

# ***CORPORATE GOVERNANCE REVIEW***



***J.R. McDonald & Associates Inc.***

**Management & Consulting Services**

**October 6, 2021**

## EXECUTIVE SUMMARY

### Introduction

*J.R. McDonald & Associates Inc.* (consultant) was requested by Council to review Beaver County Corporate Governance performance as follows:

- ❖ Governance (Council roles and responsibilities)
- ❖ Administration (roles and responsibilities)
- ❖ Organizational responsiveness
- ❖ Programs and services effectiveness.

### Council Purpose for the Review

Beaver County Council initiated this review in July of 2021 in order to identify any issues that may be creating challenges or difficulty for the County as a municipal corporation specifically, and the County as a whole. Council requested an independent third party provide a review as a type of report card or a measurement of this Council's term in office and its success at implementing its vision and mission.

Council is aware of the challenge in attracting and maintaining a trained professional staff. They understand that they and the administration must work together to achieve success. This review is intended to help this and a future Council's focus the County and provide insight and recommendations on how to improve the Corporate Governance.

Council requested a complete review of the reporting relationships, roles and responsibilities, an assessment of what the issues are, and recommendations as to what should be done to resolve them.

### The Process

Work began on this review in late early July 2021, and during the process interviews were held with all Council members, the interim CAO, senior management and most of the County staff members. Interviews were also held with stakeholders, ratepayers and contractors. A review of the financial administration, operations and field services was completed. The consultant attended several Council meetings and toured many of the roads, facilities and infrastructure, as well as the main office, shops and yards.

Documents reviewed during this review included:

- Agendas and minutes
- Bylaws and Policies
- Employee agreements
- Employee Position Profiles

## Corporate Governance Review Beaver County

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- Wage/salary grids and benefits program
- Budgets for this Council's term in office, budget preparation documents, and the last two year audit reports
- Quarterly reports and variance reports
- Capital plans
- Councillor committee's terms of reference
- Request for Decisions
- Previous Council strategic plans
- CAO performance reviews
- Shared services and mutual aid agreements
- County, Land-use Bylaw, ASPs, MDP, IDP and ICF's
- Relevant reports, studies and planning documents.
- *Municipal Government Act* and regulations

### **Objective**

The consultant's independent review objective is to contribute to the development and wellbeing of the County within an overall healthy and capable governance structure. A corporate governance review is valuable to the extent that it captures the present situation in a reasonably accurate manner. Recommendations in the review are sensitive to the culture of the community and the organization. The corporate governance review provides a snapshot in time of what is happening, and includes a summary of suggested improvements that can lead to positive change.

### **About Beaver County**

Located generally along Highway 14 in central east Alberta, Beaver County spans close to 360,000 hectares or about 1,400 square miles, serves some 6,000 residents and maintains close to 2,700 km of roads. It is a large County with many different issues. The County is led by a five member elected Council serving four year terms and administered by a Chief Administrative Officer who directs a professional staff. Beaver County provides municipal services to a strong agriculture community (central and east areas) and also a significant group of rural subdivisions (west areas) and two hamlets. The County possesses a viable assessment base and appears to be in a reasonable financial position relative to its current needs and in comparison to other similar sized municipalities.

The County office is located in the Village of Ryley. It was officially established as the M.D. of Ryley No. 480 in 1943, renumbered to MD of Beaver No. 73 in 1945, the M.D. of Beaver No. 73 was incorporated into the County of Beaver No. 9 in 1964 and finally it was incorporated as a municipal district on July 31, 1999, and the name was changed from "County of Beaver No. 9" to "Beaver County". (*Wikipedia*)

## Corporate Governance Review Beaver County

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Beaver County is a typical rural municipal corporation structure with key service responsibilities that generally include; Agriculture, Corporate and Legislative Services, Finance, Planning and Development, Community Development, Community Services, Public Safety and Public Works, that is led by a Chief Administrative Officer (CAO).

A significant different responsibility is waste management and the County is a recent signatory to a Municipal Controlled Corporation, Claystone Waste Ltd. The other municipal partners of this MCC are Town of Tofield, Village of Ryley, Town of Viking, and the Village of Holden.

The County has an abundance of diversified agriculture operations and supports a large geographical area that is quite different east of Tofield to the Town of Viking than it is in the western portion of the County. The western portion of the County contains several country residential subdivisions that are more populated and demanding more attention. Nestled within the County along Highway 14 are the Towns of Tofield and Viking, the Hamlets of Kinsella and Bruce, and the Villages of Holden and Ryley. Beaver County has an abundance of recreational opportunities, an abundance of surface water that attracts an overabundance of Beavers (thus the name Beaver County) that create numerous infrastructure and County challenges.

County Council have listed some 40 active committees; key committees include, Beaver Regional Partnership, Beaver Emergency Services Commission, Beaver Foundation, Agriculture Service Board, and Highway 14 Regional Water Services Commission.

Administration of the County is overseen by a Chief Administrative Officer (CAO) who reports directly to Council. The CAO oversees the organization and is responsible for the effective, efficient, safe and viable delivery of programs and services of the County pursuant to Legislation, Bylaw and Policy. Currently staffing consists of 56 positions of which 16 are seasonal. Of the 40 FTE's 18 are management and administrative. Some positions are likely to change through succession.

### **Critical Review**

At the outset it is important to clarify and address the very nagging question that will arise during the reading of these findings and observations. "Is everything wrong and nothing right?" Obviously this review is based on the notion that things should be looked at through a critical eye with best practices as the comparison. However, we must emphasize that not everything is wrong with the County; in fact, Council, staff and citizens have done a lot and have much to be very proud of.

This review puts the County corporate governance under a microscope comparing the County to the best practices for rural local government. As an outcome it will and has identified a number of

## Corporate Governance Review Beaver County

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key issues and recommendations that the County should consider, together with a number of observations and suggestions throughout the report.

### **Summary of Findings, Observations and Recommendations**

The report provides significant detail and observations regarding the roles and responsibilities of Council, Reeve, CAO and administration together with observations and analysis. It identifies the administrative functions within the County and makes a number of recommendations for consideration.

### **Recommendations:**

#### **COUNCIL**

1. Council accept this report and direct the next CAO to provide a report to Council on how these priorities will be implemented, and when.
2. Development of a well-planned and implemented Council orientation process outlining duties, roles and responsibilities of Council, Reeve, CAO, and senior staff.
3. That Council and the CAO initiate a Council lead process for strategic planning that will aid Council in developing strategic measurable goals and objectives.
4. Development of a process for improving Council communication with ratepayers and staff; improving the relationship between Council and administration.
5. Implementation of a process for team building; building relationships with Council, the CAO and senior management that leads to mutual trust and confidence, and a respect for each other's role.
6. That the Council revisit the terms of the code of conduct and strengthen the confidentiality protocol and that each Council member should swear and sign upon becoming a councillor.
7. That Council hold administration accountable to provide professional/expert advice and recommendations.
8. That protocol at Council Meetings be strengthened and there be no debating with employees at Council Meetings
9. That Council and the administration begin to prioritize a review of all key bylaws and policies.
10. That all members of Council be briefed on complex issues before discussing in a public setting.
11. That the CAO establish internal administration processes to allow appropriate staff to input on policy recommendations.
12. Development of a public participation process on Council policy matters.
13. The following priorities for policy review:
  - Strategic/Corporate Planning
  - Council Orientation Process
  - Communications

## Corporate Governance Review Beaver County

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- Economic Development, water management and environment
  - Recreation Programming Policies
  - Terms of References for Committees of Council
  - CAO Performance Review
  - CAO-Council Covenant
  - Compensation Policy
  - Human Resource Policy — Staff Management, Development and Training
  - Whistle Blower Policy
  - Hiring of Personnel and Code of Conduct for All Staff
  - Follow-up to Staff Suggestions
  - Treatment of the Public; Responsiveness to Complaints.
14. The creation of an indexed Council policy manual specifically for Council policies and distinct from administration policies.
15. That the Committee of the Whole be revisited and implemented as the Governance and Priorities Committee and a Bylaw is created for its function.

### **CORPORATE MANAGEMENT**

16. Council and the CAO meet at least twice annually to discuss issues and concerns, seek remedies for any new issues, review performance and plan for the following year and beyond.
17. The CAO have regular meetings with the Reeve and/or Deputy Reeve to discuss strategic policy matters, and relevant discussion from those meetings should be shared quickly with the other members of Council.
18. That the CAO develop a business plan with measurable objectives and provide an outcomes report to Council annually as a means of assessing the performance of the administration, which then becomes an important component of the measurements used to assess the CAO performance during the CAO's annual performance review.
19. A new Council-CAO Covenant be developed that formalizes relational protocols to support respect for each other's functions. A Council-CAO covenant commits both parties to seeking clarity in the relationship and to seriously undertaking to conduct their respective roles appropriately. The covenant should be accepted or endorsed "in principle" and be seen as an appendix to a CAO bylaw and/or contract.

### **ADMINISTRATION**

20. That the CAO meet weekly with senior management team to address issues and to plan for the next Council meetings and to discuss action items.
21. That the senior management meet regularly with key staff to discuss important matters.

## Corporate Governance Review Beaver County

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22. That Leadership provide the CAO with recommendations and suggestions on the following fundamental governance matters:
  - How to address and/or respond to public issues.
  - To provide quality technical and professional advice for the CAO to bring to Council.
  - Impacts affecting long-term administrative and operational planning.
  - Development of business plans and performance measurements that can be implemented as a management tools for programs and services delivery.
  - Succession planning strategies.
  - Levels of delegation and empowerment of the management.
  - Maintain confidence in the financial information on capital projects.
23. The request for decision (RFD) process be strengthened, so that all matters that go before Council for decision are properly vetted and have sound reasoning, appropriate supporting documentation, recommendations and alternatives
24. Develop a sound Business Plan that supports the Council Strategic Plan. The Business Plan should empower staff to perform their duties appropriately, and review/modify performance measures to hold all staff accountable.
25. That the role of a Legislative Clerk reporting to the CAO be developed and implemented.

### **ECONOMIC DEVELOPMENT AND COMMUNICATION**

26. That one position is delegated to the combined role of economic development and communication, and report to the CAO. These functions will have a profound effect on the role of Council and the County as it plans a strategy for its future economic well-being. It should also consider water management and environmental management within the organization.

### **SUCCESSION PLANNING AND HUMAN RESOURCES**

27. That a process be developed to establish a comprehensive succession plan.
28. That a more focused emphasis on recruiting to important and/or vital positions.
29. That the administration strengthens its human resource function.

### **PLANNING FOR THE FUTURE**

30. That Council revisit its road master plan to develop an infrastructure development and maintenance strategy supported by a financial policy to ensure sufficient investment is made in infrastructure to help reduce the longer-term financial burden due to the cost of maintaining the infrastructure. Such a plan should contain an annual rebuild schedule.
31. That Council develop a Growth Management/Development Plan

## Corporate Governance Review Beaver County

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32. That Council establish an economic development plan and implementation strategy that improves regional development objectives. *(Typically a project of this type will take 3-4 months to develop and outline implementation needs. Municipal grants are often available to support these projects.)*

### **GENERAL ADMINISTRATIVE INITIATIVES**

33. That a greater priority be placed on health and safety through the establishment of an operations safety officer. We suggest the safety officer role be put under protective services.
34. That more emphasis be placed on employee relations.
35. That all position descriptions be updated and reviewed annually; and that all staff performance reviews contain annual goals and objectives that can be measured.
36. That the current procurement policies, procedures and standards be reviewed by an independent party and report to Council. The General Manager of Corporate Services will provide recommendations with comments and any actions arising from the report to the CAO and Council.
37. That prior to any large purchase, the end user be consulted.

### **OPERATIONS**

38. Prior to any major work or development planned in the Hamlets, the community be consulted and/or informed.
39. That the Maintenance Shop Foreman position be filled.
40. That the CAO fill the position of Economic Development Officer and Communication/Public Affairs Officer as soon as possible with a person who is educated, trained and experienced in the field of economic development, communication/public affairs.
41. Administration develops an automated inventory control system for equipment, tools, vehicles and parts.

### **FUNCTIONAL ORGANIZATION PROPOSED**

42. That the CAO implement the proposed new organizational structure as outlined herein, including the development of a Senior Executive Team.
43. Added or adjusted functions include; 3 GM's, Economic Development/Communication, Legislative Clerk, Safety Officer, Employee Relations, Planner, 2 Field Supervisors. (We assume some adjustments from within and estimate this will increase the budget by between \$250,000 and \$325,000 annually).
44. That staff be given a presentation on roles and responsibilities within a municipality.



**PROPOSED FUNCTIONAL ORGANIZATIONAL CHART**

