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Alberta Municipal Affairs

Town of Smoky Lake Municipal Inspection

Final Report

July 15, 2013

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Executive Summary

On April 23rd, 2012 the Council of the Town of Smoky Lake passed a motion requesting that the Minister of Municipal Affairs inquire into the conduct of Chief Elected Official Hank Holowaychuk. In response to the motion the Minister agreed to complete an inspection looking at the management, administration, and operation of the Town. This municipal inspection was to be completed in accordance with section 571 of the Municipal Government Act. Alberta Municipal Affairs selected Russell Farmer and Associates to complete the inspection, which was officially initiated in December 2012. Although the motion of Council was directed specifically at the conduct of the Mayor, the inspection was initiated in order to assess all aspects of municipal operations and governance.

The report arising from this Inspection is divided into six major sections: 1) Working Relationships, 2) Council Operations, 3) Administration, 4) Financial Status, 5) Human Resources Practices, and 6) Bylaws and Policies. The Inspection has resulted in fifty-six (56) recommendations for changes to the manner in which the Town is being governed and administered.

Working Relationships

A major source of concern arising from the Inspection relates to the conduct of Council and the working relationships both among Council and between Council and administration. The investigation revealed that most Councillors and Council as a whole have been working toward the advancement of the Town's residents and the Town itself. However, issues related to role confusion, a lack of respect for fellow Councillors, and poor recognition of the collective authority of Council have adversely impacted the ability of Council to function effectively. A key focus of the conflict on Council is the Mayor. The inspection identified concerns with the Mayor's role as Council Chair, his presentation style during Council meetings, overall preparation for Council meetings, and poor performance as the spokesperson for the will of Council. It is the assessment of the Inspector that Council for the Town of Smoky Lake has failed to perform in the professional manner expected from elected officials in the Province of Alberta.

The following recommendations were made to address issues related to working relationships:

1. Councillors conduct themselves at all times in a manner that reflects positively on the Town, its Council, and its staff.
2. Council develop a scorecard for Council conduct and regularly review performance on the scorecard to identify opportunities for improvement.
3. Council immediately discontinue all involvement in administrative or operational matters.
4. Councillors immediately discontinue making negative comments regarding fellow Councillors, Council as a whole or administration to external stakeholders.
5. Council include training in parliamentary procedure and chairing skills in the orientation process following the 2013 municipal elections.

6. Where the Chair has been surrendered, the mayor respect the Chair for that meeting. This requires that the mayor does not resist the request nor the individual that has taken on the Chair.
7. The mayor become more aware of his communication style and takes extra precautions to respect the debate conducted on a motion by individual Councillors.
8. When there is an administrative issue that a Councillor, Mayor, or Council as a whole is looking to have reviewed or resolved, that a motion is made on the issue to direct the CAO to complete and report.

Council Operations

The Inspection assessed several components of Council operations and governance practices. Some specific areas of concern included:

Strategic planning: for the majority of its term Council has not been operating under a strategic plan, and as a result has lacked a common vision or sense of priorities.

Recorded Votes: Councillors are making excessive use of recorded votes as a means to publicly demonstrate disagreement on Council decisions and for political gain.

Council Meetings: Meetings have become excessively long, owing to: poor chairing skills, long speeches, lack of focus on priorities, and an over-involvement in operational matters.

CAO Performance Reviews: Owing to turnover at the CAO position, Council has failed to provide appropriate performance oversight or performance reviews. Performance reviews are not occurring as required, and in cases where they have been performed there are specific issues with the format of, and process for, the reviews.

Role Separation: Council is failing to appropriately maintain role separation from administration. Through policy, Council decisions, and direct involvement with Town staff, Council has been engaging in operational matters. A key source of issues regarding role confusion is the Mayor's dual role as both Chief Elected Officer and Fire Chief.

Council Committees: Council has an excessive number of commitments to which it appoints Councillors. Many of these appointments are unnecessary, or are for committees that are operational in nature. Excessive appointments are contributing to a lack of focus on Council, Councillors workloads, and Council costs.

As a result of the issues identified in Council operations, the Inspector made the following recommendations:

9. Mayor Holowaychuk discontinue the practice of providing directions or instructions to the Town of Smoky Lake's staff.

10. Council considers the Council chambers as the public meeting space for Council and refrain from using the chambers as an office. Any paperwork or documentation should be filed using the accepted filing system in place for Council.
11. Council discontinue the use of recorded votes as a means to represent disagreement with Council decisions.
12. Council meetings adhere to the Organizational and Procedural Matters bylaw regarding meeting length and adjournment.
13. When placing meeting minutes on the Town website, ensure that these are the scanned signed and dated original copies.
14. The CAO track the motions for status or completion of action taken by the CAO or administration. Require the CAO to report back the status or completion of the motion to Council.
15. Council ensure annual CAO performance appraisals are conducted, at a minimum, with semi-annual or quarterly reviews as better practice. Follow the recommendations made within this report to link the appraisal process to the strategic direction and objectives of the Town, the job description of the CAO, and ensure that there is a well-defined and measureable plan of action for the CAO to execute on any job performance improvements.
16. Council engage in an annual cycle of facilitated strategic planning.
17. Council review and update the Town's Municipal Sustainability Plan to create an active document that provides strategic guidance and that links to Council's strategic plan.
18. The Mayor act appropriately in his role as spokesperson for Council, actively supporting Council's democratically reached decisions and reflecting positively on his Council and his municipality.
19. Council adopt policy guidelines for the appointment and conduct of the Fire Chief to support effective role separation.
20. Administration review the Orientation process and content for the 2013 municipal election in order to create a more comprehensive training experience.
21. Council engage in a mid-term governance and parliamentary procedure refresher two years following a Council election.
22. Council update and affirm a Code of Conduct, and that a discussion of the Code of Conduct be integrated into Council's orientation process

23. Council review its committee appointments, eliminating unnecessary commitments and discontinuing all committees engaging in operational matters
24. Council consider a bylaw requiring that the Chief Elected Official be appointed by Council from among the elected Councillors. As the MGA requires that this bylaw be passed 180 days prior to an election it is likely that it could not take effect until the 2017 election.

Administration

The Inspection assessed the structure and operation of administration. Specific concerns were identified with Finance and Public Works. These concerns were related to staffing levels, process, policy compliance, and role clarity.

Finance has historically had issues with the classification of expenses, including capital purchases that were recorded incorrectly to operating expenses. In addition, the authorization of expenditures has not been occurring in accordance with the Town's Tangible Capital Asset Policy. It appears that these issues are being addressed by the Town's new Finance Manager.

A number of concerns were identified with the Town's Public Work's Department, most relating to the Town's Foreman. Key concerns included:

Staffing Levels: The Department appears to be over-staffed, which is leading to cost overruns. This overstaffing relates to both seasonal staff and full-time employees.

Policy Compliance: During the inspection it was identified that policy compliance is a significant issue in Public Works. Concerns related to both the Occupational Health and Safety (OH&S) policy and Tangible Capital Asset Policy.

Public Works Foreman: The Foreman has not been performing adequately in meeting the requirements of his position. First, there is no capital replacement plan in place for public works equipment. Second, the Foreman has not been engaged in budgeting for his department, nor has he been tracking budget variances and expenditures. Third, the Public Works Foreman has been unwilling to attend Council meetings, allowing his department to be represented by the CAO.

The following recommendations relate to administration:

25. The purchasing system be reviewed to ensure adequate training and processes are in place, and that the use of purchase orders be required by all departments.
26. The Town review staffing levels within Public Works to determine if the number of staff can be reduced without a reduction in services.
27. That all Public Works Staff, both permanent and seasonal, receive regular OH&S training.
28. That the Public Works Foreman assume responsibility for administrative functions within his department, including: budgeting, variance tracking, and project management.

29. That the CAO require the the Public Works Foreman to regularly attend a portion of Council meetings in order to provide department reports, make presentations on public works matters coming before council, and answer Council enquiries regarding his department.

Financial Status

During the Inspection concerns were raised regarding the long-term sustainability of the Town of Smoky Lake. Economic development has been an issue as the Town has experienced a period of poor or absent economic growth. The Town's financials, staffing levels, and tax rates were compared to ten peer municipalities. The Inspection identified that the financial sustainability of the Town has been adversely impacted by below average revenues, arising in part from lower than average tax rates, and above average expenses. Specific concerns are identified with Council expenses, staffing expenses, and expense tracking. A serious issue was identified with the timing and sequence of the Town's 2012 budgeting and taxation process. The following recommendations relate to financial processes and status:

30. Council adopt annual municipal operating and capital budgets prior to passing a tax bylaw
31. The Town review Council expenses in order to reduce them to appropriate levels

Human Resources Practices

The Inspection investigated human resources structures, policies, and practices and identified several opportunities for improvement. Key issues identified by the Inspection include:

- Relative to benchmarks, the Town of Smoky Lake is over-staffed in both Public Works and Administration. Staffing costs are adversely impacting sustainability.
- The Town has experienced a high rate of turnover, especially in senior management positions, which has contributed to administrative issues.
- The Town has inconsistent records management practices regarding human resource files leading to organizational risk.
- There is a lack of consistent or timely performance reviews for staff.
- The Town's human resources policy framework has deficiencies both in the content of the policies, and in policy compliance.

Issues identified with human resources practices led to the following recommendations:

32. Conduct exit interviews when staff leave the Town of Smoky Lake's employment. Gather information regarding the practices and perceptions in the areas human resources, finance, administrative, procurement, managerial, and Council relationships, at a minimum.
33. A communication plan be developed that considers the most effective way to communicate the decisions of Council to all staff, including those that are directly impacted. The communication should be timely after the Council meeting.

34. Develop succession plans for critical positions, which includes, at a minimum, the Finance Manager, the CAO, and the Public Works Foreman.
35. Develop mitigation strategies for critical positions if there are vacancies that remain difficult to fill.
36. Develop a file retention and destruction policy in general and specifically as it relates to employee, payroll, and recruitment information that complies with *the Freedom of Information and Protection of Privacy Act*.
37. Follow the recommended practices respecting the information to be contained in employee and/or payroll records. Determine whether the information will be consolidated, or if not, what the rules for duplicate information will be. Ensure that records are clearly marked with either an active or terminated status.
38. Follow the recommended practices outlined for recruitment competition file storage.
39. Follow the recommended practices for performance appraisals for staff. Ensure that appraisals are conducted, at a minimum, annually, and in line with its policy 8.0 Performance Appraisals which states that these are to be conducted semi-annually.
40. Develop and define job responsibilities clearly for each role in the Town. Develop job descriptions that address the overall responsibility of the position, the key areas of responsibility (typically three to five, broken down by percentage of time totaling to 100 percent), the behavioural and technical qualifications of the position (required and nice-to-have's), and the reporting relationship. Ensure that the employees have seen and understand their most up-to-date job descriptions.
41. Immediately terminate use of the Personnel Committee and Employer/Employee Committee of Council.
42. Ensure that the Schedule A overtime agreement is reviewed and signed by employees and then placed in their employee files.
43. Remove Schedule B from the Performance Appraisal policy (8.0) as this is a document that can be changed by management as required and does not need to be included in a policy.
44. Update the Professional Education (10.0) policy to remove the linkage between a pay increase and cost of course completed.
45. Update the Vacation policy (12.0) to clarify the vacation practices including any of the following: accrual to be taken within the 12 months of being earned, vacation payouts, "use it or lose it".
46. Update the Financial and Vehicle policies (19.0) and Purchase Order policy (24.0).

47. Ensure that staff have followed policy on Public Statements (21.0) with the read and signed copies of the Oath of Confidentiality completed and filed in the employee file.

48. Update the Time Sheets policy (25.0) to discontinue the practice of paying travel advances.

Bylaws and Policies

The Inspector reviewed the policy framework for the Town of Smoky Lake and identified specific issues with policy administration, compliance, and content.

Policy Administration: Policies are improperly maintained, stored, and are not accessible to staff.

Policy Compliance: A significant number of policies are not actively followed. Staff are either unaware of policies, or are not considering policies during the course of their work.

Policy Content: The majority of policies are improperly developed, outdated, impractical, and/or unenforceable.

A review of the Town's policies provides many examples where policies set by Council are being used to impose processes on administration. The current Council has established a Bylaw and Policy Committee which is intended to engage in the review of current bylaws and policies and to engage in the development of new ones. This committee has contributed to animosity on Council and is, in many respects, not operating appropriately.

The following recommendations are made regarding the Town's Bylaws and Policies:

49. Council direct Administration to initiate a review of all Town policies and bylaws in order to identify areas where policies or bylaws must be developed and/or to address deficiencies in existing policies or bylaws.

50. Develop a prioritized list for developing or updating bylaws and policies which is adopted by Council. Priority should be given to health and safety issues, sources of liability, and policies which are in conflict with super-ordinate legislation.

51. Discontinue immediately the Council practice of engaging in policy development without the support of administration.

52. Place all bylaws and policies into an electronic format for retention and to ensure accessibility for Staff and for the public.

53. Update the Town's policy binder ensuring that the table of contents is current and that all policies are signed, dated, and reference a Council motion number.

54. Ensure that staff is aware of policy requirements and have received appropriate training where required. Reviewing policy should be integrated into the orientation for all Town staff.

55. Make compliance with Town policies a component of staff performance reviews, especially at the management level.
56. Ensure that administration has documented processes to support policy compliance, and that the processes are followed.

Background

Smoky Lake is a town in central Alberta, located 116 km northeast of Edmonton at the junction of Highway 28 and Highway 855. Smoky Lake has a population of approximately 1010 people, and has not seen significant population growth over the past three decades. Historically, the Town served as an agricultural service centre for the surrounding area. However, with the removal of the rail line through Smoky Lake and the demolition of the UGG grain elevator, important elements of the Town's agricultural services have ended. It continues to provide important social, educational, health, and business services to neighbouring rural and agricultural communities.

Alberta Municipal Affairs responded to a motion that was made at the April 23, 2012 Special Meeting of Council which read:

That the Town of Smoky Lake Council send a letter of request to the Minister Of Municipal Affairs that they inquire into the conduct of Councillor, Chief Elected Official; Hank Holowaychuk as per section 572 (1){b} and 572 (2){b}

Some of the specific concerns with the conduct of the Chief Elected Official included:

- In the opinion of Council, his actions have harmed and disrupted the operations of the Town;
- In the opinion of Council, he has failed to recognize the authority of Council to make decisions;
- In the opinion of the Council, he has failed to allow Council to conduct the meetings as per Council's Procedural Bylaw;
- In the opinion of the Council, his actions have inhibited the ability of the Administrator to perform his duties and caused a hostile and unhealthy work environment for the Chief Administrative Officer's staff; and
- In the opinion of Council, he has failed to separate the offices of Mayor and Fire Chief.

In response to the motion, the Minister agreed to complete an inspection looking at the management, administration, and operation of the Town. This municipal inspection was to be completed in accordance with section 571 of the Municipal Government Act. Alberta Municipal Affairs selected Russell Farmer and Associates to complete the inspection, which was officially initiated in December 2012. Although the motion of Council was directed specifically at the conduct of the Mayor, the inspection was initiated in order to assess all aspects of municipal operations and governance.

Methodology

The inspection has been undertaken by conducting a review of the following:

- Municipal records including Town of Smoky Lake Council minutes, human resource files and grant files;

- Business decisions made and the rationale of those decisions;
- Town bylaws, ensuring completeness, proper signing and sealing, and filing in a proper register;
- Financial records including budgets, audited financials, expense claims, and general ledgers;
- Newspaper articles and editorials relating to the operation of the Town and the performance of the Town's Council;
- Municipal policy documents to assess their appropriateness, and the degree to which the Town of Smoky Lake's Council and administration are operating within a policy framework;
- Documents and correspondence relating to matters of interest identified during interviews; and
- Various documents provided by members of the Town of Smoky Lake's Council and administration.

In addition to the above documentation and files, interviews were undertaken with The Town of Smoky Lake's Mayor, current Council members, the current CAO, the prior Interim CAO, management and administrative staff, public works foreman, and the public works staff. External stakeholders were contacted and interviewed, including the Town's auditor and a representative from Smoky Lake County. Representatives from Russell Farmer and Associates attended two Council meetings to observe Council processes and governance practices.

The review focused on three key areas within the organization:

- Governance:
 - To review the functioning of the Town of Smoky Lake's Council as a leadership body providing strategic direction;
 - To review decision making processes;
 - To assess understanding of roles and responsibilities; and
 - To evaluate current working relationships amongst Council and between Council and administration.
 - To evaluate Council meetings for efficiency and effectiveness.
- Operations:
 - To assess the budgeting process, financial operations, and financial controls;
 - To assess the municipality against best practices for efficiency and effectiveness;

- To assess administrative processes and policies;
- To review the current financial position of the municipality; and
- Structure:
 - To identify whether current municipal employees have the capacity to carry out their duties as required;
 - To assess the overall organizational model looking at size, reporting relationships, and responsibilities; and
 - To evaluate the use of committees and determine if they are operating effectively.

Working Relationships

This section of the report focuses on the working relationships between the various groups within the organization. The relationships reviewed include the working relationship between the Town of Smoky Lake's Councillors, Council and the Chief Administrative Officer (CAO), Council and administration, CAO and administration, and relationships within administration itself. The comments provided are focused on the current Council rather than on past councils.

Working Relationships within Council

It was observed by the majority of Council and administration that generally, most Councillors and Council as a whole were working toward the advancement of the Town's residents and the Town itself. However, this was typically followed up with a qualifier that the individual Councillors often come at the issues from different perspectives and personalities. While not unexpected in public office, it was observed that the perception of this particular Council is that the Chief Elected Official, Mayor Holowaychuk, does not work effectively with fellow Councillors. Some of the common perceptions include:

- The Mayor does not listen to others on Council;
- The Mayor does not respect the authority of Council as a collective body to make decisions;
- In his role as Chair the Mayor does not conduct the meetings as per Council's Procedural Bylaw;
- The Mayor has failed to separate the offices of Mayor and Fire Chief;
- The Mayor believes that he has a mandate that supersedes the mandate of other Councillors;
- The Mayor believes that he is the sole individual working for the best interest of the Town and its residents; and

- The Mayor does not feel that the decisions of Council are binding on him.

We understand that Mayor Holowaychuk was elected, at least in part, on the platform of wanting to increase the openness, transparency, and accountability of Council and Town decisions to its residents. These perspectives, and the lack of mutual understanding and belief of shared expectations, exacerbate an already challenging environment in which to build working relationships.

Section 154 of the Municipal Government Act (MGA) denotes the role of the Chief Elected Official as follows:

Part 5, Division 3, Section 154, subsections 1 to 3 – General Duties of Chief Elected Official

(1) A chief elected official, in addition to performing the duties of a councillor, must

(a) preside when in attendance at a council meeting unless a bylaw provides that another councillor or other person is to preside, and

(b) perform any other duty imposed on a chief elected official by this or any other enactment or bylaw.

(2) The chief elected official is a member of all council committees and all bodies to which council has the right to appoint members under this Act, unless the council provides otherwise.

In addition to these general duties, the Chief Elected Officer has some specific duties set out in the MGA, including signing authority for municipal documents (s. 213) and calling special meetings of Council (s. 194). Beyond these duties set out in the MGA, the Mayor is expected to act in other respects as a Councillor, and shares the general duties of Councillors. Sections 153 and 201 of the MGA provide for the role of Councillors as follows:

Part 5, Division 3, Section 153 – General Duties of Councillors

153 Councillors have the following duties:

(a) to consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality;

(b) to participate generally in developing and evaluating the policies and programs of the municipality;

(c) to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council;

(d) to obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer;

(e) to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public;

(f) to perform any other duty or function imposed on councillors by this or any other enactment or by the council.

Part 6, Section 201, subsection 1 – Council’s Principal Role in Municipal Organization

201(1) A council is responsible for

(a) developing and evaluating the policies and programs of the municipality;

(b) making sure that the powers, duties and functions of the municipality are appropriately carried out;

(c) carrying out the powers, duties and functions expressly given to it under this or any other enactment.

(2) A council must not exercise a power or function or perform a duty that is by this or another enactment or bylaw specifically assigned to the chief administrative officer or a designated officer.

It is important to note that the Chief Elected Official has no powers or authorities that supersede the authority of Council as a collective governing body. The Mayor remains a single vote and a single voice on Council, and must respect the democratic role of the majority to govern.

Some specific issues or incidents were raised which highlight issues on Council:

- A key role of the Chief Elected Official is presiding over a council meeting, ensuring that the agenda is achievable in the allotted time, and that the discussions and decisions made are managed in an effective and efficient manner. There is a perspective among the majority of Councillors that the Mayor is not effectively managing the role of Chair. Specifically, it is felt that Council meetings are too long, and that the Mayor dominates the discussion time. It is true that meetings frequently exceed their allotted time, and are often continued over more than one day.

At Council’s regular meeting on September 19th, 2012, Councillor Taylor asked the Mayor to allow him to chair, stating that he believed he could complete the meeting within four hours. However, part way through the Council meeting, the Mayor demanded the chair back, stating that Councillor Taylor had “cut him off” during deliberations. Councillor Taylor responded that the Mayor had been “pontificating”, and deserved to be asked to wind up his comments. This initiated a heated discussion that was highlighted in media reports regarding the requirements of the MGA and the Town’s procedural bylaw. Ultimately the Mayor did re-assume the Chair role. The Local newspaper noted that the Council meeting “was delayed about 15 minutes as

Councillors argued about who was authorized to chair the meeting”. Some comments highlighted in the newspaper included:

“I will not be muzzled by other people.” Declared Holowaychuk. “Unless you can show me where it says I can’t, I’m taking the chair back.”

“If you do I will call the RCMP to remove a member of Council,” responded Taylor.

“I’m tired of these games,” Holowaychuk said “We’re done. I will continue to chair the meetings to the end of this term and into the next.”

This exchange reflects poorly on the Council, and on the Town. On additional occasions since this incident, Council has exercised its power under the Town’s procedural bylaw to remove the Mayor from the chair role. This includes the January 16th, 2013 special Council meeting, which was the first meeting with the Town’s new CAO.

This question of chairing meetings highlights several issues on Council. First, it is clear that there is a general lack of respect for the position of Mayor and his role as chair. Second, regular meetings of Council are not well managed, resulting in unreasonably long meetings. And third, it is clear that the Mayor does not enjoy the support of the majority of Council. In a Council experiencing a more positive working environment, the Mayor could willingly share the chair role on occasion as a means to encourage the professional development of fellow Councillors.

- There is a perception that Councillors who do not agree with Mayor Holowaychuk during a discussion and subsequent vote are subjected to intimidating behavior, including verbal threats. This conduct was not directly observed by the Inspector.
- When an audience is present at meetings, including residents, delegations or the media, the Mayor has a tendency to talk or present to that audience, rather than his fellow Councillors. This has included repeating information to the audience that is already well known within the Council itself, adding to the extended discussions. This conduct was directly observed during Council meetings.
- There is a perception that the Mayor is often unprepared for Council meetings, and has not read materials in Council packages in advance. This conduct has resulted in longer Council meetings, as there is a pause in deliberation while the Mayor reads materials. This was observed at Council meetings attended by the Inspector.

Regarding the recurring question of how effective this group of Councillors is as a team that provides leadership to administration through the CAO, it is our observations that this Council is not functioning as cohesively as could be expected. It appears that the personality of each individual is interfering with the efficacy of their process and decisions. When asked what their biggest accomplishments were as individual Councillors or as Council as a whole, it was almost without exception that the Councillors were unable to provide meaningful examples of the accomplishments made on behalf of the Town and its residents.

Further, the following were the recurring general themes of this Council: policy development and approval, bylaw development and approval, broader marketing of community issues, the business of selling land or property, the Regional Water Services Commission, and waste and recycling. While these were mentioned in our interviews, there was typically little to no resolve or positive momentum made. Additionally, we were told, on numerous occasions, that Councillors felt that Council as a whole was ineffective in its decision making practices and communication to each other, to the CAO, and to the residents.

During our inspection, we were notified that Councillor Nathan Taylor resigned effective February 19, 2013 due to “personal issues”. We cannot comment on whether this resignation was linked in any way to the challenges experienced with intra-Council relationships.

Representation to the Public

There is a general need to improve communication amongst the Mayor and Council. The communication styles used by the Mayor and Council have contributed directly to the poor working relationships and often antagonistic perspectives on issues by all participants. During interviews, we identified a number of issues with the manner in which Council is presenting itself to the public.

Council meetings have a history of being excessively long, including several meetings that have been recessed and continued over a period of days. The August 15th, 2012 Council meeting lasted 15 hours and was reconvened over four days (August 15th, 16th, 17th, and 20th). Our observation of Council has identified a contributing factor to these long meetings. The Mayor has issues with brevity. He has a tendency to speak for an excessively long time on a matter, often repeating the same material, or covering material already well known by those in attendance. Interviewees identified that this tendency to cover materials already known to Council increases when media or community members are in attendance. In addition, the Mayor can be seen clearly addressing comments to the audience, and not to his fellow Councillors. Excessively long meetings, or meetings that span over several days, do not support transparency in municipal government as they discourage attendance by interested residents and other stakeholders.

Council has taken the positive step of recording and broadcasting Council meetings so that they can be viewed by the public. This is consistent with the principle of transparency, and should be commended.

A significant point of concern relates to Council’s public comments regarding Council, the Mayor, individual Councillors, and administration. In our Inspection we identified cases where:

- The Mayor has failed in his role as spokesperson for Council by actively speaking against Council’s position on issues when engaging with members of the community;
- The Mayor and Councillors have made derogatory comments regarding fellow members of Council when engaging with third parties (municipal associations, local municipalities, and community groups); and

- Members of Council have made negative comments relating to Town staff, including past CAOs, at Council meetings or when engaging with the public.

A concern raised during our inspection relates to public perception arising from appearance. Members of Council were observed as not dressing professionally for Council meetings or when representing the Town at official functions. The Council chambers itself was observed as being disorganized and messy, having piles of paper on the Council table and the floor around the Mayor's chair and scribbles on the white board. It is expected that Councillors, and Council as a whole, will actively try to promote a professional image of the municipality.

Working Relationships between Council and CAO

A town's council has one employee, the senior administrator, or Chief Administrative Officer (CAO). Council selects and approves the terms and conditions of employment of the CAO. Council is further responsible for providing direction and guidance to the CAO, who then provides the strategic and operational direction necessary for implementation of Council's strategic plan to the administrative staff in the town office. The separation of roles is important. Further, a solid working relationship between the town's Council and its CAO is critical in ensuring that the strategic plan of Council is implemented in a timely and effective manner, and that town employees believe that there is no interference with the day-to-day operational aspects of their work by council.

Section 207 of the MGA outlines the responsibilities of the CAO as follows:

Part 6, Section 207 – Chief Administrative Officer's Responsibilities

The chief administrative officer

(a) is the administrative head of the municipality;

(b) ensures that the policies and programs of the municipality are implemented;

(c) advises and informs the council on the operation and affairs of the municipality;

(d) performs the duties and functions and exercises the powers assigned to a chief administrative officer by this and other enactments or assigned by council.

Council needs to be careful to avoid any direct interference with, or perception of interference with, the operational state of the municipality; Council does not dictate or direct administration's response to any particular issue. Specifically, Council should provide the CAO with: the issues raised by the municipality's residents; evaluations of policies and programs as these relate to the issues of residents; and oversight on the powers, duties and functions that the municipality is responsible for performing.

If Council does have an administrative issue that they feel needs additional guidance or direction, there are appropriate or acceptable ways in doing this. Specifically, we recommend that the Councillor make a motion to direct the CAO to review/investigate/report on the issue or activity. Council would then vote

on the matter, which should then be considered as addressing the issue. This also allows the issue to be tracked and reported on by the CAO to Council.

The tendency of the current Council to engage in operational matters has created friction between Councillors, between Council and the CAO, and between Council and administration. This friction has been acknowledged by the prior Interim CAO and the present CAO.

While likely not unrelated, it was noted that the Town of Smoky Lake has had five senior administrators, including the current CAO, Mr. Harvey Prockiw, since 2009. Four of these administrators were within the term of this Council. According to the Town records, the chronology is as follows:

August 24, 2009 – September 22, 2010	Colum McCready, Town Manager
October 6, 2010 – January 12, 2011	Pat Elaschuk, Acting Town Manager
January 12, 2011 – July 4, 2012	Dean Pickering, Chief Administrative Officer
July 16, 2012 – December 22, 2012	Loretta Thompson, Interim Chief Administrative Officer
January 2, 2013 – Present	Harvey Prockiw, Chief Administrative Officer

In at least one of these leadership changes, there was a personality conflict between the Administrator and Mayor Holowaychuk regarding role separation. In two of the change overs, the Administrator was considered interim, and in the case of the individual who left just prior to the term of this Council, we understand that there were personal reasons for wanting to relocate back to the Administrator's home province.

Many examples of Council becoming involved in operations were provided throughout the inspection. Some examples include:

- A rate payer at administration's front desk asked if he could trim a tree on Town property that was overhanging his yard. A clerk referred the matter to the Public Works Foreman who was in the office who provided consent. The Mayor was in the office and overheard the answer given to the rate payer. The Mayor intervened in the conversation, stating that the tree is the Town's responsibility and that the Town would trim the tree. For liability purposes this is likely the correct answer. However, it is not a matter on which the Mayor should be providing direction.
- The Town's Snow Removal Policy which states that:

Administration will update all Councillors... of road conditions by telephone or email during major snowfall on a regular basis

There is no reason for Councillors to require ongoing information on road conditions during snow storms.

- Council has had deliberations and motions relating to cleaning bathrooms in municipal facilities and expenditures related to the purchase of coveralls for staff.

It is clear that Council is failing to maintain appropriate role separation.

During the interviews with staff, it was noted on several occasions that staff had concerns about Mayor Holowaychuk. The concerns centered on the perception that the mayor lacked a sense of etiquette or awareness of the impact of his presence in the office with staff and residents. The Mayor is frequently in the office, working in the Council chambers, in the staff room, and in municipal facilities. When Mr. Holowaychuk is present, he is present in a dual capacity as both Mayor and as Fire Chief.”

On December 19th, 2012, this issue culminated in Council passing the Access to Administrative Office Policy. According to the interviews, the premise behind this policy was ostensibly to formally remind Mayor Holowaychuk and/or the Councillors that the office workspace, although accessible by the residents, is the place where the employees work. The policy requires that the public, including elected officials, are not allowed behind the front counter without the permission of administrative staff or by appointment. Council access to administrative offices and office equipment is limited to the Town’s business hours. In addition, the policy states that the council chambers are not to be used as a personal office for Council members.

We recommend that:

1. Councillors conduct themselves at all times in a manner that reflects positively on the Town, its Council, and its staff.
2. Council develop a scorecard for Council conduct and regularly review performance on the scorecard to identify opportunities for improvement.
3. Council immediately discontinue all involvement in administrative or operational matters
4. Councillors immediately discontinue making negative comments regarding fellow Councillors, Council as a whole or administration to external stakeholders
5. Council include training in parliamentary procedure and chairing skills in the orientation process following the 2013 municipal elections
6. Where the Chair has been surrendered, the mayor respect the Chair for that meeting. This requires that the mayor does not resist the request nor the individual that has taken on the Chair.
7. The mayor become more aware of his communication style and takes extra precautions to respect the debate conducted on a motion by individual Councillors.

8. When there is an administrative issue that a Councillor, Mayor, or Council as a whole is looking to have reviewed or resolved, that a motion is made on the issue to direct the CAO to complete and report.

Council Operations

Municipalities must respect the primacy of Council as a decision making body. Only Council as a whole has the power to set policy, to pass motions, or to direct the activities of the CAO. Individual Councillors have no power or ability to set policy outside of Council chambers – only when acting as a part of Council as a whole. Section 197 of the MGA requires that Council and Council committees conduct their meetings in public unless the matter to be discussed is within one of the exceptions to disclosure contained in the Freedom of Information and Protection of Privacy Act. Ensuring that all debates and decisions of Council occur in public avoids a perception of bias by ensuring that decisions are not occurring in back rooms or arising from private conversations. Furthermore, it is important that the public be allowed to observe the decision making process and that members of Council do not reach conclusions before all information is provided and a transparent public debate within Council can occur. Transparency should always be an underlying principle of good governance.

Strategic Planning

Strategic planning is a core function for any municipal Council, as a properly developed strategic plan serves several functions:

- It encourages Council to act proactively to address issues and opportunities, rather than reactively in response to emerging issues;
- It drives Council's agenda and provides a sense of priorities for Council;
- It encourages Council to have a common vision and a common sense of priorities;
- It provides administration with a set of priorities adopted by Council that can inform operational planning and budgeting;
- It provides Council with a framework to assess its own performance in working towards adopted goals and objectives; and
- It forms the foundation for effective performance expectations for the CAO.

For the first two years of the current Council's term we can find no indication that Council was operating under any form of strategic plan. The Town does have a Municipal Sustainability Plan, but it appears it was created entirely to meet the requirements for grant applications, and has had no impact on the Town's strategic direction or decision making.

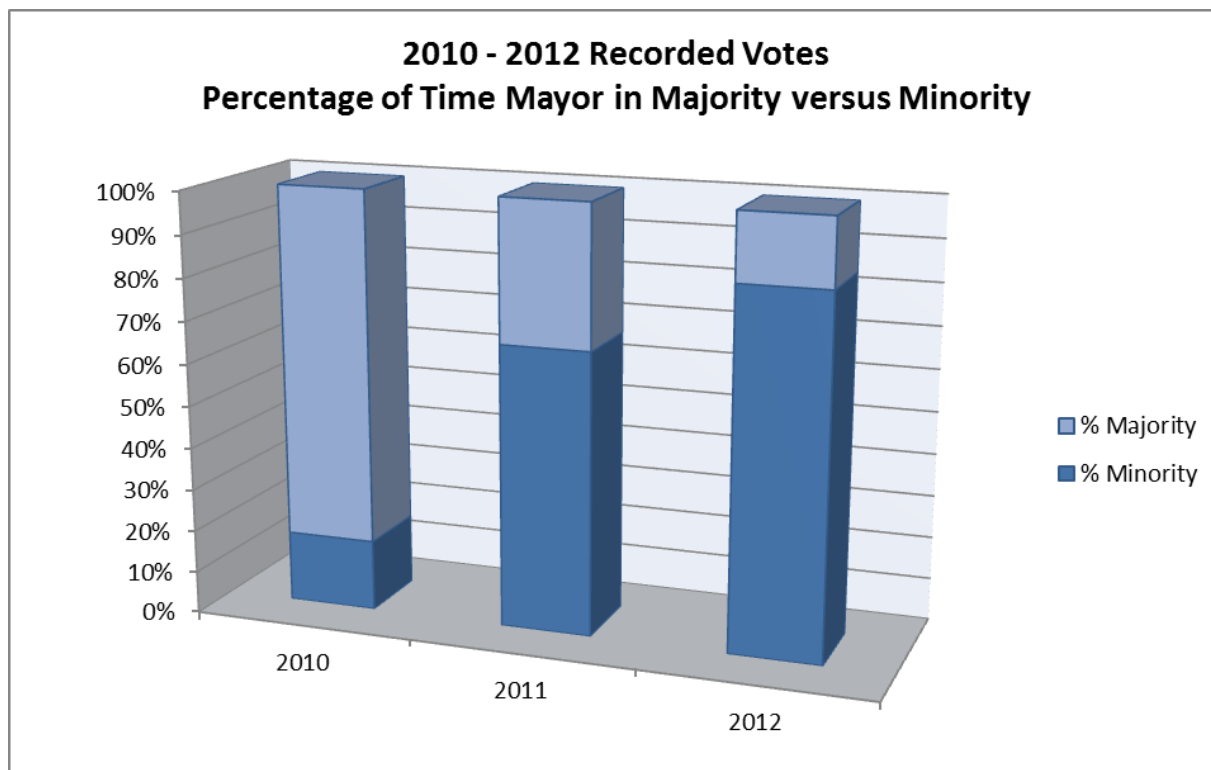
On October 28th and 29th, 2012, Town Council along with senior administration participated in a strategic planning retreat facilitated by a consultant. This retreat was in response to a recommendation by the Town's auditor. A review of this retreat and the resulting plan identifies the following:

- The decision to conduct the retreat in Fort Saskatchewan was a source of conflict on Council. The Mayor believed that the retreat should be held within the municipality to reduce costs and to benefit local businesses. It is not at all uncommon for a Council to conduct a retreat outside of the Municipality, as it encourages focus and team building. The main issue is not that the deliberation occurred, it is that it occurred across multiple Council meetings, called into question administration, and resulted in a recorded vote.
- The retreat resulted in six new goals for the Town, with a number of supporting objectives. Some components of the plan include: development of a marketing strategy for the Town, completion of a "workforce analysis", development of an equipment replacement plan, retention of current services in the community, and to move forward with a Business Revitalization Zone. We view this as a positive start. Overall, the plan provides a positive starting point.
- The Mayor publically stated that he does not support the plan, stating that administration was not sufficiently involved and that Council spent two days "reinventing the wheel". It is inappropriate for the Mayor, Council's spokesperson, to demonstrate a public lack of support for a core policy document.

While the development of the strategic plan is a positive step for Council, it served to highlight the dysfunction of Council and conduct issues related to the Mayor.

Use of Recorded Votes

It was noted that the meetings were often long, with a higher than expected amount of debate, "bickering", and lack of focus. The concerns that were raised appeared to be focused on the relationships between Mayor Holowaychuk and Council, specifically the perception that Councillors and the Mayor were often taking an antagonistic role with each other, rather than one of a team. During the review, the Inspector identified that there appeared to be a higher than expected use of the recording of votes in Council meetings. A review of the minutes demonstrated that the recording of votes was used a total of 50 times over the period of October 2010 to December 2012. Further review of the use of the recorded vote, shown in the graph below, revealed that Mayor Holowaychuk was in the minority 67 percent of the times a recorded vote was used in 2011 and 84 percent of the time in 2012; 2010 had a total of 6 recorded votes over October to December and the Mayor was in the majority for all of them, with the exception of one. The overall use of recorded votes is dramatically increasing to correspond with increased animosity on Council, including 38 recorded votes in 2012. In one meeting on November 7, 2012, 11 recorded votes were noted in the Council minutes, with the Mayor being in the minority 9 out of 11 times.



The Municipal Government Act allows for Councillor discretion in the use of recorded votes.

Part 5, Division 9, Section 185, subsections 1 and 2 – Recording of Votes

(1) Before a vote is taken by council, a councillor may request that the vote be recorded.

(2) When a vote is recorded, the minutes must show the names of the councillors present and whether each councillor voted for or against the proposal or abstained.

There is no indication that Council is not acting in accordance with the requirements of legislation. However, as a governance practice, the use of recorded votes should be discouraged. Some governance issues with recorded votes include:

- Council is a collective governing body. The use of recorded votes serves to highlight areas of disagreement on Council and is a divisive practice. Respect for the democratic principle of “one Councillor, one vote” means that all Councillors demonstrate respect for democratic outcomes after the voting process is completed. Recorded votes serve as a permanent record of lack of support for democratic outcomes.
- Councillors should not be making decisions on Council for political gain. Consideration of public or stakeholder perceptions should not be a consideration in voting; only the best interests of the municipality as a whole. For this reason, the use of recorded votes as a means to impact public support for individual politicians should be discouraged.

- The Mayor should be acting as the primary spokesperson for Council. This means that the Mayor speaks positively regarding Council decisions and represents support for Council decisions to the public, even if he/she voted in opposition to the majority. The Mayor's observed practice of calling for recorded votes when he is in the minority on a Council motion is therefore contrary to one of the fundamental roles of the Chief Elected Officer.

Recorded votes should be used rarely, and when used should serve a higher purpose than merely publically demonstrating opposition to democratic outcomes. Recorded votes could, for example, be appropriately used if a Councillor opposes a motion that he/she believes could create a source of individual liability for members of Council. It appears that the Town of Smoky Lake's Council is using recorded votes for political gain by publically demonstrating opposition, indicating that a respect amongst Councillors and for democratic principles has been lost.

Council Confidentiality

Section 153(e) of the MGA states that councillors have a duty to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public. Rules of confidentiality generally apply to information discussed in-camera. A review of Council minutes and Council interviews shows that Council has been using in-camera sessions appropriately. No concerns were identified during interviews with disclosure of confidential information.

Meetings of Council

The Town of Smoky Lake's Council meets twice per month, with meetings typically held on Wednesday evenings. Until November 21, 2012 meetings were Called to Order at 7:00pm. Since that time meetings have been Called to Order at 6:00 pm (Motion #752/12, Carried 4 to 1 in a recorded vote). According to Bylaw 011-10 on Organizational and Procedural Matters, section 9.2, the meetings are to be adjourned not more than four (4) hours after the Call to Order, unless a motion to continue receives unanimous consent of Council. Further, section 9.2 indicates that the meeting extension is the lesser of one (1) hour or 12:00 midnight. A review of the minutes of Council indicated that one meeting in 2010 (November 17), one meeting in 2011 (July 13), and 3 meetings in 2012 (July 4, July 9, and October 3) ran over the indicated four hours; the amount of time that ran over was not necessarily the issue, but rather that there were no motions made to extend the meeting for those in 2012. We further noted that in one meeting – April 4, 2012 – there were no details provided on the adjournment time. As a supplementary note, there were two reconvened meetings in 2010, two in 2011, and four in 2012. In the case of 2012, the June 20 meeting was reconvened on two occasions – June 25 and July 4. As previously noted, the August 15th, 2012 Council meeting lasted 15 hours and was reconvened over four days (August 15th, 16th, 17th, and 20th).

Section 194 of the Municipal Government Act allows the Chief Elected Official to call a special council meeting with less than 24 hours' notice to councillors and without notice to the public if at least two-thirds of the whole council agrees in writing. This section of the MGA is intended to be an emergency measure when issues arise that cannot wait for a regular session of council. As a general guideline special meetings should be used sparingly, as they violate the governance principle that decisions of council should be made publicly and that interested parties have a right to be notified and to attend all council sessions. When councils do make use of Section 194 of the MGA, it is expected that they will conduct

only the business that necessitated the special meeting. Over the term of this Council, there were eight noted Special meetings, two of which appear to have had additional business conducted during those meetings. The specific meetings included, November 10, 2010 and August, 29, 2012, where the whole of Council were in attendance at the meetings.

Part 5, Division 9, Section 194, subsections 1 to 5 – Special Council Meetings

(1) The chief elected official

(a) may call a special council meeting whenever the official considers it appropriate to do so, and

(b) must call a special council meeting if the official receives a written request for the meeting, stating its purpose, from a majority of the councillors.

(2) A special council meeting called under subsection (1)(b) must be held within 14 days after the date that the chief elected official receives the request or any shorter period provided for by bylaw.

(3) The chief elected official calls a special council meeting by giving at least 24 hours' notice in writing to each councillor and the public stating the purpose of the meeting and the date, time and place at which it is to be held.

(4) A special council meeting may be held with less than 24 hours' notice to all councillors and without notice to the public if at least 2/3 of the whole council agrees to this in writing before the beginning of the meeting.

(5) No matter other than that stated in the notice calling the special council meeting may be transacted at the meeting unless the whole council is present at the meeting and the council agrees to deal with the matter in question.

During our inspection we identified no issues with procedures followed for calling special meetings.

Minutes of Council

Council minutes document the motions and decisions of council, and should not be considered or used as transcripts of discussions leading up to decisions. An examination was conducted of the Town's minutes from October 2010 to December 2012, a period of approximately 26 months. This examination identified the following:

- Minutes are placed online on the Town's website and are accessible to the public. These are well marked with the date, time, type of meeting, and page numbers. Dates and times for upcoming meetings appear to have been well documented. It was noted that the online copies of the minutes were not signed, unless they were the scanned copy of the originals. The scanned minutes are signed on the individual pages. We noted that there were two sets of minutes on the Town website for the January 12, 2011 meeting.

- Council motions or resolutions are numbered within the minutes, as well as moved and recorded as either carried or defeated in minutes. The resolutions are not, however, tracked for their status or completion. Those resolutions that require additional action by council or administration should be tracked and reported on at council meetings. Tracking and reporting on the status of resolutions and action items arising from council sessions would provide a mechanism to ensure the directions of council are being met.
- The MGA – section 208, subsection 1(c) – requires that minutes be provided to councillors by the CAO and adopted at a subsequent council meeting. It appears that Smoky Lake Town Council approvals of previous minutes were typically well followed, with the noted exception of the October 27, 2010 approval of the October 2009 Organizational minutes. As these related to a prior Mayor and Council, it is not deemed as a fault of this Mayor and Council.

Part 6, Section 208, subsection 1(c) – Performance of Major Administrative Duties

(1) The chief administrative officer must ensure that

(c) the minutes of each council meeting are given to council for adoption at a subsequent council meeting;

- Approvals are provided in the meeting minutes for either named positions or an open call on Councillors, Administration, or staff to attend conferences, events, or workshops. It would be advisable for these decisions to be covered by policy. In some cases motions supporting attendance were carried after Mayor or Councillors were in attendance at conferences and were seeking remuneration. This is inappropriate, as attendance should be supported by policy or motion prior to the event, not following.
- Information received – correspondence or other notices – are recorded in the minutes as information; however, the details or items listed are presented inconsistently in the minutes.
- The recurring themes that have occupied Council’s decisions include policy development and approval, bylaw development and approval, broader marketing of community issues, the business of selling land or property, the Regional Water Services Commission, and waste and recycling.

CAO Performance Evaluation

A properly conducted performance review on a CAO can serve several key functions, including:

- Setting measurable and achievable objectives – quarterly and annually – for the CAO to achieve that directly supports the strategic direction of the municipality;
- Monitoring and identifying the measurable ways in which the CAO’s performance contributes to the organization’s goals;

- Monitoring and identifying the ways in which the CAO’s performance needs to improve to meet the organization’s goals, including ways in which council can support the CAO’s efforts;
- Allowing council to review essential job functions with the CAO, and update his/her job description accordingly; and
- Providing documentation of performance that supports salary increases, disciplinary actions, or termination.

Once the strategic direction of the municipality is determined, it follows that the performance objectives of the CAO will directly support and enhance the opportunities of successful implementation of that plan. In order to assist with this, a general guideline would be for reviewers to focus roughly 40 percent of the observations and comments on past work and 60 percent of the observations and comments on what needs to be done moving forward. The development plan or actions that the CAO needs to take to become successful need to be within his/her control, and should ideally focus on both the “what” and the “how” when these objectives are achieved. As in all performance appraisals, the feedback and monitoring of success is often perceived as more relevant when there are timely discussions, at least once per quarter, with at least one session set aside for determining the objectives for the new performance / fiscal cycle and one session set aside for a formal wrap up of the annual objectives.

At a minimum, performance should be reviewed annually. This is further supported by the requirements set out in Section 205 of the MGA, which outlines the need for a CAO performance appraisal as follows:

Part 6, Section 205, subsection 1 – Performance Evaluation

(1) A council must provide the chief administrative officer with an annual written performance evaluation of the results the chief administrative officer has achieved with respect to fulfilling the chief administrative officer’s responsibilities under section 207.

Likely due to the high turnover in CAOs over the term of this Council, the Town of Smoky Lake was unable to locate performance appraisals for recent CAOs. The notable exception was Mr. Dean Pickering. In reviewing this document, we noted the following information that was provided in the template used:

- The Town of Smoky Lake Council reviews the performance of its CAO annually; however, there may be a mid-year or probationary review in the performance cycle year.
- The template that Councillors use includes the following objectives and areas that are reviewed:
 - Objectives:
 - To formally discuss the relationship that should exist between the municipality and its Chief Administrative Officer;
 - To relate performance to the role, responsibilities, authority, and duties as previously defined;
 - To set objectives and criteria for future evaluation;

- To recognize strengths and weaknesses and reward or correct; and
 - To serve as a basis for salary adjustment.
- Evaluation format:
 - Leadership style,
 - Relationship to Council,
 - Relationship to staff,
 - Objectives and accomplishments,
 - Areas for improvement, and
 - Follow-up.

The comments and ratings provided to the CAO on the template are an amalgamation of the anonymous perceptions of performance by each individual Councillor. The comments are randomly distributed in each of the evaluation headings to protect the anonymity of the rater.

As the Town has gone through a number of CAO's over the course of this Council, and with the absence of formal appraisals for prior and current CAOs, it is difficult to comment on the efficacy of Council in its appraisals of the CAO position. However, we do note the following observations.

- There does not appear to be a direct link to the Town's strategic plan and the necessary annual objectives for successful accomplishment of that plan;
- There could be a clearer link between the job description, the evaluation format categories, and the strategic plan;
- The comments provided are reasonably generic and do not appear to be linked to specific or measurable outcomes; and
- There does not appear to be a well-defined plan for future actions to be taken including when follow up will be required, or professional development expectations.

Role Separation

In the letter sent to the Minister of Municipal Affairs from the Town of Smoky Lake's Council requesting the appointment of an Inspector, it was stated that the Mayor "has failed to separate the offices of Mayor and Fire Chief". Throughout his term in Office the Mayor has served as Fire Chief of the Town's Fire Department, a role he held prior to his nomination. Before running for election the Mayor contends that he checked with Alberta Municipal Affairs regarding this appointment and was informed that there was not a conflict of interest.

During the Inspection a number of points of concern were raised with the Mayor acting in the dual role of Mayor and Fire Chief. The principle issues included the following:

- The Fire Chief has access to municipal facilities, including administrative areas, which would normally not be accessible to a member of the public or members of Council;

- The Fire Chief makes presentations to Council, including budgetary requests, which appears to be a conflict with the role of Mayor;
- The Town's Fire Protection Services Bylaw states that:

3.10 The Fire Chief may obtain assistance from other officials of the municipality as he or she deems necessary in order to discharge his or her duties under this Bylaw.

This places the Fire Chief in the position of directing municipal employees, which is inconsistent with the role separation required of an elected official; and

- The Fire Chief receives a \$300 per month honorarium for his volunteer position which is intended to offset costs. It has been suggested that accepting payment from the Town for providing a service which is often performed in other municipalities by a salaried municipal employee qualifies as a reason for disqualification under 174(1)(j) of the Municipal Government Act. This section of the MGA states that a Councillor is disqualified from Council if *"the Councillor becomes an employee of the municipality"*

It is the opinion of the Inspector that the Fire Chief's honorarium does not meet the intent of the MGA regarding Councillors becoming employees. Similarly, properly managed, the dual role does not meet the definition of Conflict of Interest or Pecuniary Interest defined in the MGA. However, it is clear that the dual role is creating conflict on Council and between the Mayor and administration, and that it is not always being managed appropriately. It does appear that the Mayor engages with Council in his role as Fire Chief, and uses his role to enter municipal facilities and to direct municipal staff.

The most dramatic conflict regarding the two roles occurred in January of 2012 following a water line break. The Mayor attempted, under authority of being Fire Chief, to take command of the administrative staff addressing the water line break. Mr. Holowaychuk tried to walk into the administrative office and give staff, including the CAO, direction. He was informed that the situation was under control, but attempted to exert his authority both as Fire Chief and as Mayor. The CAO physically pushed Mr. Holowaychuk out of his office and attempted to close the door. This resulted in a physical confrontation. This conflict regarding role clarity, and the resulting physical confrontation, continued to impact relationships following the resolution of the line break, and ultimately resulted in the resignation of the CAO.

Although there is no issue under the MGA with the dual role of Fire Chief and Mayor, it is clear that the Mayor has been unable to successfully maintain role separation in a manner that prevents conflict. The power to address this situation rests with Council as a collective body. The Town's Fire Protection Services Bylaw states that:

3.1 the Fire Chief shall be appointed by Council upon the recommendation of the Fire Department.

Council has the authority under the Town's bylaws and the MGA to:

- Set standards of conduct within policy for the Fire Chief in cases where the position is held by a member of Council, or set guidelines within policy stating that the candidate recommended by the Fire Department cannot be a member of Council; and
- Rescind the appointment of the Fire Chief if he fails to comply with the requirements of Policy or maintain appropriate role separation.

If Council was appropriately exercising its authority as provided within bylaws and as a policy making body, this situation could have effectively been addressed earlier in the Council term.

Orientation

Orientation is a critical process for returning and new Councillors who are stepping into the new and unique role of an elected official. Some common Council orientation topics include:

- Governance – roles and responsibilities, principles of effective governance, policy based governance, the role of committees and their function, and policy based decision making.
- Planning documents – budgets, capital plans, strategic plans, municipal development plan, area structure plans and documentation related to significant projects that are underway within the municipality.
- Policies – key policy documents include the land use bylaw, procedural bylaw, Council code of conduct (if it exists), financial control policies, Council remuneration policy and any other policies that administration identifies to be critical.
- Administrative Processes – key processes for a new Council include logistics such as accessing email, buildings, etc., how to fill out forms, and any other processes related to conducting Council sessions and participating in committees.
- Engaging with the Public – answering questions and requests for information, role of Council at public forums, and media training.

The best practice for municipalities is to engage in an orientation process that is separated over many meetings, and divides content into manageable sections. Our Inspection identified that Council received some of the core components of an orientation at the beginning of their term. Council received a governance presentation from a representative of Alberta Municipal Affairs. Council also had a presentation on council processes, rules of order, and chairing from a management consultant. It appears that Council did have an acceptable introduction to governance roles and Council practices, indicating that the deficiencies noted within the inspection were not the result of an absence of basic governance knowledge. Other components of a successful orientation process were largely absent.

Code of Conduct

The Town of Smoky Lake passed a Code of Conduct in November of 1992. This document is quite limited, and does not go substantially beyond the rules for confidentiality and pecuniary interest contained

within the MGA. This Code of Conduct actually pre-dates the consolidation of municipal legislation into the Municipal Government Act in 1994. Although a copy of the Code of Conduct hangs in the Council chambers, members of the current Council do not recall discussing or adopting the document. There is no indication that this Code of Conduct has any ongoing impact on the conduct of the current Council. A Code of Conduct that is not discussed, affirmed or considered is not an improvement on having no Code of Conduct.

Committees of Council

A review of Council committees reveals that the Town's Councillors are over-committed to unnecessary appointments. One Councillor listed 17 committees or boards to which he is appointed. It appears that Council has elected to appoint a councillor to the board of every community group or entity receiving municipal funding including societies, not-for-profit groups, and recreation bodies. Council has also formed a series of working groups or committees on matters that are operational in nature. Some examples include a signage committee, an employee relations committee, and a technology committee. Councillors report spending up to four days each week on Council and committee meetings. This commitment is excessive, and can contribute to high Council expenses, poor focus, and Councillor burn-out. Councillor appointments should be reviewed, and substantially reduced.

Role of Mayor

Municipalities have the option of either electing or appointing their Chief Elected Official. The MGA states that:

150(1) The Chief Elected Official of a city or town is to be elected by a vote of the electors of the municipality unless the council passes a bylaw

a) Requiring Council to appoint the chief elected official from among the councillors

151(1) a bylaw under section 150 must be passed at least 180 days before the general election at which it is to take effect

The Town of Smoky Lake currently elects its Mayor. In many larger cities and municipal districts there may exist a ward system wherein the councillors are elected from specified areas within the municipality. Under this system, only the mayor is elected by the electors of the municipality as a whole. Although it is expected that all councillors will represent the best interests of the entire municipality, and not simply their own respective ridings, the mayor can reasonably claim a different mandate as the only elected official selected by all of the electors. In the absence of a ward system, all councillors are elected by all of the electorate. In Smoky Lake's 2010 election the Mayor received fewer votes than many of his fellow members of Council.

As noted throughout this report, there is an ongoing conflict between the Mayor and his Council. Throughout his term on Council the Mayor has not enjoyed the support of the majority of Council. The Mayor has failed in his role as the spokesperson for Council, and has been unable to demonstrate support for the democratic right of Council to make decisions. A Mayor appointed by Council would be less likely to have these issues, as his/her mandate would come directly from the will of the majority of

Council. This system would have addressed many of the issues experienced by the current Council, and would be a preferred governance structure for a Town the size of Smoky Lake.

We recommend that:

9. Mayor Holowaychuk discontinue the practice of providing directions or instructions to the Town of Smoky Lake's staff.
10. Council consider the Council chambers as the public meeting space for Council and refrain from using the chambers as an office. Any paperwork or documentation should be filed using the accepted filing system in place for Council.
11. Council discontinue the use of recorded votes as a means to represent disagreement with Council decisions.
12. Council meetings adhere to the Organizational and Procedural Matters bylaw regarding meeting length and adjournment.
13. When placing meeting minutes on the Town website, ensure that these are the scanned signed and dated original copies.
14. The CAO track the motions for status or completion of action taken by the CAO or administration. Require the CAO to report back the status or completion of the motion to Council.
15. Council ensure annual CAO performance appraisals are conducted, at a minimum, with semi-annual or quarterly reviews as better practice. Follow the recommendations made within this report to link the appraisal process to the strategic direction and objectives of the Town, the job description of the CAO, and ensure that there is a well-defined and measurable plan of action for the CAO to execute on any job performance improvements.
16. Council engage in an annual cycle of facilitated strategic planning.
17. Council review and update the Town's Municipal Sustainability Plan to create an active document that provides strategic guidance and that links to Council's strategic plan.
18. The Mayor act appropriately in his role as spokesperson for Council, actively supporting Council's democratically reached decisions and reflecting positively on his Council and his municipality.
19. Council adopt policy guidelines for the appointment and conduct of the Fire Chief to support effective role separation.
20. Administration reviews the Orientation process and content for the 2013 municipal election in order to create a more comprehensive training experience.

21. Council engages in a mid-term governance and parliamentary procedure refresher two years following a Council election.
22. Council update and affirm a Code of Conduct, and that a discussion of the Code of Conduct be integrated into Council's orientation process
23. Council review its committee appointments, eliminating unnecessary commitments and discontinuing all committees engaging in operational matters.
24. Council consider a bylaw requiring that the Chief Elected Official be appointed by Council from among the elected Councillors. As the MGA requires that this bylaw be passed 180 days prior to an election it is likely that it could not take effect until the 2017 election.

Administration

Finance

In the 2012 interim audit the Town's auditor noted that the classification of expenses was inconsistent. Capital purchases authorized by the 2012 capital budget or that were capital in nature (skid steer, aeration system for lagoon, MSI Grant for lights replacement) were recorded incorrectly to operating expenses. It was also noted that authorization of expenditures was not in accordance with the Town's Tangible Capital Asset Policy. Purchase orders were absent, or were authorized by employees without authority to do so.

The Auditor acknowledged that the Town has consistently experienced difficulty recruiting qualified staff for senior management functions, but that it has now hired an experienced CAO and Finance Manager. The Auditor commented that they have seen the positive impact that these individuals have had on operations. Specifically, they commended staff for their willingness to comply with recommendations made during the prior year-end audit.

Public Works

The Public Works Department at the Town of Smoky Lake has experienced significant issues with leadership. Staffing, policy compliance, project management, and Council relations have all been highlighted as areas of concern. Many of these concerns relate to the role of the Foreman as the department head.

- Staffing: Our assessment of the Town's Public Works Department is that it has experienced over-staffing leading to cost overruns. This overstaffing relates to both seasonal staff and full-time employees.

In 2012 the Town of Smoky Lake budgeted \$7,000.00 for wages and \$500.00 for employee contribution for summer staff. This budget was based on the employment of 1-2 full-time seasonal staff. For reasons that remain unclear, the Town elected to hire ten full-time seasonal staff in 2012. Interviewees indicated that these employees were un-needed, under-utilized, and poorly supervised. As a result of this staffing decision, the Town expended \$62,969.61 for wages

and \$2,983.64 for contributions. Even with two grants totaling \$5,863 the total amount over budget was approximately \$52,600.

The Public Works Department has typically had as many as five full-time staff in addition to seasonal staff. The Town was benchmarked against municipalities serving a comparable population base.

Municipality	Approx. Pop'n	Public Work and Rec Full Time Staff	Utilities Operated by Municipality			
			Water	Sewer	Garbage	Gas
CASTOR	931	5	✓	✓		✓
FALHER	941	3		✓		
THORSBY	945	4	✓	✓		
DUCHESS	978	3	✓	✓	✓	
ECKVILLE	1,002	3	✓	✓	✓	
SMOKY LAKE	1,010	5	✓	✓		✓
CORONATION	1,015	7	✓	✓		
KILLAM	1,019	5	✓	✓		✓
STIRLING	1,041	3	✓	✓		
BENTLEY	1,083	5	✓	✓	✓	
<i>Average</i>		4.2				

The average of the comparable municipalities is 4.2 full time staff, with the majority of the municipalities above the benchmarked average providing water, sewer, and natural gas utility services. Based on the services provided, it appears that the Town of Smoky Lake is not substantially above the benchmark. However, a number of recent or anticipated changes to the manner in which services are provided are likely to change staffing requirements. These include:

- Switching to a regional water line and decommissioning the water treatment plant;
- No longer operating the Town’s gas well; and
- Installing radio water meters, reducing the time commitment for meter reading.

In the future, it appears that the Town can effectively operate with a Public Works Department of 3 to 4 full-time employees supported by 2 seasonal staff. This will reduce staffing costs and enhance sustainability.

- Policy Compliance: It is the responsibility of senior management to ensure that policies are complied with, and that appropriate processes are followed. During the inspection it was identified that policy compliance is a significant issue in Public Works. First, it was reported that Occupational Health and Safety (OH&S) policy compliance and training have been points of concern. The OH&S binder is up to date, but staff are not receiving adequate training, and

oversight is largely absent. This situation was acknowledged by the Public Works Foreman. The absence of OH&S training and oversight is especially concerning given the number of inexperienced seasonal staff employed by the Town. A second area where policy compliance is an issue is with the use of purchase orders. It was reported that there was unwillingness on behalf of the Public Works Foreman to complete purchase orders as required by the Town's Tangible Capital Asset Policy. Purchase orders were absent, or were authorized by employees without authority to do so.

- **Administrative Processes and Cost Management:** In addition to not completing purchase orders, there are other areas where the Public Works Foreman has not been performing adequately in the area of administrative processes. First, there is no capital replacement plan in place for public works equipment. Second, the Foreman has not been engaged in budgeting for his department, nor has he been tracking budget variances and expenditures. Accounting related responsibilities have been falling to the Finance Manager, without the authority to enforce compliance with cost management and accounting practices.

It is generally expected that the head of the Public Works Department will be responsible for project management of major capital projects. In the Town of Smoky Lake, the Foreman has not been engaged in project management, with that responsibility resting with the CAO.

- **Council Support:** *Section 207(c)* of the MGA states that the Chief Administrative Officer advises and informs the Council on the operation and affairs of the municipality. However, in most municipalities it is considered a leading practice to have department heads present for council meetings, either in whole or in part. In these municipalities the CAO delegates to department heads responsibility to make presentations to council on matters relating to their departments, and to answer questions from council. Providing this direct contact between the department heads and council serves several purposes. First, it supports council in receiving good information required to make decisions. Second, it provides department heads with direct information regarding council direction and concerns without filtering through the CAO. Third, it serves as a professional development activity for senior management enabling them to work on presentation and governance related skills. In the Town of Smoky Lake, the Public Works Foreman has been unwilling to attend Council meetings, allowing his department to be represented by the CAO.

It is the assessment of the Inspector that the Public Works Foreman has not historically been acting as a department head; as this individual failed to take on the management responsibilities associated with the role. As of the conclusion of this inspection, the Public Works Foreman has resigned.

We recommend that:

25. The purchasing system be reviewed to ensure adequate training and processes are in place, and that the use of purchase orders be required by all departments.

26. The Town review staffing levels within Public Works to determine if the number of staff can be reduced without a reduction in services.
27. That all Public Works Staff, both permanent and seasonal, receive regular OH&S training.
28. That the Public Works Foreman assumes responsibility for administrative functions within his department, including: budgeting, variance tracking, and project management.
29. That the CAO require the Public Works Foreman to regularly attend a portion of Council meetings in order to provide department reports, make presentations on public works matters coming before council, and answer Council enquiries regarding his department.

Inter-Municipal Relations

The Town of Smoky Lake has participated in a number of inter-municipal initiatives with Smoky Lake County and other neighbouring municipalities. Some recent initiatives include:

- The Joint Economic Development Initiative (JEDI)
- A Regional Collaboration Partnership Grant with Waskatenau, Vilna, and Smoky Lake County, to be used for
 - Regional Fires Services;
 - Supporting a Business Revitalization Zone;
 - Inter-municipal Development Planning; and
 - JEDI
- Completion of a regional water line from Waskatenau to Smoky Lake in 2013
- Completion of a fire protection services joint operations agreement in 2012

A significant issue for the Town's Council over this term has been the impact of connecting to the Regional Water System, which requires a conversion from the old water system to a new system. This process has involved the Regional Water Commission, Town of Smoky Lake Council, Town of Smoky Lake CAO(s), and the Town of Smoky Lake Public Works.

Inter-municipal cooperation and regional service delivery are key components of sustainability for municipalities. Unfortunately, the Town of Smoky Lake shows indications that it is withdrawing from joint initiatives. Some recent examples include a decision in June 2012 to withdraw from JEDI in order to independently pursue economic development, and a Council deliberation on terminating involvement with the Regional Collaboration Partnership Grant. There appear to be some underlying reasons for this recent direction. Some cited reasons include:

- A general deterioration of relations with the County;
- The perception that the Town is not benefitting from joint economic development initiatives;

- Concerns relating to the cost associated with JEDI and financial commitments to the Regional Collaboration Partnership Grant; and
- A perceived effort to separate the Town from joint initiatives that might lead down the path towards amalgamation.

Council carried the following motion on October 3, 2012; the motion was moved by Mayor Holowaychuk. Motion #670/12, *“To partner with all municipalities in our region; Waskatenau, Vilna and Smoky Lake County, in applying for the Regional Collaboration Partnership Grant within the time window of October 15, 2012, to be used for: 1) Regional Fires Services, 2) Business Revitalization Zone, 3) Inter-municipal Development Planning, and 4) JEDI.”* The grant was subsequently approved. On January 23, 2013, the Town of Smoky Lake Council tabled the following in motion #25/13 moved by Councillor Lewicki, *“To table 9.1.7 Regional Collaboration Program Grant to the next Regular Council Meeting of February 6, 2013.”* This tabled item regarded the consideration of withdrawing from the regional grant. It was suggested that some Councillors feared the perception of amalgamation and made the withdrawal suggestion based on this fear; this was further complicated by concerns regarding legal liabilities. However, on February 20, 2013, the following motion was made by Councillor Taschuk in motion #130/13: *“That the Town participate in a Joint Municipal Committee from February 2013 to May 2014 for the sole purpose of developing and completing the Regional Collaboration Grant Program.”* The Town Council, based on this motion, chose to support the \$200,000 regional study.

Financial Status

The Town of Smoky Lake’s financials, staffing levels, and tax rates were compared to the publically available information of 10 peer municipalities. The town comparators were chosen based on similar populations¹, similar geographic proximities to large urban municipalities, similar geographic orientation in Alberta, and revenues that were no more than 1.5 times that of the Town of Smoky Lake. The comparator group included the following: Bruderheim, Eckville, Falher, Killam, Legal, Onoway, Spirit River, Two Hills, Viking, and Wembley.

In comparing the Town of Smoky Lake to these 10 peer municipalities, we were specifically interested in where the Town measured up relative to the comparator group (percent rank), as well as the calculated median (50th percentile) and average for the listed comparator group, excluding the Town of Smoky Lake. The data is summarized in the table below.

¹ Between 900 and 1,500.

	2011				2010			
	Town of Smoky Lake	Percent Rank to Comparators	Median (50th Percentile) *	Average *	Town of Smoky Lake	Percent Rank to Comparators	Median (50th Percentile) *	Average *
Population	1,010	20%	1,117	1,130	1,010	20%	1,117	1,130
Revenues	\$2,773,898	20%	\$3,130,921	\$3,000,914	\$2,826,881	60%	\$2,803,923	\$2,773,623
Expenses	\$2,877,643	90%	\$2,420,616	\$2,368,365	\$2,903,913	90%	\$2,327,886	\$2,278,436
Net Financial Assets (Net Debt)	\$22,179	40%	\$648,193	\$709,107	-\$98,113	40%	\$648,631	\$614,017
Long Term Debt	\$679,914	40%	\$924,582	\$999,847	\$719,133	60%	\$562,371	\$724,514
Council and Other Legislative	\$140,407	100%	\$61,455	\$67,008	\$95,075	100%	\$63,198	\$63,369
Salaries, Wages, and Benefits	\$874,459	90%	\$610,137	\$660,281	\$809,911	90%	\$570,731	\$604,019
Residential Tax	7.3114%	30%	8.8627%	9.0060%	7.5323%	40%	8.7205%	8.8528%
Non-Residential Tax	14.0645%	30%	16.2421%	16.0853%	14.9756%	40%	16.0691%	16.0792%

Source: Alberta Municipal Affairs, Municipal Financial & Statistical Data, http://www.municipalaffairs.alberta.ca/municipal_financial_statistical_data.cfm

* Excludes Town of Smoky Lake data.

We noted the following as a result of this benchmarking comparison:

- In 2011, the Town of Smoky Lake performed well below the median and average of the comparators in the areas of revenues, further compounded by lower tax rates. The revenue for the Town went down from 2010 to 2011, while the comparator group revenue increased at the median and average. Both the residential and non-residential tax rates decreased for the Town from 2010 to 2011, while the comparator group reflected a general increase trend at median and average.
- In 2011, the Town's expenses were at the high-end of the comparator group and exceeded the median and average for the comparator group. Although the Town's expenses decreased from 2010, their overall position relative to the comparator group remained unchanged.
- The Town's Net Financial Assets (Net Debt) position improved between 2010 and 2011. In 2010, the comparators listed a total of five (5) municipalities, including the Town of Smoky Lake, that were reporting a Net Debt. In 2011, this improved by one to four (4).
- Long term debt for the Town decreased in 2011, while the amount increased for the comparator group at median and average.
- In both 2011 and 2010, the Town of Smoky Lake exceeded the spend of its comparator group for Council and Other Legislative related expenses and the Salaries, Wages, and Benefits, as reported to Alberta Municipal Affairs.

Budgeting and Taxation

During a 2012 interim audit the Town's auditor noted that the 2012 operating and capital budgets were not approved by a Council motion until September 20, 2012. This is considerably later than the tax bylaw

which was passed on June 6, 2012. The requirements for adopting a property tax bylaw are set within the MGA.

Division 2, Section 353to 356 – Property Tax

353(1) Each Council must pass a property tax bylaw annually

353(2) The property tax bylaw authorizes the Council to impose a tax in respect to property in the municipality to raise revenue to be used towards the payment of:

(a) The expenditures and transfers set out in the budget of the municipality

355 A tax rate is calculated by dividing the amount of revenue required by the total assessment of all property on which that tax rate is to be imposed

It is clear from legislation that the property tax rate set by the municipality must be clearly linked to the revenue required to pay the expenses set out in the budget. It follows that a municipality should never pass a property tax bylaw in the absence of an approved budget. Some members of Council do contend that a budget was passed in May 2012, but that the motion does not appear in Minutes. It is Council's responsibility to review minutes prior to adoption. If the motion does not appear in minutes, a budget was not passed.

As previously discussed, questions have been raised regarding the long term sustainability of the Town of Smoky Lake. At the end of 2012 the town had a \$150,000 deficit before amortization of tangible capital assets. Administration cites that the 2013 budget was balanced as a result of: a tripling of water rates, utilizing Municipal Sustainability Initiative (MSI) operating grants, a 25 percent increase in solid waste charges, and an 8 percent municipal mill rate increase. However, context must be provided for these budgeting decisions:

- The change in water rates was the result of connecting to the regional water line, and was not being used to support other operating costs;
- The 8 percent mill rate increase is partially offset by a 5 percent decline in residential assessment values, meaning that the actual average tax increase for residents was less than 3 percent.

The 2013 budget does not provide any funding for significant capital projects, meaning that the Town will either have to borrow, use reserves, or use a grant to fund any capital projects. Prior to the 2013 budget it is not clear that Councillors were provided with an accurate picture of municipal finances. During interviews Councillors generally identified that the Town was in a solid financial position, and some stated that they were anticipating an operating surplus for 2012.

Council Expenses

In light of concerns regarding municipal sustainability and expense management, the Inspection identified that Council Expenses are excessive and unnecessary. Council's combined budget for remuneration, training and development, and travel in 2012 was \$146,100. Real expenditures were 108 percent of

budget at \$157,663. According to Alberta Municipal Affairs data, in 2011 the amount expended by the Town of Smoky Lake for Council and Other Legislative Expenses was \$140,407. The average for comparable benchmark municipalities is \$67,008. In the 2012 budget Council allocated \$20,000 for each Councillor to attend meetings along with \$3,000 for travel expenses and \$2,500 for training and development. The Town benchmarks extremely poorly to comparables, with Council expenses in excess of twice other municipalities of similar size. Some of the major contributing factors for Council expenses include:

- Excessively long and/or adjourned and continued Council meetings resulting in higher than normal per diems.
- A higher than normal number of committee appointments resulting in higher than normal per diems and travel expenses.

Council should be taking a leadership role by addressing Council expenses with an aggressive target for reducing costs.

Economic Development

As the result of a split vote in June 2012 the Town of Smoky Lake elected to withdraw from JEDI. The major concern cited at the time was with the absence of impact JEDI was having on the Town. The Town's CAO was quoted in a local newspaper saying:

To date there has not been any minor or major residential land development or major commercial or highway commercial land development, or residential future growth capacity building within the town, villages, or county.

The Town was paying \$25,000 of the \$100,000 annual cost of JEDI, which had been in place for approximately four years. The plan, in 2012, was for the town to replace the regional economic development body (JEDI) with an economic development officer. In the 2013 budget it was acknowledged that the Town cannot afford an Economic Development Officer and Council remains unwilling to participate regionally with the County and neighbouring villages. As a result, responsibility for economic development has been delegated to the CAO; a role he acknowledges he has spent little time on since his hiring at the beginning of 2013.

Our Inspection confirmed that economic development has been poor over the term of the current Council, with only one new home construction in 2012, and the market value of the residential assessment dropping approximately five percent. While it is clear that JEDI was not having a dramatic impact, the Town's current economic development strategy is unlikely to be an improvement. The Town's strategic plan is directed towards economic development, including goals to:

- Develop a marketing plan;
- Ensure retention of current services; and
- Move forward with a business revitalization zone.

Promoting economic development will be a major component of long term sustainability for Smoky Lake, and at this time it does not appear that the Town has the resources with which to support it.

Municipal Sustainability and Dissolution

Both the Mayor and the current CAO have stated that they believe the sustainability of the Town of Smoky Lake is questionable. This has been a source of conflict on Council as it is felt by other Councillors that the Mayor should not be actively speaking in favour of the Town pursuing amalgamation and losing its status as an independent entity. There are accusations that the Mayor is actively trying to undermine the sustainability of the municipality. We found no specific evidence in support of this. There are similar accusations that Councillors may be actively attempting to remove themselves from inter-municipal agreements as a means to enhance the independence of the Town and to prevent the Town from going down the path to amalgamation. This matter has been considered elsewhere in the report. In considering the sustainability of the Town of Smoky Lake, a number of factors discussed elsewhere in this report must be considered:

- The Town has experienced a period of poor or absent economic growth. Although initiatives to encourage economic development have been identified as strategic priorities, a recent decision regarding participation in JEDI and budget considerations on hiring an economic development officer make it unlikely that substantial economic development initiatives will be undertaken.
- There are approximately 163 municipalities in Alberta that are smaller than Smoky Lake in terms of population.
- The Town is historically below average in terms of revenues. However, much of that is attributable to historically lower than average tax rates.
- The Town's expenses are at the high-end of the comparator group. We believe that this is attributable, in part, to higher than normal Public Works costs, poor cost controls, and higher than normal Council expenses.
- The Town is below average in the amount of long-term debt.

It is difficult to determine if the Town of Smoky Lake is sustainable in the long term, as its current economic condition is attributable to a history of poor decision making and poor management practices. Only following a period of stability and experienced management can an accurate assessment be made.

We recommend that:

30. Council adopt annual municipal operating and capital budgets prior to passing a tax bylaw

31. The Town review Council expenses in order to reduce them to appropriate levels

Human Resources Practices

The following sections outline the findings that relate to administration's Human Resources practices.

Staffing Levels and Staff Turnover

As part of the inspection, we benchmarked the number of full-time municipal positions of the 10 peer municipalities to the Town of Smoky Lake. We used the reported numbers for 2011 and completed follow-up calls to the Municipalities to confirm the numbers of full-time equivalents (FTEs) for 2011 and 2012 for permanent Administration and Public Works positions only. We removed any staff FTE counts that pertained to the operation of facilities such as arenas, as this did not relate to the current setup of the Town of Smoky Lake.

The Town of Smoky Lake employed 8.5 to 9.5 FTE, respectively (the former with the resignation of the 0.5 FTE FCSS role in early 2013). The comparator municipalities in 2011 and 2012 respectively reflected a median or 50th percentile of seven (7) FTE and the average was between 7.1 and 7.5 FTE. On average, there were approximately 3.6 FTE in Public Works and 3.5 FTE in Administration for the peer municipalities; the Town of Smoky Lake was at approximately 5.0 FTE in Public Works and 4.5 FTE in Administration over this same time.

The Town of Smoky Lake FTE data places it at the 90th percentile in 2011 and the 100th percentile in 2012. The Town's population (2011) was stated as 1,010, which is the 20th percentile of comparable municipalities. The comparator group population ranged from 941 to 1,443.

Regarding staff turnover over the course of this Council, we have understood the following to be the number of employees that have exited the Municipality: three (3) CAOs, three (3) Finance Managers, and one (1) clerical or administrative staff. Subsequent to this, the Town now has a newly hired permanent CAO (after an interim placement) and a newly hired Finance Manager. The Town has not conducted exit interviews. We note that there has been an excessively high turnover rate in both the CAO and Finance Manager roles; two critical positions to the Town. It will be important for the Town to consider retention strategies, information provided on future exit interviews, and feedback from existing staff. It will also be essential that the CAO have both a succession plan and mitigation strategies in place if/when staff in critical positions leave the Town's employment.

Employee Files

As a matter of sound administrative procedure, municipalities need a complete file for each staff member. It is recommended that the files contain the following:

- Offers of employment, letters of transfer, letters of promotion, letters of demotion;
- Changes in job levels, departments, and salary;
- Other written agreements with an employee, such as, but not limited to: confidentiality agreements, non-compete agreements, vehicle allowances, etc.;
- Dates and paperwork related to leaves;
- Government paperwork – T4, ROE, payroll, salary, and tax information applicable to the employee;
- Emergency contact information (if not kept electronically);
- Recent job description;
- Completed performance evaluations (annual);
- Formal and documented progressive discipline documentation related to performance;

- Awards, training plans, and certificates/education received; and
- Termination paperwork.

The Town retains two files – one for human resources purposes and one for payroll purposes. A review of these files indicated that the Town is inconsistent with both in terms of what is stored and what is not. In the payroll files, the majority of files included government paperwork applicable to the employee; however, letters for job offer(s), job changes, promotion, or salary changes were filed inconsistently. Similarly, the human resources employee files were often missing letters of offer, letters of promotion, and letters of changes to salary levels or jobs. The human resources files were also not clearly marked as to which were active and which were considered terminated or inactive files (the payroll files were separated into file cabinet sections). Other notable concerns in the human resources files included inconsistent filing of: performance appraisals, resumes, job descriptions, and oath of confidentiality. Additionally, the Town has filed, in at least some of its employee records, operational material that would not pertain to the terms and conditions for an employee. As an example, if there are concerns from Town residents or government agencies that the Town does not choose to take formal disciplinary action on, these should be retained by the Town, but placed in filing system that is more appropriately geared to the operational nature of the issue. If a disciplinary action is warranted, then the proper Town sanctioned information would be placed in the employee file (the complaint letter could be considered evidence of this if warranted)².

In at least some of the human resources files, the records contained the resume and interview notes for the employee (successful candidate of a competition). We would advise the Town to keep recruitment files separate from human resources and payroll files. It is important to both institute and retain the competition files as these files are a record of the recruitment process and could be used to defend a selection decision and/or for future recruiting efforts. In accordance with the records retention within the Freedom of Information and Protection of Privacy (FOIP) legislation (section 35(b)), a public body that uses an individual's personal information to make a decision that directly affects the individual must retain the personal information for at least one year. These records may be accessible by an applicant for review and possibly used within legal proceedings that could arise. The need for ethical recruitment practices and strict confidentiality to protect an individual applicant's privacy is essential.

In the case of competition files, it would be advised that the Town create and centrally and confidentially store the following in competition files (it is anticipated that the CAO would have access to this information):

² It is important to remember that an employee file is a repository for official documentation that impacts an employee's terms and conditions of employment. Therefore, documentation on disciplinary actions should be official: documentation of verbal warnings, including dates, times, and discussion; written warning letters to employees; and letters of suspension and/or termination. Any notes in an employee file should be containing the facts – timelines, people involved, etc. – and not be opinion based. Also, if an employee requests seeing his/her employee record, it is important to note that under FOIP, it is considered acceptable to remove or sever the factual notations that might name or point to information from other employees where those employees did not give consent to have their name and/or information provided during the investigation released to the investigated employee (section 17); however, it is not appropriate to disallow employee access to his/her employee file.

- Competition data: opening and closing date of competition, competition number, name of hiring manager, hiring department, status of the position (temporary, permanent, full-time, part-time, casual), locations where the job was advertised or posted, and costs incurred in the recruitment process;
- Current job description and job advertisement or posting;
- Interview plan and any additional exercises, assignments, or tests conducted;
- Official interview notes compiled by a designated note taker (other notes should be shredded);
- Resumes and cover letters of those who applied (unsolicited resumes are not required to be retained, but should be shredded in a confidential manner);
- Applications, resumes and cover letters of those interviewed;
- Short-listed applicants list;
- Reference interview plan and feedback³;
- References provided by applicants;
- Completed rating guide and/or criteria used in making short-list and assessment after interviews competed;
- Confirmation letter to successful applicant(s);
- Notification letters to unsuccessful applicants; and
- Notes, e-mails, etc. relating to the competition (i.e., applicant withdrawals, interview schedules etc.).

In addition, it is advisable that the Town is provided advice on creating a records retention policy (for the employee and payroll records, as well as all records and information covered under FOIP) and that any records that are destroyed are done so in a secure and confidential manner. According to FOIP, if an applicant requests access to this information, all information that is of a personal nature that does not directly relate to the applicant under FOIP must be severed from the file prior to the applicant requesting

³ References may be exempt from FOIP applications if it was established that it was given and received in confidence (section 19) as long as it is made clear in the exchanges. The Town may wish to contact their Legal Counsel and/or the Office of the Information and Privacy Commissioner for advice or assistance on this.

access. It would be advisable for the Town to seek additional FOIP advice, guidance, and support from legal counsel or professionals with experience in these areas⁴.

Performance Reviews

The CAO and the senior management are responsible and accountable for conducting performance reviews on all municipal employees. Properly conducted performance reviews serve several key organizational functions:

- Setting measurable and achievable objectives – quarterly and annually – for an employee to achieve that directly supports the strategic direction – and operational plans – of the municipality;
- Monitoring and identifying the measurable ways in which the employee’s performance contributes to the organization’s goals;
- Monitoring and identifying the ways in which the employee’s performance needs to improve to meet the organization’s goals, including ways in which the CAO and/or management can support the employee’s efforts;
- Allowing the CAO and/or management to review essential job functions with the employee, and update his/her job description accordingly; and
- Providing documentation of performance that supports salary increases, promotion, disciplinary actions, or termination.

During the interviews, there appeared to be a lack of consistent or timely performance reviews conducted by the CAO or senior management or direct reports and senior management on the staff. The majority of staff indicated that they had not had a review done over the last performance cycle. This is understandable considering the turbulence created by a high turnover of CAOs. However, we note that the Town increases the potential problems that are foreseeable if performance reviews are not done, at a minimum, annually and with a consistent format, including the following:

- Performance problems are not identified and addressed in a consistent manner;
- Termination can be challenged if employee performance is not documented and the employee is not made aware of the corrective actions required;
- Employee recognition for a job well done is undocumented and possibly overlooked;
- Employees are not given opportunities to correct their behaviour; and

⁴ Additional information is available for the Town in the *FOIP Human Resources Guide for Local Public Bodies*, Revised January 2007 (updated to reflect A.R. 186/2008), found at <http://www.servicealberta.ca/foip/documents/HRGuide.pdf>.

- Performance problems are misdiagnosed as behavioural when they are training related or vice versa.

The current CAO provided us with a sample Employee Input and Annual Self Evaluation template that he favours in gathering input from his employees during the performance review process. The information gathered in this document ranks an employee's perception of the Town as their employer on the importance of such items as promotions, growth opportunities, benefits, salary, flexibility, vacation, work conditions, inclusion, recognition, feedback, discipline, and team development. It further explores the employee's perspective on the most/least satisfying aspects of the role/organization, the most challenging aspects of the role, training required, strengths, improvements, and personal goals. As a tool to gather input, we have no objection to this document. As a performance appraisal document, it does not adequately link the employee's/role's objectives or goals to the Town's strategic and operational plan. A weakness of this type of form is typically identified when the "official" appraisal condoned by the management differs from the employee's perspective. It would be advisable to gather organizational culture or temperature checks (e.g., importance of promotion, growth opportunities, work conditions, recognition, etc.) independently of a performance appraisal document, which is ideally a joint effort designed by the organization to align the goals and objectives of an employee with the goals and objectives of the organization.

Job Descriptions

We were able to review job descriptions for twelve roles within the Town, most of which were completed from 2005 to 2009, with the exception of the CAO description from 2012. We also noted that three of the descriptions appeared to be duplicates. Most employees confirmed that they had not seen an updated description for their position.

Communication

During our interviews, staff noted that there was a gap in the communication of Council decisions that directly impacted those involved, as well as a general flow of information from Council to staff. Examples provided to us included projects or directions impacting planning (operational and planning and development), policy or bylaw updates, and budgets. Staff suggested that this would be an area for improvement, specifically requesting that meetings take place with staff after Council meetings to share general as well as specific information. Follow-up meetings with individuals directly impacted were also suggested to discuss next steps and the impacts. The staff hoped that this would also increase, at least slowly, the transparency and trust between Council and administration. It is advisable that a communication plan be developed that addresses these issues.

Personnel Policy

We reviewed the Town's Personnel Policy Manual, which was approved on October 6, 2010 as per resolution number 425. In general, the Town has adequately covered off the traditional or required human resource or personnel policies. However, we have made the following specific observations:

- Personnel Committee (1.07) and Grievance Procedure (17.0) – Clarity is required within the policy as to whether the Personnel Committee and the Town Employer/Employee Committee are meant to be interchangeable. This committee is made up of the Town Manager (read CAO), the

Mayor, Deputy Mayor and, at times, supervisors. This committee is operational in nature, undermining the authority of the CAO for staffing decisions, and should be eliminated.

- Overtime (5.0) – The policy states that an overtime agreement outlined in Schedule “A” is to be completed and signed by an employee. The review of the staff files does not show evidence that this agreement has been signed by employees.
- Hiring (7.0) – The policy is silent on the use of police records checks. It is a reasonably standard policy for employers to use a police records check on the hiring of a new employee. The Town may wish to consider this in their policy.
- Performance Appraisal (8.0) and Schedule “B” – The Town is currently not abiding by its own policy to conduct an appraisal semi-annually. The policy states that, on a satisfactory review, an employee may be recommended for a step(s) increase – normally a one-step increment within the level of the position up to Job Rate, but with the opportunity for an increment over one step at the approval of the Town Manager and Council. We noted that in at least one circumstance, an employee was provided a two-step increase without the noted approval of Council. The performance evaluation form in Schedule “B” of the personnel manual is currently not in use by the CAO. As the performance evaluation process and forms used are often open to refurbishing by the leadership of an organization to capture the better practices and needs of their organization, it is recommended that the Town remove this schedule from its policies to allow more management freedom in the design of the evaluation to be used.
- Professional Education (10.0) – The policy indicates that a pay increase may be considered upon completion of a course that is of significant expense (greater than \$1,000, including accommodation, travel, subsistence, and registration fees). Such a policy can lead to a sense of entitlement by an employee that a pay increase is warranted on the completion of such a course. Pay increases typically should be linked to satisfactory completion of a position’s job responsibilities. While training is often linked, at least in part, to job success, it is worth noting that taking and completing a course may not be directly correlated with the successful completion of the responsibilities of a job – technically or behaviourally.
- Vacation (12.0) – This policy does state that vacation accrual must be taken within 12 months of being earned, or as agreed by the Town Manager. However, it remains silent on whether vacation is paid out if not taken, or lost. The practice of the Town has been to have a “use it or lose it” approach to vacation, although it was unclear as to whether this was strictly adhered to. In order to avoid confusion or lack of transparency, there is merit in being specific with this information in the policy as it increases information transparency to employees.
- Financial and Vehicle Policies (19.0) and Purchase Order Policy (24.0) – The policy states in 19.01 that the Town staff shall not make any purchase without a purchase order signed by the Town Manager or Manager of Finance. Section 24.01 goes further to indicate that employees are required to fill out a purchase order for every purchase made without exception. It has been noted previously that the Public Works Foreman was not complying with these policies.

By restricting the purchase of any item requiring a purchase order, this unnecessarily increases the administration, the time, and the costs associated with purchases that are fiscally minor. There is merit in the Town reconsidering the need in requiring a purchase order for every purchase. In 19.04, the policy indicates that an additional policy is required for taking vehicles home. It does not appear that this policy has been completed.

- Public Statements (21.0) – In section 21.02, it requires that employees have signed an Oath of Confidentiality (Schedule “C”); however, a review of the staff files indicates that this has not been consistently adhered to.
- Time Sheets (25.0) – In this policy, section 25.04 indicates that Council and staff can request a travel advance after completing a travel expense claim form. Allowing Council and staff to request a travel advance, prior to actually incurring the travel expense, puts the Town at risk for an unfulfilled travel expense that is now a liability that must be paid back by the Council or staff member. There is merit in considering a policy change that specifies that travel expenses will be reimbursed by receipt or per diems *after* the travel has occurred.

We recommend that the Town:

32. Conduct exit interviews when staff leave the Town of Smoky Lake’s employment. Gather information regarding the practices and perceptions in the areas human resources, finance, administrative, procurement, managerial, and Council relationships, at a minimum.
33. A communication plan be developed that considers the most effective way to communicate the decisions of Council to all staff, including those that are directly impacted. The communication should be timely after the Council meeting.
34. Develop succession plans for critical positions, which includes, at a minimum, the Finance Manager, the CAO, and the Public Works Foreman.
35. Develop mitigation strategies for critical positions if there are vacancies that remain difficult to fill.
36. Develop a file retention and destruction policy in general and specifically as it relates to employee, payroll, and recruitment information that complies with the Freedom of Information and Protection of Privacy Act.
37. Follow the recommended practices respecting the information to be contained in employee and/or payroll records. Determine whether the information will be consolidated, or if not, what the rules for duplicate information will be. Ensure that records are clearly marked with either an active or terminated status.
38. Follow the recommended practices outlined for recruitment competition file storage.

39. Follow the recommended practices for performance appraisals for staff. Ensure that appraisals are conducted, at a minimum, annually, and in line with its policy 8.0 Performance Appraisals which states that these are to be conducted semi-annually.
40. Develop and define job responsibilities clearly for each role in the Town. Develop job descriptions that address the overall responsibility of the position, the key areas of responsibility (typically three to five, broken down by percentage of time totaling to 100 percent), the behavioural and technical qualifications of the position (required and nice-to-have's), and the reporting relationship. Ensure that the employees have seen and understand their most up-to-date job descriptions.
41. Immediately terminate use of the Personnel Committee and Employer/Employee Committee of Council.
42. Ensure that the Schedule A overtime agreement is reviewed and signed by employees and then placed in their employee files.
43. Remove Schedule B from the Performance Appraisal policy (8.0) as this is a document that can be changed by management as required and does not need to be included in a policy.
44. Update the Professional Education (10.0) policy to remove the linkage between a pay increase and cost of course completed.
45. Update the Vacation policy (12.0) to clarify the vacation practices including any of the following: accrual to be taken within the 12 months of being earned, vacation payouts, "use it or lose it".
46. Update the Financial and Vehicle policies (19.0) and Purchase Order policy (24.0).
47. Ensure that staff have followed policy on Public Statements (21.0) with the read and signed copies of the Oath of Confidentiality completed and filed in the employee file.
48. Update the Time Sheets policy (25.0) to discontinue the practice of paying travel advances.

Bylaws and Policies

In reviewing the bylaws and policies of the Town of Smoky Lake, it was observed that there is an apparent lack of clarity between the use of bylaws, policies, and procedures. For the purpose of this analysis, we provide the following definitions:

- Bylaws are created by municipal councils to govern. Bylaws have the power of law, and they can be enforced by peace officers, development officers, or through the courts. Bylaws in Alberta are created under the authority of the Municipal Government Act. Bylaws are typically used by councils for important matters, particularly those affecting the public or organizations operating within the municipality's boundaries.

- Policies provide standards for decision making and operations within a municipality. Policies are not enforceable by law, but they can help an organization operate consistently. Policies are generally approved by Council, and a core governance responsibility of Council is to ensure that a municipality's policies are up-to-date, comprehensive, and followed. Policies are generally used to guide the operation of Council and administration, and to control the use of municipal assets. Policies are not typically used to restrict or govern the public or organizations operating within a municipality's boundaries, except to the extent that they are using municipal assets or are being impacted by administrative decisions which are being guided by policy.
- Procedures are series of interrelated steps that are taken by municipal staff to implement a policy or to complete the work of a municipality. Procedures are typically approved by the Chief Administrative Officer, or by a department head to guide the activity of municipal staff. Council does not typically approve administrative procedures, as Council does not become involved in the day-to-day operation of the municipality. Procedures may be developed by administration to support compliance with policy, or to ensure consistency in decision making and service delivery.

Policies of the Town of Smoky Lake

The Inspector reviewed the policy framework for the Town of Smoky Lake and identified specific issues with policy administration, compliance, and content. This report describes the deficiencies in each of these areas.

Policy Administration: A municipality's policies should be catalogued, well organized, securely stored, and accessible. During the Inspection, we made the following findings:

- Policies are stored in a single policy binder. The binder appears complete, and contains original versions of all of the policies of the Town.
- The Policy Binder containing original, signed copies of all Town policies is stored on a shelf in the CAO's office. This appears to be the only copy. It would be preferable to have the original copies stored in a secure location, with copies of the Policy Binder created and made accessible for all staff in either hard copy or electronic form.
- At the front of the Policy Binder is a catalogue of the policies contained within the binder. This catalogue has specific deficiencies. First, it is incomplete. The Town's Purchasing Policy (Policy #11-003) is contained in the binder, but is not listed in the catalogue. Second, the catalogue contains only policy names. Policy numbers and the date of the most recent policy revision should be added to the catalogue.
- Policies are not retained, or accessible, in electronic format. During the Inspection, the Inspector requested electronic copies of all Town policies. We were provided with 15 policies that were available electronically. The Policy Binder contains 56 policies.
- The original copies of the policies contained within the Policy Binder are not consistent in format. Some policies identify a date at which they came into force, some identify a resolution number, and some are signed by the Chief Administrative Officer and the Chief Elected Officer. Many of

the policies have only one, or none of these things. Without dates, reference to resolutions, and signatures, it is difficult to confirm that the policies were ever adopted or are in force.

Policy Compliance: Once policies have been adopted, it is the responsibility of the Chief Administrative Officer to ensure that they are followed by municipal staff. Ensuring policy compliance requires that the policies be accessible, that staff receive specific training, and that a level of oversight is maintained. During the Inspection we identified that staff are either unaware of policies, or are not considering policies during the course of their work. A key example of this related to the Town's Workplace Violence Policy. The policy states that all staff must receive training on managing workplace violence, and on the Town's processes related to addressing workplace violence. During the inspection we confirmed that: 1) staff were unaware of the policy, 2) documented processes, as required by the policy, are not in place, 3) staff have received no training related to the policy. During interviews, significant concerns were raised regarding health and safety policies and procedures. It was identified that the Public Works Department has been deficient in required training, compliance, and oversight with the Town's health and safety guidelines as established in policy and procedures. The potential to create an unsafe work environment and to expose the Town to liability should make policy compliance a priority.

Policy Content: Policies must be maintained as current, effective, and enforced. The Inspection identified that the majority of policies are improperly developed, outdated, impractical, and/or unenforceable. Some specific examples of this include:

- As previously noted, the Town's Signing Authority Policy states that all purchases must have a signed and dated purchase order. This would require the administrative process of completing a purchase order for many small purchases (screws, paper towels, pencils, etc). While bulk purchasing of these items would be preferred, occasional low cost purchases may be unavoidable and should not require purchase orders. In spite of the policy, it appears that departments are not complying with the requirement for purchase orders.
- As it is currently developed, the Town's Purchase Local Policy is potentially a violation of inter-provincial free-trade agreements which prohibit discrimination against suppliers based on geographic location.
- The Town's Smoke Free Environment Policy, which restricts smoking in Town buildings, was superseded by the Province of Alberta's Tobacco Reduction Act in 2008, and should be rescinded.
- The Town's Personnel Policy requires both the Town Manager and Council to approve increases in pay exceeding one grid step. Council should not become involved in performance assessments, hiring, or promotion of Town staff below the level of CAO. This policy should be amended.
- The Town's Personnel Policy states that workplace disputes will be addressed through a Town Employer / Employee committee which is to include members of Council. Councillors should

never become involved in personnel matters below the level of the CAO. Fortunately, it appears that this Committee does not actually operate in practice.

- The Town's Birthday and Anniversary Policy provides guidelines for the purchase of gifts. The policy states that gifts shall be a "Smoky Lake 75th Anniversary sweatshirt", or an item of equivalent value. The value of a sweatshirt from 1998 is a poor guideline which would be virtually impossible to follow.
- The Halloween Curfew Policy has blank fields for: effective date, signature, and Council motion number. However, Town staff have indicated that the policy is enforced. There are significant issues with enforcement of this policy. First, the policy states that Trick-or-Treating is "Prohibited" between 4:00 pm and 7:30 pm. The word "prohibited" indicates that Trick-or-Treating is only allowed before or after those hours. However, the intended policy is the opposite, permitting Trick-or-Treating only during those times. Second, enforcement of a Halloween curfew is a restriction on the activities of residents and would require a bylaw, not a policy.
- The Town has policies setting fees for the provision of information including printed materials and research. The fees were set in 1997, and have never been updated, indicating that they are not linked to the cost of providing the service. The policy does not provide a definition of "research", and it is not clear that the Town can charge for research required in response to a request for information under the Province of Alberta's Freedom of Information and Protection of Privacy Act.

A review of the Town's policies provides many examples where policies set by Council are being used to impose processes on administration. As previously noted, the Town's Signing Authority Policy states that: "all purchases must have a signed and dated purchase order". The use of purchase orders is an accounting, expense management, and tracking process for expenses. Processes of this type should be developed by senior administration, not imposed by Council. Council establishes budgets, and must approve budget variances. However, operating within established budgets is the responsibility of administration.

The current Council has established a Bylaw and Policy Committee which is intended to engage in the review of current bylaws and policies and to engage in the development of new ones. Committees of this type are not uncommon. However, in the Town of Smoky Lake this committee has contributed to animosity on Council and is, in many respects, not operating appropriately. Specific issues identified through the Inspection process include:

- The Committee appears to have a free hand to pick and choose policies it wishes to address. For example, on February 14th the Committee informed administration of its intention to meet on February 17th to discuss the Fire Department and business registration. There does not appear to be any previous motion of Council directing the Committee that these areas were priorities, or any discussion of perceived issues in these areas that need to be addressed. As a committee of

Council, Council should be providing direction on priority areas, ideally with the support of administration.

- The Committee is not making appropriate use of administration, or professional advice. When the Committee Chair informed administration on February 14th of the Committee's intention to meet three days later to discuss the Fire Department and business registration, administration had no background relating to the request, nor were they asked for any comments or to come before the Committee with any recommendations. Although Council collectively has responsibility for ensuring a comprehensive and up-to-date bylaw and policy framework is in place, it is expected that administration will be actively involved. There are many reasons why administration should be involved in bylaw and policy development:
 - The CAO has access to legal advice which may be required to ensure that policies and bylaws meet the requirements of legislation, are enforceable, and do not create liability issues;
 - Administration has the capacity to engage in research and to benchmark the Town's policies against work done in other municipalities;
 - Administration collectively has subject matter expertise in areas of municipal operations to which bylaws and policies may relate; and
 - Administration has specific expertise in bylaw and policy development.

Members of Council are not expected to have the training or experience to engage in effective bylaw and policy development without the support of administration. In this matter, Council is not demonstrating a proper understanding of roles and responsibilities.

- The operation of Committee itself is acting as a significant point of dissention on Council. It appears that the Committee is attempting, through policy, to control the Mayor. In the past year the Committee: developed a policy restricting access to municipal facilities, which was intended to address the Mayor's perceived over-involvement with administration; reviewed policies relating to the Fire Department, which impacted the Mayor as Fire Chief; and proceeded with the development of a business licensing policy, which is opposed by the Mayor. It appears that the Committee is specifically selecting policies which impact the Mayor, and are doing so without the direction of Council as a whole.

It is clear that the Town's current policies, as well as Council's processes related to policy review and development, are extremely poor. This should serve as a priority area for Council and Administration in the immediate future. The expected process for policy and bylaw development is:

- a) Council or administration identify a policy gap or deficiency;
- b) Council, by motion, directs administration to research the policy and to make recommendations for revision;

- c) Either Council as a whole, or a committee of Council, reviews the recommendations of administration in order to provide direction and to discuss options (this may occur on multiple occasions for a single policy or bylaw);
- d) Administration presents the bylaw or policy at a Council meeting;
- e) Council engages in deliberation, and may provide direction for amendments;
- f) Council adopts the new or amended bylaw or policy.

We recommend that:

- 49. Council direct Administration to initiate a review of all Town policies and bylaws in order to identify areas where policies or bylaws must be developed and/or to address deficiencies in existing policies or bylaws.
- 50. Develop a prioritized list for developing or updating bylaws and policies which is adopted by Council. Priority should be given to health and safety issues, sources of liability, and policies which are in conflict with super-ordinate legislation.
- 51. Discontinue immediately the Council practice of engaging in policy development without the support of administration.
- 52. Place all bylaws and policies into an electronic format for retention and to ensure accessibility for Staff and for the public.
- 53. Update the Town's policy binder ensuring that the table of contents is current and that all policies are signed, dated, and reference a Council motion number.
- 54. Ensure that staff is aware of policy requirements and have received appropriate training where required. Reviewing policy should be integrated into the orientation for all Town staff.
- 55. Make compliance with Town policies a component of staff performance reviews, especially at the management level.
- 56. Ensure that administration has documented processes to support policy compliance, and that the processes are followed.

Concluding Comments

This inspection identified a number of areas of concern with Council and Administration of the Town of Smoky Lake. Key amongst these are:

- The absence of a trusting relationship between the Mayor and the Council;
- The conduct of the Mayor with regard to role separation, respecting Council decisions, acting as spokesperson for Council, and as Council Chair;
- The misuse of recorded votes;
- The lack of a strategic planning process and core strategic planning documents;
- The absence of an effective or enacted policy framework to guide both Council and administration;
- Council appointments, including the number and types of Councillor commitments;
- The financial health of the Town as a result of the economic development environment, taxation levels, and expenditure decisions;
- The role of the Public Works foreman in meeting the responsibilities of a senior manager; and
- Issues with human resources practices and employee records management.

The key matters of concern identified in this report fall within the categories of irregular, improper or improvident conduct by Council or administration. These terms, as applied to the Town of Smoky Lake can be defined as:

Irregular - not according to established law, method, or usage, rules or to established principles. Some of the practices identified in the Town of Smoky Lake are outside of established principles for effective municipal operations.

Improper - Not suitable; unfit; not suited to the character, time and place. The conduct of the current Mayor and Council is clearly improper and not suited to the role of governing a municipality.

Improvident – Demonstrating want of care and foresight in management. Both Council and administration have failed in their leadership role to ensure the management of the municipality occurs in a manner that supports the long term sustainability of the Town.

The fifty-six recommendations contained in this report are intended to address the irregular, improper, and improvident conduct of Council and administration.