

5

EXTERNAL COMPLIANCE AUDIT SERVICES WATER AND WASTEWATER BRANCH

The Transportation and Works Committee recommends the adoption of the recommendation contained in the following report, August 23, 2006, from the Commissioner of Transportation and Works:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides an overview of a Regional initiative to implement an on-going compliance audit program by an external auditor. It is the intent of this program to keep Regional Council apprised of the results of these audits on an annual basis. The audit will be conducted on all Regional water and wastewater facilities to ensure these systems are operating within the pertinent legislative and regulatory requirements.

3. BACKGROUND

The regulatory agencies, in particular the Ministry of Environment (MOE), are looking at integrating approvals and inspections of water and wastewater systems on a risk based platform. This affords a driving force for the Region to position itself as an environmental leader in the industry.

Under the auspices of the 'Risk Based Compliance Program,' the Regulatory Compliance and Policy Group of the Water and Wastewater Branch are embarking on a rigorous compliance audit initiative. The intent of the initiative is to assess York Region's water and wastewater operations against pertinent legislated regulations to proactively sense where compliance issues might emerge.

York Region's water and wastewater system underwent an environmental compliance audit in 2003, conducted by Earth Tech Canada Inc. The objective of the audit was to evaluate environmental compliance at identified water and wastewater facilities to Federal, Provincial and local environmental legislation in order to identify issues that may exist across the Branch.

With continuing change in regulation, in particular the *Safe Drinking Water Act*, the upcoming Drinking Water Quality Management Standard and the proposed *Clean Water Act*, there is a need to maintain an annual comprehensive compliance audit program.

This annual compliance audit is a proactive approach that will complement the environmental management systems that are currently in place, certified under the ISO umbrella and recognized by the MOE.

This independent compliance audit will be undertaken by Jacques Whitford a multi-disciplinary consulting firm with expertise in Engineering, Environmental and Earth Sciences experience in performing compliance audits for both the private and public sector. The compliance audit will commence Fall 2006 and culminate in Fall 2009. The results of the audit will be reported to Council as part of the annual compliance report in March.

4. ANALYSIS AND OPTIONS

4.1 Scope of Compliance Audit

Jacques Whitford was selected through a competitive process to undertake the compliance audit program. The firm brings over 15 years of environmental compliance auditing experience both in the private and public sector as it relates to water and wastewater systems.

The compliance audit program will be based on the following principles:

- 1) The audit must be conducted with objectivity and independence.
- 2) The audit team must possess relevant technical expertise in the water/wastewater industry.
- 3) The audit must be conducted with due care, diligence and discretion.
- 4) The audit will be based on the Requirements of the Canadian Standards Association Z773-03 Environmental Compliance auditing standard, as well as the ISO 19011-2002 Guidelines for environmental and/or quality management systems auditing.
- 5) The audit process will be reassessed annually to ensure continuous improvement.

As a minimum, the auditor will assess the following systems and practices:

- 1) Permit to Take Water practices (Special Conditions).
- 2) Certificate of Approval practices (Special Conditions).
- 3) Air Quality Management practices (including ODS and noise).
- 4) Hazardous Materials Management practices (including PCBs).
- 5) Land and Vegetation Management practices (including Pesticides).
- 6) Storage Facilities (fuel, tanks, drums, etc).
- 7) Waste Management practices (includes wastewater/sewage) and Drinking Water Systems.

In addition, the Emergency and Pollution planning requirements will be assessed and refined as part of this program.

The auditor will ensure that the above major elements of compliance are covered within federal, provincial and local regulatory requirements. The audit findings that require enhancements to our management of the water and wastewater systems will be implemented under the ongoing continuous improvement program through the ISO umbrella.

5. FINANCIAL IMPLICATIONS

The water and wastewater internal compliance audit for the Water and Wastewater Branch will be a \$141,390 (GST extra) expenditure over a three-year period delivered through the 2006 Water and Wastewater operating budget.

Over the course of 2007, the Regulatory Compliance and Policy group will develop a separate budget and program code to further assess the financial implications. This will not only form a base line for our future needs, but monitor and track the costs expended towards ensuring compliance.

6. LOCAL MUNICIPAL IMPACT

Local municipalities will be provided with the added assurance that the Regional water and wastewater systems are functioning in compliance with all relevant federal and provincial legislation as well as municipal by-laws.

7. CONCLUSION

This report provides an overview of the external compliance audit program on all York Region water and wastewater facilities to ensure all water and wastewater systems are operating within the pertinent legislative and regulatory requirements which govern them.

The Senior Management Group has reviewed this report.