

Village of Empress
Municipal
Inspection
Report



Prepared by Activation Analysis Group Inc.
for Alberta's Minister of Municipal Affairs

22 July 2011

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EXECUTIVE SUMMARY

Situated right next to the Alberta/Saskatchewan border approximately 140 kilometres northeast of Medicine Hat, the Village of Empress is home to approximately 136 people residing in 71 dwelling units. The Village was incorporated by Ministerial Order on February 05, 1914 and the Village annexed additional land in 1931. There has been no further annexation or sale of Village lands to another municipal body since 1931. The Village maintains 26 kilometers of roads, 10 kilometers of water mains and 12 kilometers of waste-water mains. Alberta's Special Areas Board (SAB) has provided the Village Council with certain administrative services since 2006. The latest available audited financial statement (2009) shows that the Village is debt free.

Since the turn of the 21st century, the community has faced significant challenges. A group of Empress residents signed a petition for a municipal inquiry to the Minister of Municipal Affairs in 2001 which was granted. Financial irregularities resulted in the departure of the CAO in 2004 and the installation of an interim CAO. Approximately 10 months later, the department contracted out a check-up report to follow up on the implementation of what the interim CAO had initiated. In 2010, 33% of Empress residents signed each of two petitions, the first to request the Minister to appoint an auditor to audit the 2007, 2008 and 2009 Village books of account and the second to investigate Village affairs. On May 30, 2011, the Minister appointed Activation Analysis Group Inc. (AAGI) to perform a municipal inspection but limited it primarily to financial policy.

There is evidence of tension and considerable mistrust between some residents and the Village which results in further tension amongst residents in general.

The Village receives exceptionally good value for its dollar paid to the SAB for administrative services, because Special Area No. 2 generously delivers substantially more service than it is being paid for. This reality is most likely restraining Council from insisting on timely responses to legislated financial requirements because its members are well aware that the Village does not have the funds necessary to get the work completed without the SAB's assistance. As a result:

- The Village's auditor signed the 2007 audited financial statements on September 3, 2010 and the 2008 statements on December 21, 2010. Council adopted both audited financial statements at its regular Council meeting on January 20, 2011.
- Council adopted the 2009 audited financial statements July 21, 2011. The 2010 audited financial statements are expected to follow four to six weeks later.

- Written policies and procedures are dated 2001 and 2003.

Our inspection confirms that financial practices appear to be performed in a manner consistent with the practices used in other municipalities. Codification of these into current written Village policies and procedures however, has not been achieved.

The main recommendations to address these gaps relate to financial policies and procedures, the Council Procedural Bylaw, the provision of quarterly financial statements to Council, the timely approval of annual operating and capital budgets, communication with residents and the structure and processes that govern the SAB-Village relationship under the Management Services Agreement.

INTRODUCTION

Situated right next to the Alberta/Saskatchewan border approximately 140 kilometres northeast of Medicine Hat, the Village of Empress is home to approximately 136 people residing in 71 dwelling units.¹ The Village was incorporated by Ministerial Order on February 05, 1914 and the Village annexed additional land in 1931. There has been no further annexation or sale of Village lands to another municipal body since 1931. The Village maintains 26 kilometers of roads, 10 kilometers of water mains and 12 kilometers of waste-water mains.² Alberta's Special Areas Board (SAB) has provided Council with administrative services since 2006. The latest available audited financial statement (2009) indicate that the Village is debt free.

PETITIONS, MUNICIPAL INSPECTIONS AND A CHECK-UP

In August 2000, Alberta's Minister of Municipal Affairs received a petition signed by at least 10% of residents calling for an inquiry into Village affairs. The resulting request was granted and the subsequent report on the Village's management, administration and operation contained 20 recommendations, most relating to the codification of policies and procedures.

In 2004, the provincial Ministry of Municipal Affairs provided the services of an Official Administrator for a period of four months following the discovery of financial irregularities in the Village's records. Ten months later, the Ministry requested that the individual return to the Village to follow-up on the work that had begun during his short tenure. This "Check-Up Report" addressed Village minutes, bylaws, financial records, grant funding, Council meeting practices and outstanding legal issues.

In December 2010, a Village resident organized and submitted a petition to the Minister of Municipal Affairs that was worded as follows:

The undersigned persons, being electors of the Village of Empress, in the province of Alberta, hereby petition Council for: the Minister of

1 Statistics Canada. 2007. *Empress, Alberta* (Code4804006) (table). *2006 Community Profiles*. 2006 Census. Statistics Canada Catalogue no. 92-591-XWE. Ottawa. Released March 13, 2007. Retrieved July 6, 2011 from: <http://www12.statcan.ca/census-recensement/2006/dp-pd/prof/92-591/index.cfm?Lang=E>

2 Alberta Municipal Affairs. *Municipal Profile: Village of Empress*. Retrieved July 6, 2011 from: <http://municipalaffairs.alberta.ca/cfm/MunicipalProfiles/index.cfm?fuseaction=BasicReport&MunicipalityType=VILG&stakeholder=103&profileType=HIST&profileType=CONT&profileType=STAT&profileType=FINA&profileType=GRAN&profileType=TAXR&profileType=ASSE>

Municipal Affairs to appoint an Auditor to audit the books of the Village of Empress for 2007, 2008 and 2009.

The petition contained 45 signatures which represent 33% of Empress' official population. Residents signed and submitted a second petition to the Minister that was worded as follows:

The undersigned persons, being electors of the Village of Empress, in the Province of Alberta, hereby petition Council for: the Minister of Municipal Affairs to complete an inquiry into the affairs of the Village of Empress.

This petition contained 46 signatures which represent 33% of Empress' official population. On May 30, 2011, the Minister made the following order in accordance with section 571 of the *Municipal Government Act*:

*That Mr. Richard Barham and Mr. John Szumlas of Activation Analysis Group Inc. are appointed as the inspectors to conduct an inspection of the management, administration and operations **with a primary focus on the financial policies of the Village of Empress.** (bold print added.)*

The Minister specifically requested that certain financial policies and processes be addressed in the inspection, but did not limit the inspection to these. They include:

- Control of assets, budget planning (operational and capital) and other accounting functions in accordance with ministry policies
- Completion of the grants application cycle as necessary
- Completion of the tax cycle as required under the *Municipal Government Act*
- Administration and safekeeping of Village contracts and agreements
- Provision of monthly financial reports to Council
- Collection of taxes (of primary importance)

The Minister also requested specifically that Activation Analysis Group Inc. (AAGI) use the following procedures to carry out the inspection, without being limited to them. These include the organization, arrangement and facilitation of interviews with Councillors, staff and residents as required. It also includes a review of Council minutes and Village bylaws, policies and financial information.

WORK PLAN

AAGI team members arranged and conducted interviews, either in person or by telephone, with:

- All three members of Council
- Five employees of the Special Areas Board
- One Village staff member
- The Village's auditor
- Seven Empress residents that had signed one or the other of the 2010 petitions
- Seven Empress residents that did not sign either of the 2010 petitions

The purpose of the interviews with Village residents was twofold. Firstly, AAGI team members wanted to determine where feasible, if the steps being taken to carry out the inspection would address the financial questions to which residents who had signed the petition felt they needed answers. Secondly, team members wanted to gauge whether residents who had not signed the petition had levels of satisfaction or concern over the way the Village is governed and administered that were similar to those who had signed the petition.

Overall, satisfaction levels varied widely, from very satisfied to very dissatisfied. Interviews with residents who had signed the petition brought out concerns related to service delivery, property taxes, perceived contraventions of the *Municipal Government Act*,³ Council decisions, Councillors' and staff behaviour, a legal conflict and financial concerns. Interviews with residents who had not signed the petitions revealed their lack of awareness that petitions had been circulated in late 2010 and that an inspection was currently taking place as well as positive relationships with staff and Councillors, and the interpersonal challenges of living in a small community.

AAGI team members made on-site visits to Empress to meet with Council, to carry out in-person interviews and to review municipal documentation.

Posters were put up on the Village bulletin board and several prominent sites in the community (see Appendix A). They introduced residents to the inspection process and provided a toll-free number, a fax number and an e-mail address that they could use to contact inspection team members to provide input. Several people that had not been interviewed took advantage of this opportunity to provide input to the inspection process.

3 AAGI team members did not investigate whether these were actual contraventions of the Act or misunderstandings about the interpretation of the Act, hence the use of the word "perceived."

MINUTES, BYLAWS AND POLICIES

Minutes

Among 79 sets of minutes in the Village Council's Minute Book for the period from January 2006 to June 2011, there are three instances in which the minutes were either not signed on every page, not dated or both (i.e., one instance in the March 19, 2009 minutes and two instances in the April 16, 2009 minutes).

Matters of financial significance in the minutes are addressed under the relevant subject headings below.

Bylaws

Finance-related bylaws from 1985 to current date appear reasonable but it is not clear whether these bylaws are indeed a complete and accurate record. Administrative staff will make it a priority to verify the currency and comprehensiveness of the Village's bylaws once the audited financial statements are up-to-date.

Policies

The Village's policies and procedures manual is entitled *Village of Empress Policy Book 2001*. It contains an eclectic selection of documents, including:

- Detailed personnel policies dating from 2001 (not updated)
- Three pages of policies dating back to 1983 on various topics (many superseded)
- Various policies dated 2001 which appear to be as a result of the 2001 inspection and a small number from 2003. There are no amendments or updates noted for any of these policies
- Business Plan, 2001 to 2004 (1.5 pages, no evidence of an update)
- Ministerial direction plan for implementation of the 2001 inspection report.
- Request for funding assistance from UMA Engineering, dated 2001
- Village of Youngstown Dissolution Study
- Alberta Disaster Services/Village of Empress Bylaw No. 2-2000
- Various forms dating back to 2001 [forms do not show effective dates so it is not possible to tell if they are current or not (they appear to show old rates)]
- Various job descriptions, unsigned and undated

The Village established some financial policies as a result of the 2001 inspection but has not updated or amended them to reflect current conditions. For this reason, they cannot be relied upon to reflect an accurate record of policies actually being implemented in the Village. AAGI team members did not place any confidence in the Policy Book.

The records that the Village produces suggest that its financial practices appear to be sensible and internally coherent. These practices however, should be codified into written policy. Village administrators are aware of this deficiency and indicate that they will make policy codification a priority once all financial records are up-to-date and Council adopts the 2010 audited financial statements.

A list of required policies is not available in this report as all of them need to be itemized, codified and approved. Recourse to input from Special Areas and especially neighbouring municipalities would be a good start in identifying appropriate policies and wording.

FINANCIAL INFORMATION

Audited Financial Statements

Audited Financial Statements and Financial Information Returns are to be provided to Alberta Municipal Affairs no later than the 1st of May following the financial year end (December 31).

The chart below demonstrates the completion dates for the Village of Empress' audited financial statements from fiscal year ends 2006 to 2010.

Table 1
Empress Audited Financial Statement Completion Dates

Year-End December 31	Date due at Alberta Municipal Affairs	Date signed by auditor	Date adopted by Council
2006	May 1 st 2007	January 14 th 2009	*
2007	May 1 st 2008	September 3 rd 2010	January 20 th 2011
2008	May 1 st 2009	December 21 st 2010	January 20 th 2011
2009	May 1 st 2010	July 13 th 2011	July 21 st 2011
2010	May 1 st 2011	Expected late August 2011	Pending

* Council's 2009 minutes do not record whether the 2006 audited financial statements were adopted by Council resolution.

The usual expectation from a financial audit process is to receive an auditor's opinion that the audited financial statements are presented fairly in accordance with Canadian generally accepted accounting principles. For Empress' 2006, 2007 and 2008 audited financial statements, the auditors were unable to express an opinion as to whether the financial statements were presented fairly in accordance with Canadian generally accepted accounting principles. In other words, the auditors could not come to a conclusion about the accuracy of the financial statements that they were asked to audit. This was due primarily to their inability to confirm the Village's property taxes receivable.

As indicated above, the 2007 and 2008 statements were approved in early 2011. The delay in getting the necessary financial records to the auditors in a timely manner relates to:

- the poor state of organization of the financial records kept during the years prior to 2006
- the need to establish an effective financial record-keeping system when the Special Areas Board began the delivery of administrative services
- the need to integrate some of the previous records into the system and reorganize the current records to establish the continuity and integrity of the Village's financial records

Council adopted the 2009 audited financial statements on July 21, 2011 after this report was originally submitted to Alberta Municipal Affairs. Contrary to previous audits, the auditors were able to conclude that these financial statements "present fairly in all material respects, the financial position of the Village... in accordance with Canadian generally accepted accounting principles." Due to the late date of its receipt, it was not possible to update other commentary in this report based on the new information in these financial statements.

The 2009 delay was due to delays with the previous audited financial statements as well as new provincial accounting standards introduced in 2009 that require municipalities to account for tangible capital assets. The Village began its Tangible Capital Asset (TCA) analysis at the end of the 2009 fiscal year, when it should have been completed at the beginning of that year. It completed that analysis at the same time as the 2010 analysis (in mid-2011) and forwarded them immediately to the auditors in July 2011. The delay with the 2010 audited financial statements then was due to the TCA analysis as well.

Control of Assets

Since 2006, the Village improved control over its capital assets. It prepares timely bank reconciliations, tax/utility receivables have been brought under better control and tangible capital asset analyses for 2009 and 2010 have recently been completed, as indicated earlier. Expenditures are subject to an annual budgeting process. To ensure good control over its assets, Council requires two tools that have been mentioned elsewhere in this report:

- a written opinion from the Village auditor that the audited financial statements are presented fairly in accordance with Canadian generally accepted accounting principles
- quarterly financial statements that display revenue, expenses and their variance from the annual budget

Once both are in place, the Village will be in a much better position to control its assets.

Budget Planning

The Village prepares a budget and updates its five-year capital plan each year. The capital plan consists of a list of capital projects, their estimated costs and with target dates, and how they are spread over the subsequent five year period. It does not indicate how each project will be funded however, which suggest that it acts more as a wish list than as a practical plan. The capital plans format should be amended to show the planned source of funds and the fiscal year in which the Village proposes to finance each item.

A combined annual operating and capital budget is prepared each year. Council approved the 2011 combined budget on May 19, 2011. Municipal best practices would dictate that annual budgets be prepared and approved prior to the period to which they relate. This allows administration to be aware of their approved expenditure limits before committing to them, particularly with respect to capital items. Municipalities that are successful in approving timely budgets begin the budget preparation process in September/October. This permits them to submit a first draft at a November Council meeting, to make the necessary revisions and to obtain Council budget adoption in December. This should be a Village priority.

The 2001 inspection report recommended that an annual business plan be prepared. As a result, the Village produced a one and a half page business plan for 2001. There is no evidence of updates or more recent business plans. The Village should consider investing in a three-to-five year rolling business plan with associated budget forecasts.

Grants

Grants schedule analyses are current and detailed with a multi-year history. Correspondence between the Village and the granting agencies is available but there are no guiding documentation, policies or procedures to ensure that all grants are claimed.

Property Taxes

It is evident that the administration of property taxes was in disarray when the Special Areas Board took over in 2006. The table below displays the Net Municipal Property Taxes levied for each year and the total Taxes Receivable from the current and prior years as of December 31 for each year.⁴ Table 2 suggests that the records and the amount of outstanding receivables have improved noticeably since 2006.

⁴ Data obtained from the audited financial statements

Table 2
Net Municipal Property Tax Revenue Levied

Year	Net Taxes Levied in Year \$	Taxes Receivable/Dec. 31 \$
2006	101,485	90,434
2007	107,318	60,404
2008	121,968	21,391
2009	128,921*	37,972
2010	Pending	Pending

* In the 2009 audited financial statements, the auditor restated several 2008 figures. This table displays the original unrestated 2008 figures as well as the 2009 figures shown in the 2009 audited financial statement.

Table 3 displays detailed property taxes receivable and the amount of time they have been outstanding.

Table 3
Property Taxes Receivable - From Aged Arrears Trial Balance

Year (Dec 31)	Rolls Not Paid #	Total \$	Current Year \$	One Year Old \$	Two Years Old \$	Audit Adjustment* \$
2006	98	99,172	19,072	29,443	50,657	-8,738
2007	57	60,060	27,855	8,888	23,317	344
2008	38	21,391	10,268	6,958	4,165	0
2009	56	37,972	37,299	1,006	-334	0
2010	47	40,008	21,483	19,169	-644	Pending

* The “detailed property taxes receivable aged arrears trial balance schedule totals” do not always agree with the audited financial statement totals. The reason is unknown. It may be that the records in earlier years were not reliable. The size of adjustment needed, if any, to reconcile the aged arrears trial balance to the audited financial statements for 2010 is unknown because the audited financial statements are not yet available.

It is significant that the two year-old balances have dropped from over \$50,000 in 2006 to essentially zero in 2009 and 2010.

Contracts and Agreements: Administration and Safekeeping

The municipal inspection confirmed that the filing system for contracts and agreements has been considerably improved since the Special Areas Board took over in 2006. There is still a small number of files that need to be reviewed and sorted.

The security of accounting records, computer records, contracts and agreements often tends to receive less attention than it deserves, especially in small communities. A common perception is that “nothing will happen here.” Unfortunately, it can and does “happen here.” The municipal offices and records in the Town of Slave Lake for example, were destroyed by the fire that incapacitated the Town for an extended period in spring 2011.

The Village has taken significant steps to secure its important records:

- It has a lockable room for records that contains what appears to be a large, elderly but sturdy combination-lock safe. The room is locked when staff are not in attendance. It does not appear to be fire rated.
- The Administrator’s office also contains financial records. It is locked when not in use (at night and on weekends).

There is reasonable security against theft of documents but little against fire. The building is constructed of wood.

Computer records are held on the SAB’s computer servers in the Town of Hanna and are available to the Empress Village office via an Internet-based network. The SAB backs up its records to an external server elsewhere in Hanna once every one to two months. Accounting data is backed up more frequently within the SAB server, but these do not constitute off-site backup as a means to mitigate losses from a fire in the Hanna office. Backups to off-site locations should be performed at least once per week.

Monthly Financial Reports to Council

In Schedule A of the Village’s agreement with the Special Areas Board, the latter agreed to: “Manage and ensure timely, accurate monthly financial statements.” Village minutes dated February 16, 2006 contain a Motion on “Monthly financial reporting to Council:”

Moved by Roderick Briggs, Seconded by Allison Rubbelke, that the Council of the Village of Empress pass a policy requiring accounts payable, bank reconciliations, and expenditures/revenues vs budget reports be submitted to Council on a monthly basis.

While there are references in the 2006 to 2011 minutes to accounts payable and bank reconciliations being presented to Council, there is no evidence that expenditures/revenues vs budget reports are being presented to or adopted by Council.

This concludes the portion of the inspection requested by the Minister.

Supplemental Observations

To supplement the investigation of whether there are reasonable financial policies are in place, even with the lack of current written policies, we also looked at the following actual practices.

Bank Reconciliations

Village staff signed off the May 31, 2011 bank reconciliation on June 28. Given the recent postal strike, this date is suggestive of prompt preparation of bank reconciliations.

GST Returns

The most recent GST return filed with the Canada Revenue Agency (CRA) and available for inspection was for the period ended December 31, 2009. This return had been the subject of a CRA audit which identified that the returns and rebate forms had not been completed correctly. The CRA did not dispute the sums involved in total and there was no effect on the net amount due to or from the CRA. GST recording and reporting should be reviewed when the Village's policies and procedures are developed and implemented.

The CRA returns for 2010 are outstanding and will be prepared upon completion of the 2010 audited financial statements. In future, such returns should be completed promptly when due so that available refunds due to the Village will be received without delay.

CRA Source deductions

The most recent CRA statement for the return of payroll source deductions was dated May 17, 2011, which was reasonable given the recent postal strike. The return shows a reasonable monthly payment and a 2011 total.

Insurance

During the review of the AMSC insurance invoice for 2011, Village staff indicated that the insurance had been updated to reflect the currently available results of the tangible capital assets analyses work that was recently completed.

Tangible Capital Assets Accounting

As of January 1, 2009 all municipalities were to have completed the changes to their accounting policies and procedures in order to implement a new approach that requires a significant level of analysis of a municipalities' tangible capital assets, assets such as roads, walks, water works, vehicles and real property to name but a few examples.

This analysis is essential if a municipality is to obtain an audit opinion that indicates that the Village 2009 financial statements are presented fairly in accordance with Canadian generally accepted accounting principles. The lengthy delay in completing these analyses is at the root of the delay with the 2009 and 2010 audited financial statements.

A Council minute dated December 17, 2009 is instructive.

Moved by Beverley Farnden and Seconded by Roderick Briggs that the Council of the Village of Empress enter into an agreement with The Grant Management Group to prepare the Tangible Capital Asset Register for the Village of Empress.

The date of this minute, December 17, 2009, is almost one year after all the analysis work should have been completed and recorded in the Village books. This is an example where it appears that the financial affairs of the Village are not being given the urgency that they should receive. This tangible capital asset work should have been completed at the start of 2009. It is now mid-2011 and the matter was only recently completed.

Utilities

The Village provides water and sewage services to its residents. The Village has instituted some policies and procedures relating to the collection of service fees in this area although these are not yet codified in the Policies and Procedures Manual.

Table 4 below reveals that since 2006, the status of outstanding receivables has improved significantly.

**Table 4
Utility Account Receivables**

At 31 January	2005	2006	2007	2008	2009	2010
No. of utility accounts	117	115	131	141	141	141
Total amount of arrears (\$)	10,369	10,186	11,745	2,859	3,007	790
3 years in arrears	2	1	1	0	0	0
2 years in arrears	3	2	5	0	0	0
1 year in arrears	3	5	6	0	0	0
4 months+ in arrears	9	11	5	2	5	2

Servus Credit Union

An agreement between the Village and the Servus Credit Union enables the Village to offer basic financial services to the community in its office and using its staff. The agreement is dated 2001, with automatic annual renewals for up to 20 years. This service provides around \$11,000 of gross revenue annually to the Village.

Governance

Council and administrative staff demonstrated during the inspection that they understand and exercise their respective roles without encroachment. To carry out their own roles without encroaching on the other's roles is a relatively rare occurrence, especially in a small community. Council and Administration can be commended.

Procedural Bylaw

The Village Council has continued to operate without a Procedural Bylaw since at least 2001. This is the single-most important tool available to municipal Councils to govern municipal decision-making. In addition, an effective procedural bylaw provides residents with a clear process to deal with matters that affect the community. A draft Council Procedural Bylaw is included as Appendix B for Council consideration.

Management Services Agreement

On January 19 2006, Council authorized the Village to enter into a two-year Management Services Agreement with the Special Areas Board (SAB) at its regular Council meeting which was signed January 26th 2006. The parties renewed it for two subsequent two-year terms, with the current agreement due to expire on December 31, 2011.

In practice, the SAB provides the services of a part-time Chief Administrative Officer and a full-time Administrator,⁵ as well as access to its experienced and specialized personnel. The Village employs other administrative staff directly, as well as non-administrative staff. The cost for SAB's services was \$20,000 per year for 2006 to 2009, and \$30,000 per year for 2010 and 2011.

It must be clearly understood that the Village could expect to pay substantially more than \$30,000 if it employed a CAO directly, let alone what it would have to pay for

5 Although a Special Areas employee, the Administrator works for the Village three days a week on site and two days a week in consultation meetings and activities off-site.

other staff services that the SAB currently provides. This is an outstanding financial deal for the Village.

Notwithstanding the favourable financial terms, there are challenges with the arrangement. The Village asked the SAB to provide administrative services after a period of problematic Village management. It began service delivery on January 1, 2006. Prior to this, the Village's audited financial statements were late, there were few bylaws and policies in place and the financial and administrative records were in disarray, misfiled or missing. This inspection has revealed that the audited financial statements are still late, few current written bylaws or policies are in place, there is no Procedural Bylaw and the records, while very much improved, are still not up-to-date.

Not surprisingly, while the Village receives exceptionally good value for its dollar paid to the SAB for administrative services, Special Area No. 2 generously delivers substantially more service than it is being paid for. This reality is most likely restraining Council from insisting on timely responses to legislated financial requirements because its members are well aware that the Village does not have the funds necessary to get the work completed without the SAB's assistance.

The Village and the SAB must document mutual expectations to ensure that legislated municipal requirements are completed and that they are completed on time. These expectations should be incorporated into the Management Services Agreement prior to its renewal on January 1, 2012.

Communications

A recurring theme that arose in interviews was that many residents were not aware of information that they expect to be publicly available, even though the Village posts an array of Council-related information on a public bulletin board in the Village office. For example, the 2011 Council minutes confirm that Council adopted the audited financial statements for 2007 and 2008 in January, yet many residents were still not aware of this in July, and were very concerned that they had not even been completed. Some residents expect that audits should be presented at a public meeting. There is no obligation for the Village to do so under the *Municipal Government Act*. Audited financial statements are adopted at public Council meetings and available to the public upon their adoption.

The Village must examine its communication practices closely. The Village should make as much information available as is reasonably and economically possible. To do so, the most easily accessible manner for residents would be for the Village to post the following information on its website:

- Contact information for the current Mayor, Councillors and senior administrative staff
- Dates of Council meetings
- Council meeting agendas
- Council minutes archive
- Current bylaws
- Current rates for Village goods and services
- Current year budgets
- Audited financial statements
- Current Business plan
- Boards and Committees to which the Village participates as a member and appoints Councillors and/or residents as its delegate(s)
- Inspection reports
- Other pertinent Village information items

There is a cost to this recommendation. If the website is designed for them to do so, Village staff would have the capability of keeping the website up-to-date. If not, the Village may wish to explore the possibility of working with residents who have an interest in volunteering (if any) to assist the Village with web postings.

Recommendations

Following our inspection, AAGI team members make the following recommendations.

Recommendation 1

Council should adopt a Council Procedural Bylaw by November 1, 2011.

Strategy/Council should assign the CAO to customize the draft Procedural bylaw in Appendix B to meet Empress' particular needs and submit it to Council for its consideration and adoption.

Recommendation 2

Council should adopt *financial governance policies and procedures* that display an effective date and an anticipated renewal date, and that are codified in the Village's Policies and Procedures Manual.

Strategy/Council request that the CAO draft financial governance policies and procedures and to submit them to Council for its consideration and adoption.

Recommendation 3

Council should ensure that the CAO develops and implements *standard financial operating procedures* as required in sections 207 and 208 of the *Municipal Government Act*. These should:

- display an effective date
- display an anticipated renewal date
- be codified in the Village's Policies and Procedures Manual
- be provided to Council for information purposes.

Strategy/Council should establish a target date by which the CAO approves standard financial operating procedures and should request copies for Councillors' information only.

Recommendation 4

Council should adopt a policy to prepare a three-year business plan and update it annually.

Strategy/Council should hold a planning retreat to:

- establish a Village vision, objectives, strategies and key performance indicators
- request that the CAO use this information to prepare a draft three-year business plan and submit it to Council for its consideration/approval.

Recommendation 5

Council should adopt a policy to review quarterly financial statements that include the Village's financial position, actual revenue and expenses and their variance from the annual budget. In addition, it should ensure that it is codified in the policy manual.

Strategy/Council should request that the CAO draft a policy to implement these changes for Village financial reporting and submit it to Council for its consideration and adoption as soon as possible. This should be followed by timely implementation of the changes.

Recommendation 6

Council and the Special Areas Board should revise their Management Services Agreement prior to its December 31, 2011 renewal by clarifying the structure and processes that govern the relationship between the Village and the Special Areas Board.

Strategy/Council and SAB should meet to confirm elements of their relationship, mutual expectations, timelines and costs.

Recommendation 7

Council should adopt a budget cycle by developing a policy to require that a draft capital and operating budgets for the following year be submitted to Council at its November meeting to ensure that it is in a position to adopt them before December 31.

Strategy/Council should request that the CAO draft a policy on the Village's budget cycle and submit it to Council for its consideration and adoption, as soon as possible.

Recommendation 8

Council should require that the CAO include the proposed source of funds for each item in the 2012 and subsequent five-year capital plan updates (e.g., Municipal Sustainability Initiative grant, short-term loan, debentures or other sources of funding)

Recommendation 9

Council should request that the CAO ensure the reorganization of all financial records be completed within 12 months.

Recommendation 10

Council should request that the CAO ensure the reorganization and safekeeping of the Village's contracts and agreements be completed within 12 months.

Recommendation 11

Council should request that the CAO ensure the weekly back up of the Village's computerized financial records to an off-site location. This should be achieved within the next three months.

Recommendation 12

Council should improve communication with residents before December 31, 2011 by adopting a policy to provide the following information to them in an easily accessible manner and to update it regularly:

- a) Contact information for the Mayor, Councillors and administrative staff
- b) Dates of Council meetings
- c) Council meeting agendas
- d) Council minutes
- e) Current bylaws
- f) Current rates for Village goods and services
- g) Current year budgets
- h) Audited financial statements
- i) Current Business plans
- j) Boards and Committees to which the Village participates as a member and appoints Councillors and/or residents as its delegate(s)
- k) Inspection reports
- l) Other pertinent Village information items

Strategy/Council should require that the CAO:

- draft a policy that articulates a strategy to provide timely and easily accessible information to residents
- explore alternatives to provide current and some archival information to Village residents in an easily accessible manner (including the option of website posting with staff providing regular updates)
- ensure that all Village staff and SAB personnel working with the Village are fully apprised of the communications policy.

APPENDIX A

Municipal Inspection Poster



EMPRESS INSPECTION

The Minister of Municipal Affairs has ordered an inspection of the management, administration, and operations, focusing on financial policies, of the Village of Empress.

The Minister has appointed Activation Analysis Group Inc., a municipal governance consulting firm from Edmonton to do the inspection.

If you have any questions or want to provide input please feel free to call 1-877-415-5154, fax 780-463-5280 or e-mail diane.conway@aagi.ca



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APPENDIX B

Empress Draft Procedural Bylaw

VILLAGE OF EMPRESS
DRAFT BYLAW No.

BYLAW No.

**BEING A BYLAW OF THE VILLAGE OF EMPRESS, IN THE PROVINCE OF ALBERTA,
TO REGULATE THE PROCEEDINGS OF COUNCIL MEETINGS.**

Pursuant to the provisions of the *Municipal Government Act*, Chapter M-26, of the Revised Statutes of Alberta 2000, and amendments thereto:

WHEREAS

Section 7(a) of the Municipal Government Act allows a Council to pass bylaws for municipal purposes respecting the safety, health and welfare of people and the protection of people and property;

AND WHEREAS

Section 145(a) of the Municipal Government Act allows a Council to pass bylaws for the establishment and functions of Council committees and other bodies;

AND WHEREAS

Section 145(b) of the Municipal Government Act allows a Council to pass bylaws for the procedure and conduct of Council committees and other bodies established by Council;

AND WHEREAS

Section 146(b) of the Municipal Government Act allows a Council to pass bylaws where Council committees may consist of a combination of Councillors and other persons;

AND WHEREAS

Section 153 (e) of the Municipal Government Act states that a Councillor's duty is to keep in confidence matters discussed in private at a Council or Council Committee meeting until discussed at a meeting held in public;

AND WHEREAS

Section 180 (1) of the Municipal Government Act requires Council to act only by resolution or bylaw;

AND WHEREAS

Section 197 (1) of the Municipal Government Act states that a Council and Council Committees must conduct their meetings in public;

AND WHEREAS

Section 197 (2) of the Municipal Government Act allows a Council and Council Committees to close all or part of their meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 2 of Part 1 of the Freedom of Information and Protection of Privacy Act;

AND WHEREAS

Section 198 of the Municipal Government Act states that everyone has a right to be present at Council meetings and Council Committee meetings conducted in public unless the person chairing the meeting expels a person for improper conduct;

NOW THEREFORE

The Council of the Village of Empress, duly assembled, HEREBY ENACTS the following rules for the order and conduct of all Council meetings.

1. INTERPRETATION

- a) This bylaw may be cited as the *Council Procedural Bylaw*.
- b) **CAO** is the Village of Empress' Chief Administrative Officer.
- c) **CEO** is the Village of Empress' Chief Elected Official.
- d) **Committee** is a Standing Committee, Special Committee or Ad Hoc Committee established in accordance with Section 146 of the *Municipal Government Act*.
- e) **Council** is the elected Council for the Village of Empress in the Province of Alberta.
- f) **In Camera** is a Council or committee meeting where the public is excluded.
- g) **Organizational Meeting** is an annual meeting in which any necessary Oaths of Office are taken, appointments are made to municipal public positions (e.g., Acting Mayor) or municipal public bodies, remunerations are established for Council members, members-at-large, and employees, and the regular Council meeting schedule for the following twelve months is established.

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- h) **Special Meeting** is a public meeting of all Council members scheduled outside of the Regular Council Meeting Schedule.
- i) **Village** is the Village of Empress in the Province of Alberta.

2. AGENDAS FOR COUNCIL MEETINGS

- a) The agenda for each regular and special meeting shall be prepared by the CAO in consultation with the Mayor and is submitted with copies of all pertinent correspondence, statements and reports to each member of Council, at least three full business days prior to each regular meeting, and as instructed for special meetings.
- b) Any member of Council or other person wishing to have an item of business placed on the agenda, shall make the submissions to the CAO not later than 4:00 p.m. four business days prior to the meeting.
- c) When a person wishes to appear before Council under the *Delegations* portion of the meeting, a written request must be submitted to the CAO no later than 4:00 p.m. four business days prior to the Council meeting. A written request to appear at a Council meeting shall be legible and contain adequate information to the satisfaction of the CAO to enable Council to deal with the matter. Adequate information includes, but is not limited to, the following:
 - i) name, address and telephone number of the person wishing to make the presentation
 - ii) clearly identify the topic to be discussed
 - iii) clearly identify the request being made to Council, if applicable
 - iv) any background information to support the request, if applicable.A presentation request shall not be confirmed as being on a meeting agenda until the agenda has been reviewed by the CAO and Mayor, or their designates.
- d) The order of business on the agenda shall be as follows:
 - i) Adoption of the agenda
 - ii) Delegations
 - iii) Public Hearings
 - iv) Adoption of previous minutes
 - v) Business arising from the minutes
 - vi) Reports
 - vii) Requests for Decision
 - viii) Information Items
 - x) In Camera
 - xi) Adjourn
- e) This order of business shall apply for all regular Council meetings unless members of Council in attendance agree to any change, by a majority vote.
- f) If an urgent or emergent issue is to be raised, a statement of intention is to be given in the form of a *Notice of Motion*. It can be made by any Councillor at an appropriate time in the proceedings and is not debatable at that time. If unanimous consent is granted the issue can be placed on the meeting agenda. If unanimous consent is not granted, the matter will be dealt with at the next Council meeting.

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3. MEETING PROCEEDINGS

- a) In accordance with the *Municipal Government Act* and the *Council Procedural Bylaw*, Village of Empress Council Members meet in an official capacity in Regular Council Meetings. Dates, times and location of meetings are set by Council resolution at the Annual Organizational Meeting. Meeting dates, times and locations cannot change unless the change is made through a resolution of Council.
- b) The Council of the Village of Empress shall hold an Organizational Meeting annually pursuant to the *Municipal Government Act*.
- c) The first meeting following a general municipal election shall be an Organizational Meeting and shall include:
 - i) every member of Council taking the Oath of Office of Councillor;
 - ii) selection of a Mayor who must take an additional Oath of Office of Mayor;
 - iii) selection of a Deputy Mayor who must take an additional Oath of Office of Deputy Mayor;
 - iv) appointment of Council members to Statutory Committees
 - v) adoption by resolution of Council's regular meeting schedule for the full period until and including the next annual organizational meeting
 - vi) any other business required by the *Municipal Government Act*.
- d) All appointments made at the initial Organizational Meeting shall be reviewed and modified as required at an organizational meeting in the fall of each year.
- e) Regular meetings of Council shall be established by Council at the Annual Organizational Meeting and shall adjourn not later than 11:00 p.m., unless members of Council in attendance agree to an extension of time, by a two-thirds majority vote.
- f) A quorum is a majority of Council members.
- g) Council members available via teleconference shall be considered part of the quorum.
- h) As soon after the hour of the meeting as there shall be a quorum present, the Mayor shall take the Chair and call the meeting to order.
- i) If there is no quorum present within half an hour after the time appointed for a regular meeting of Council, the CAO shall record the names of the members of Council who are present and the meeting shall be absolutely adjourned until the next regular meeting unless a special meeting has been duly called in the meantime. Notice of adjournment should be posted on the outside door of access to the building or room in which Council holds its regular meetings.
- j) The Mayor or presiding officer shall preserve order and decorum and shall decide questions of order subject to an appeal to Council by resolution. The decision of the presiding officer shall be final unless reversed or altered by a majority vote of members present.
- k) When the Mayor or presiding officer is called on to decide a point of order or practice, it shall be done without argument or comment and shall state the rule of authority applicable to the case.

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- l) Every member wishing to speak to a question or motion shall address the Mayor or presiding officer.
- m) The Mayor or presiding officer shall have the authority to set a time limit and number of times that a member may speak on the same question or resolution having due regard to the importance of the matter.
- n) When a Council Member has been warned about breaches of order but continues to engage in them, the Presiding Officer may state their name and declare the offence. The Recording Secretary must note the offence in the minutes.
- o) If a Council Member who has been named apologizes and withdraws any objectionable statement, then the Council Member may remain and continue participating in the meeting and the Presiding Officer may direct that the notation of the offence be removed from the minutes.
- p) If the Council Member fails or refuses to apologize, then that Council Member must immediately leave the Council Chambers and Council must vote on a motion to expel that Council Member. A motion to expel must be decided without debate.
- q) If a Council Member who has been expelled pursuant to this Section, refuses to leave the Council Chambers, the Presiding Officer may request the Royal Canadian Mounted Police to remove the expelled Council member.
- r) A motion submitted to Council does not require a seconder.
- s) When a motion has been made and is being considered by the Council, no other motion may be made and accepted, except:
 - i) a motion to refer the main question to another person or group for consideration;
 - ii) a motion to amend the main question;
 - iii) a motion to table the main question;
 - iv) a motion to postpone the main question to a future time;
 - v) a motion to adjourn the meeting, provided that a motion tabled shall not be debated except as to the time the matter shall again be considered.
- t) Where a question under consideration contains distinct propositions, the vote upon each proposition shall be taken separately when any member so requests or when the Mayor or other presiding officer so directs.
- u) A bylaw shall not be given more than two readings at one meeting unless Council members in attendance agree unanimously that the bylaw may be presented for third reading at the same meeting at which it received the first two readings.
- v) Any request for a recorded vote shall be brought to the Mayor or presiding officer's attention prior to the actual call for the vote.
- w) After any question is finally put by the Mayor or other presiding officer, no member shall speak to the question, nor shall any other motion be made until after the result of the vote has been declared. The decision of the Mayor or presiding officer as to whether the question has been finally put shall be conclusive.
- x) All meetings are recorded with minutes; without note or comment.
- y) The CAO may delegate any duties to a recording secretary but shall accept all

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responsibility for these duties.

- z) If a member of Council arrives late, leaves before the meeting is adjourned, or is temporarily absent from the meeting, it shall be so recorded in the minutes.
 - aa) The CAO shall record in the minutes each time a member of Council excuses himself by reason of pecuniary interest.
 - bb) Voting on all matters shall be done by raising of the hand in such a clear manner that the the presiding officer may easily count them.
 - cc) Council shall hear all delegations who have brought their items of business onto the agenda in accordance with this bylaw's Section 2(c) in the order in which they are placed on the agenda or the order may be changed by a majority vote of Council members present. All rules of Council in this bylaw shall apply to each and every member of the delegation.
 - dd) The presentation by a delegation may only be:
 - i) received as information without debate
 - ii) referred without debate to a Standing Committee or the CAO for a report
 - iii) debated if a resolution is passed by a 2/3 majority vote, to allow a motion to be made without notice
 - ee) Council may establish any other Committee, Board or other body by bylaw, as deemed necessary. Council must establish Terms of reference for these bodies, to be included in the Village policy manual. These terms shall include:
 - i) its purpose and mandate
 - ii) the source of its authority and the nature of its responsibilities
 - iii) its membership, which shall include a minimum of one member of Council
 - iv) members' term of office
- All Committees, Boards or other bodies established pursuant to this bylaw must comply with this bylaw's procedures and the *Municipal Government Act*, as applicable.
- Members of Council who are appointed to any Committees, Boards or other bodies established by Council have the responsibility of keeping Council informed of any activities of the Committees, Boards or other bodies they are appointed to.
- ff) Council may adjourn from time to time to a fixed future date any regular or special meeting of Council which has been duly convened but not terminated. The object of adjourning is to finish the business which the meeting was called to transact in the first place, but which has not been completed.
 - gg) Any matter of meeting conduct which is not provided for herein, shall be determined in accordance with Canada's parliamentary rules.

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4. ENACTMENT

This bylaw shall come into full force and effect on the day that it is given its third and final reading, passed by Council and signed in accordance with the *Municipal Government Act*.

READ a First time this ___ day of (month),
A.D. 2011

MAYOR

CAO

READ a Second time this ___ day of
(month), A.D. 2011

MAYOR

CAO

Unanimous consent for third reading given
this ___ day of (month), A.D. 2011

MAYOR

CAO

READ a Third time and finally passed this
___ day of (month), A.D. 2011

MAYOR

CAO