

Law and Legislative Services Report to  
Audit Committee  
2018 November 20

ISC: UNRESTRICTED  
AC2018-1350

## 2018 Law and Corporate Security Report

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### EXECUTIVE SUMMARY

Law was historically comprised of the Legal Services, Risk Management and Claims and Corporate Security Divisions. Effective June 1, 2017, to: (a) better align the provision of legal and legislative services given that both services support the work of the Mayor and Council, the City Manager and business units throughout the corporation; and (b) emphasize the importance of security services in the corporation; the City Manager created the Law and Legislative Services Department. The City Clerk's reporting relationship was changed from reporting to the City Manager to reporting to the City Solicitor and General Counsel. The Chief Security Officer was elevated from serving as the manager of a Division within Law to serving as the Director of a newly created Corporate Security business unit. The City Solicitor and General Counsel, formerly a Director, was appointed as the General Manager charged with responsibility for the Law and Legislative Services Department comprised of the Law, Corporate Security and City Clerk's Office business units. This annual report includes information about legal counsel and advocacy, insurance and claims and security services and information about the corporate issue management program that also resides in Law.

#### ADMINISTRATION RECOMMENDATION:

That the Audit Committee recommend that Council:

1. Receive this report for information; and
2. Direct that Attachment 4 and the closed session presentation and discussion remain confidential pursuant to Sections 24, 25 and 27 of the Freedom of Information and Protection of Privacy Act.

#### RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2018 NOVEMBER 20:

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That Council:

1. Receive Report AC2018-1350 for information; and
2. Direct that Attachment 4 remain confidential pursuant to Sections 24, 25 and 27 of the *Freedom of Information and Protection of Privacy Act*.

Excerpt from the Minutes of the Regular Meeting of the Audit Committee, held 2018 November 20:

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"A revised Page 9 of Attachment 2."

### PREVIOUS COUNCIL DIRECTION / POLICY

An annual legal compliance report was identified as a potential area of future focus in Attachment 2 to Report AC2005-06, Audit Committee Terms of Reference, considered by Council on 2005 March 7. Law has provided annual reports to Council since that time. In 2014,

## **2018 Law and Corporate Security Report**

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information about insurance and claims matters historically provided to Council in a separate report was consolidated into one annual report from Law.

### **BACKGROUND**

#### **Authorizing environment:**

City Solicitor and General Counsel Bylaw 48M2000 establishes the position of City Solicitor and General Counsel as a designated officer, provides that the City Solicitor and General Counsel reports to the City Manager and outlines the following powers, duties and functions for the City Solicitor and General Counsel:

- to initiate, prosecute, maintain or defend any action, claim or other proceeding deemed in the best interest of The City;
- to settle any action, claim or other proceeding provided the amount does not exceed \$250,000;
- to retain outside counsel when the City Solicitor and General Counsel deems it to be in the best interest of The City; and
- to report to Council on any legal matter where in the City Solicitor and General Counsel's independent judgment a Council decision is necessary.

On May 30, 2017, the Bylaw was amended to provide that the City Clerk and Chief Security Officer report to the City Solicitor and General Counsel.

#### **Services**

Members of Law and Corporate Security provide or contribute to the provision of five service lines identified in One Calgary, The City's 2019-2022 service-based business plan and budget:

- legal counsel and advocacy;
- insurance and claims;
- corporate security;
- executive leadership (through the City Solicitor and General Counsel's service as a General Manager and member of the Administrative Leadership Team (ALT)) ; and
- corporate governance (through the delivery of the corporate issues management program).

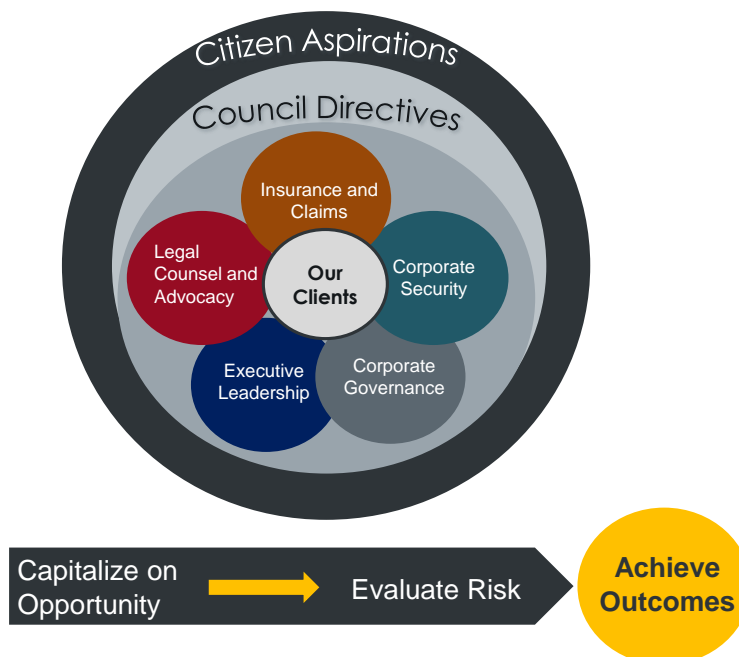
#### **Value Proposition**

## 2018 Law and Corporate Security Report

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### OUR VALUE PROPOSITION



Members of Law and Corporate Security provide advice, support and services to the Mayor and members of Council, the City Manager, General Managers, Directors, and employees throughout the corporation of The City of Calgary. Their goal is to help clients address issues, solve problems and capitalize on opportunities that Council or clients deem in The City and/or Calgarians' collective interest by helping achieve outcomes on time and on budget within acceptable risk tolerances.

Members of Law and Corporate Security are solution-oriented. Advice is based on a combination of education, experience and evidence. They serve as essential strategic partners to clients to assist in ensuring informed decision making that involves the intentional acceptance, management, mitigation, transfer, monitoring or avoidance of risk. Law's participation in ALT meetings and at Council and Council Committee meetings, coupled with the fact that Law and Corporate Security provide their services to employees within every business unit, result in Law and Corporate Security having a broad and deep understanding of the opportunities available to, and issues and risks facing, the corporation.

The effectiveness and efficiency of the members of Corporate Security and Law is directly related to:

- the extent to which they maintain the trust and confidence of clients in working with them to deliver on:

## **2018 Law and Corporate Security Report**

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- Council Directives (a prosperous city; a city of safe and inspiring neighbourhoods; a city that moves; a healthy and green city; and a well-run city);
  - Council's Five Guidelines to Administration (integrated service delivery; engaged leadership; trust and confidence; investment and value; and corporate alliances);
  - Administration's Commitments (sustaining a cooperative and meaningful relationship with Council; fostering a safe and respectful workplace for all employees; continuing to promote a progressive public service culture through One City, One Voice; focusing attention on planning and building a resilient city (including flood mitigation and climate change); enhancing service to customers and communities, including citizens and businesses; and further strengthening the corporation's financial position); and
- the timeliness of their involvement in projects, initiatives and transactions.

Every Division and Section within Law and Corporate Security has undergone a service review in the past two years to ascertain opportunities for continuous improvement intended to enhance efficiency and effectiveness and ensure that Law and Corporate Security staff are available to assist with the highest opportunity, risk and value projects, transactions and initiatives in which The City engages.

### **Legal Counsel and Advocacy Value Proposition**

City lawyers represent clients in legal proceedings involving The City and support clients' delivery of services to Calgarians through the identification of issues and risk, drafting legal documents, advising on legal and regulatory requirements, supporting informed decision-making, and developing solutions and strategies. Law's ability to deliver these services is aided by its high visibility in the corporation achieved in part through:

- the City Solicitor and General Counsel's service as a member of ALT and participation at all regular and strategic Council meetings and various Council Committee meetings;
- participation of the City Solicitor and General Counsel's designate at public hearings;
- participation by members of Law at many Council Committee meetings and on many corporate and cross-departmental project teams;
- the City Solicitor and General Counsel's service as a member of Executive Steering Committees for various major corporate projects; and
- Law's significant involvement in cross-corporate projects including Infrastructure Calgary, growth management and regional servicing projects, the Municipal Government Act review, City Charter negotiations, One Calgary, the Green Line project, and the 2026 Olympic and Paralympic Winter Games bid project.

Attachment 1 outlines continuous service improvement initiatives in Law's Legal Services Division and includes a results-based accountability template. Information about litigation trends and related matters will be shared during a closed session discussion.

## **2018 Law and Corporate Security Report**

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### **Insurance and Claims Value Proposition**

Members of Law providing insurance and claims services help clients throughout the corporation identify, address and manage risk, manage The City's civic insurance program and work with the members of Law's Litigation Section to recover costs associated with damage caused to City assets. They also provide an avenue for citizens should they wish to submit a claim for damages they believe The City has caused. An Insurance and Claims' Service infographic, report and results-based accountability template are included in Attachment 2.

### **Corporate Security Value Proposition**

Corporate Security's annual report is included as Attachment 3. A confidential security risks and trends report is included as Attachment 4.

### **Executive Leadership and Corporate Governance**

#### Executive Leadership

Executive leadership is about ensuring public and employee trust and confidence in municipal governance through the provision of organizational leadership to deliver on the expectations of citizens and employees and the promotion of a culture of accountability, transparency, collaboration, and resilience throughout the corporation.

As described in the One Calgary document, these expectations include connecting Council's vision to organizational strategies and actions, coordinating and aligning objectives and results across service lines, maximizing broader, long-term benefits for citizens, ensuring the proper use and management of public resources for financial sustainability, ensuring a citizen and service-centric organizational culture, and ensuring a well-run organization with a safe and respectful workplace for all employees. The outputs of this service line include "corporate culture, norms/values, corporate brand, corporate strategic plans/priorities, corporate ethics and code of conduct, service reviews and improvement, integrated risk management, and performance management/accountability". The service owner for the executive leadership service line is the City Manager.

All General Managers are engaged in the delivery of executive leadership services through their service as members of the ALT. Their work is supported by Directors serving as members of The City's Senior Management Team and managers serving as members of The City's Corporate Management Team.

The City Manager's 2014 invitation to the City Solicitor and General Counsel to serve as a member of the ALT has been of incredible value to Law and Corporate Security as this has allowed participation in deliberations and decision-making at the most senior administrative leadership table in the corporation.

#### Corporate Governance:

As indicated in the One Calgary document, employees engaged in the delivery of corporate governance services work to build a resilient city and organization by executing on the strategic direction established by Council and by those engaged in executive leadership. They are responsible for developing corporate strategic plans and negotiated agreements with other orders of government and partners, providing administrative policies, frameworks, rules, and

## **2018 Law and Corporate Security Report**

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standards to direct service delivery, minimizing exposure to legal, financial, reputational, and health and safety risks, and generally, supporting the achievement of organizational objectives. Law assists in the delivery of this service line by providing legal governance services and delivering the corporate issues management program.

In regard to the latter, to enhance alignment between those engaged in the delivery of similar services, the City Manager transferred responsibility for the Corporate Issues Management (CIM) Program to Law in 2014. The Manager of the CIM Program plays an important role in assisting the ALT in anticipating, identifying and managing, mitigating or avoiding issues for The City and in enhancing other City employees' ability to do so. The City Manager has emphasized that issue identification, prevention and management competencies, and intentional management competencies generally, are essential competencies for City employees.

The corporate Issue Management Administration Policy was approved by the ALT in 2011. An "issue" is defined in that policy as including "a gap between stakeholder expectations and an organization's performance or actions", "an incident, allegation, strategic shift, significant information, concern, problem or circumstances that has the potential to impact [the] organization" and a "disagreement over facts or values". Issues are measured in terms of impact to the corporation (for example, in terms of costs, opportunities and/or reputation) and profile (for example, public interest). The program is intended to "provide a consistent approach to the prevention of and management of issues that will impact The City's ability to achieve its business objectives, deliver quality public service and its reputation" and the purpose of the Issue Management Policy is to establish standards and guidelines for employees when addressing issues that may impact The City. The policy applies to all City employees.

The benefits of the corporate issue management program include:

- enhancing The City's corporate reputation (the "good name" of The City);
- building trust, confidence and support of key stakeholders (including Council, Calgarians and employees);
- reducing costs to the corporation (e.g. in resources, time, litigation);
- enhancing City service delivery; and
- assisting employees through helping them proactively identify, manage and mitigate issues.

Since September 2012, over 2,300 employees have completed CIM workshop training and since September 2013, 800 employees have completed the CIM e-learning education curriculum.

The Manager of the CIM Program has received very positive feedback from City staff about the workshops she delivers and it is clear from the wait list to attend these workshops that City staff are anxious to receive additional training on how to better anticipate, manage and prevent issues.

The Manager has also undertaken root cause analysis around various high profile issues and shared her findings with the ALT. She has also worked with staff on anticipating, identifying and mitigating issues associated with such major projects as The City's 2018 census, the 2018 vote of the electors and the 2026 Olympic and Paralympic Winter Games bid project.

## **2018 Law and Corporate Security Report**

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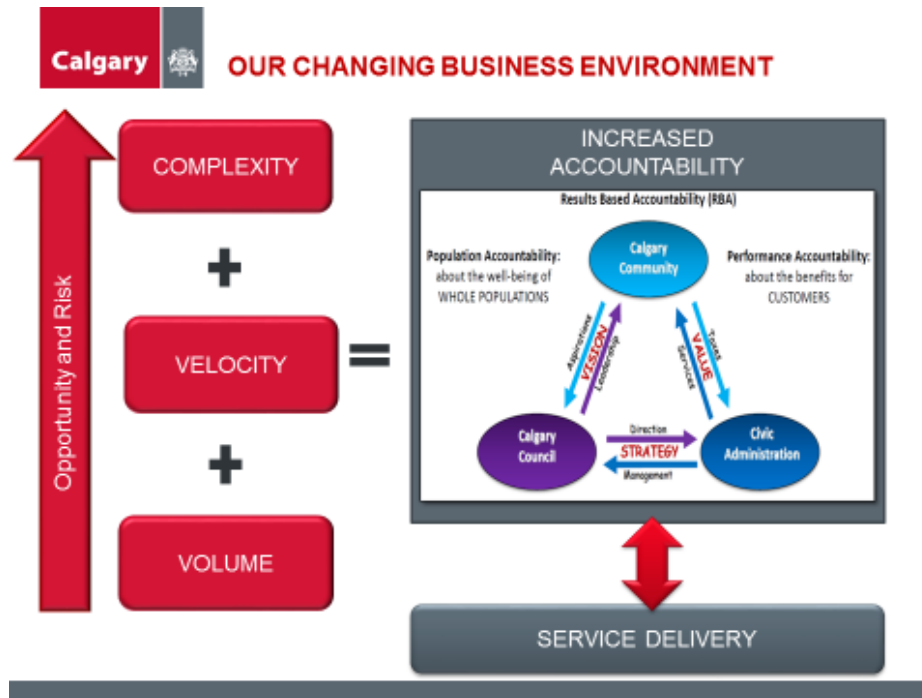
The Manager is a Director of the Issue Management Council, an international organization of public and private sector companies focused on the importance of issue and reputation management. The City of Calgary is the only Canadian municipality with a formal issue management program. Based on feedback that the Manager has received following her presentations to the members of the Issue Management Council, it is clear that The City is also in a leadership position in its focus on corporate issues management relative to those private sector members.

### **Corporate Risk**

The City Solicitor and General Counsel is the “owner” responsible for two of the corporation’s principal risks (legal and compliance risk and security risk) identified in annual reports to Council presented by the Manager of the City’s Integrated Risk Management Program (which is housed in Corporate Initiatives in Finance). The Chief Security Officer contributes to annual reporting on both security risk and on technology security risk, another principal corporate risk. Given the ever increasing volume, velocity and complexity of projects, transactions and initiatives in which The City is engaged, the City Solicitor and General Counsel has identified the risk rating of both legal and compliance risk and security risk as “high”. The owner of technology security risk is The City’s Chief Information Technology Officer. That risk too is rated at “high”.

Making time to intentionally anticipate or identify and then determine whether to accept risk or whether and how to manage, mitigate, monitor, transfer or avoid it has never been more important for the corporation than it is now given the ever increasing volume, velocity and complexity of projects, transactions and initiatives The City is engaged in and the issues facing The City and Calgarians. The diagram below outlines the changing environment that Corporate Security and Law are operating within that has driven the need for the service reviews that have been undertaken and the continuing service improvement initiatives outlined in this report. The continuation of Law’s zero based review and Law and Corporate Security’s participation in the “shared challenges facing the enabling services” zero based review will continue to inform Law and Corporate Security on current and emerging risk for the corporation and clients’ changing service needs.

## 2018 Law and Corporate Security Report



All of this requires Law and Corporate Security to continue to focus on positioning staff to be able to assist with unique, multi-disciplinary and/or higher risk and value initiatives in which The City is engaged rather than lower risk or more routine initiatives.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

#### Stakeholder Engagement, Research and Communication

Key clients of Law and Corporate Security were consulted on their level of satisfaction with services as part of the One Calgary project. Information about client satisfaction is included in the attachments to this report.

#### Strategic Alignment

The engagement that occurred with every service line owner in the corporation during the One Calgary project provided an excellent opportunity for Law and Corporate Security to assess alignment between the services clients require and those that are being provided to them. This exercise was of great assistance in helping identify emerging and current risk.

#### Social, Environmental, Economic (External)

N/A



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## 2018 Law and Corporate Security Report

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### Financial Capacity

#### *Current and Future Operating Budget:*

N/A

#### *Current and Future Capital Budget:*

N/A

### Risk Assessment

Section 4(1) of Audit Committee Bylaw 48M2012 provides that one of the Audit Committee's responsibilities is to oversee The City's compliance with laws, regulations and internal policies including disclosure and internal financial controls, legal compliance and codes of conduct. This annual report is one mechanism to assist the Committee in discharging this obligation.

However, as indicated in previous annual Law and Corporate Security reports, given that The City delivers over 60 lines of service through more than 14,000 employees, the City Solicitor and General Counsel will never be able to absolutely assure the Committee or Council of legal compliance throughout the corporation. Rather, ensuring that business units are familiar with and operating within the Municipal Government Act and the regulatory regime governing their operations is the responsibility of the ALT and Directors and managers throughout the corporation with the assistance of those in the Law and Corporate Security business units. From the City Solicitor and General Counsel's perspective, it is clear that having properly resourced Law and Corporate Security business units whose members:

- continue to enhance their understanding of Calgarians' needs and corporate and clients' business and objectives;
- are consulted by clients early in their initiatives;
- receive proper training to ensure expertise in current and emerging areas of law and strategies to help intentionally manage, transfer, monitor, mitigate or avoid risk; and
- provide enhanced training opportunities for clients;

reduces legal, and therefore also financial and reputational, risk and exposure for The City.

### REASONS FOR RECOMMENDATIONS:

Law and Corporate Security's goals in this report are to: (a) assist Audit Committee in fulfilling its mandate to oversee The City's compliance with laws, regulations and internal policies; and (b) assist Audit Committee and Council in better understanding Law and Corporate Security members' role and value in helping Council and clients capitalize on opportunities intended to fulfil Calgarians' hopes, dreams and aspirations, achieve Council Directives and corporate priorities and make informed decisions that take into account the intentional acceptance, management, monitoring, mitigation, transfer or avoidance of risk.

Law and Legislative Services Report to  
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## 2018 Law and Corporate Security Report

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### ATTACHMENTS

1. Attachment 1 – Legal Counsel and Advocacy One Calgary-related and Continuous Service Improvement Initiatives and Results Based Accountability Template
2. Attachment 2 – Insurance and Claims Service Infographic, Report and Results Based Accountability Template (**Revised page 9**)
3. Attachment 3 – Corporate Security Overview and Results Based Accountability Template (public)
4. Attachment 4 – Corporate Security Key Security Risks and Trends Report (confidential)