meet their responsibility to ensure a safe and productive work environment. The information also noted that having a company policy on substance use creates and reinforces the expectation that employees arrive fit for work, and remain so throughout the workday.

We looked at a number of studies<sup>8</sup> on the use of alcohol in the workplace. Those studies were consistent in their messaging that organizations should have policies in place restricting alcohol use and requiring employees to be fit for work. Studies showed that a multi-targeted approach was best. This approach included clear written complementary policies, communication of policies, and training along with support programs to address any incidences of alcohol at the workplace. Overall The City's approach for employees compares favourably with best practice while it could be enhanced for Members of Council.

There was limited information published on best practice for expensing alcohol. Our research showed that expense policies for government bodies prohibit reimbursement of alcohol more often than those of the private sector.

<sup>7</sup> <http://www.albertahealthservices.ca/AddictionsSubstanceAbuse/if-wrk-its-our-bus-policy-dev-employee-drug-testing.pdf>

<sup>8</sup> a) 2012 Report on recent alcohol and drug workplace policies in Canada Produced by Barbara Butler and Associates Inc.; Published by the Canadian Nuclear Safety Commission (CNSC); CNSC catalogue number: INFO-0831

EWA;

b) World Health Organization report - 2010 report summarizes best practice in estimating the attributable and avoidable costs of alcohol, including lost productivity in the workplace, criminal damage and violence (ISBN 978 92 890 4207 9)

c) European Workplace and Alcohol (EWA) project – provides good practice guidance for workplace alcohol policies and practices built on various studies they conducted.

([http://eurocare.org/eu\\_projects/ewa/deliverables/by\\_work\\_package/toolkit](http://eurocare.org/eu_projects/ewa/deliverables/by_work_package/toolkit))

## Appendix 1 – List of Reviewed City of Calgary Policies

- 1) HR-TR-005 (A)- *Substance Use*
- 2) FA-011 (C)- *Reimbursement of Employee Travel, Vehicle, Parking, Insurance, Petty Cash and Other Expenses*
- 3) FA-048 (A)- *Meals and Hosting Expenses*
- 4) *Code of Conduct* – for all City employees and contract employees at The City – consists of eight policies
- 5) PAC007- *Councillor’s Expenses- Out of Town Travel Policy*
- 6) PAC008- *Office of the Councillors Expenditure Authorization Policy*
- 7) CC042 - *Ethical Conduct Policy for Members of Council*

## Appendix 2 – List of Sampled Public Sector Entities

### Cities

1. City of Edmonton
2. City of London
3. City of Mississauga
4. City of Ottawa
5. City of Toronto
6. City of Vancouver

### Provinces

7. Province of Alberta
8. Province of British Columbia<sup>9</sup>
9. Province of Ontario

### Federal

10. Federal Government of Canada

### Other

11. Alberta Health Services
12. University of Calgary

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<sup>9</sup> Policy information for elected Members of the Assembly was limited because some policies were not available for the public as they were under review at the time of our inquiry.

### Appendix 3 – Comparison of the City of Calgary to the City of London

Policy Direction	City of Calgary	City of London
City has a separate/specific policy relating to alcohol use during work hours.	Employees – Yes (HR-TR-005) Members of Council – None	Employees – None Members of Council – None
Policy direction specific to alcohol use during work hours	Employees – Prohibit Members of Council – Silent	None
Direction in policy specific to alcohol expensing	Subsequent to Notice of Motion passing, restrictions for expensing alcohol by employees and Members of Council are included in one policy (FA-048)	Travel and Convention Policy <sup>10</sup> applies to city employees, Members of Council and Elected/Appointed Officials.
Policy direction on expensing alcohol for travel meals (non-hosting)	Employees – Silent Members of Council – Silent	Employees – Prohibit Members of Council – Prohibit (per diem – non-alcoholic beverages)
Policy direction on expensing alcohol for business meetings (non-hosting)	Employees – Prohibit Members of Council – Prohibit	Employees – Prohibit Members of Council – Prohibit
Policy direction on expensing alcohol for hosting events (with 3 <sup>rd</sup> parties)	Employees – Allow Members of Council – Silent	Employees – Allow Members of Council – Allow
Expense approval role	Employees – Dept/Id Owner Members of Council – Fellow Council Members	Employees – Expense Review Officer (ERO <sup>11</sup> ) Members of Council – City Clerk or designate

<sup>10</sup> Based on information found at <http://www.london.ca/city-hall/council-policies/Documents/chapter28-final.pdf>

<sup>11</sup> Per policy definition is the person responsible for administering the policy, having budgetary control over the general ledger account to be expensed, and having authority over the Officials/Staff incurring the expenditures.