December 7th 2005
The Honourable Rob Renner
Minister of Municipal Affairs
227 Legislature Building
Edmonton, Alberta
T5K 2B6
Dear Minister Renner:

Re: A Report on the Inspection of the Town of Lac La Biche

I am pleased to submit to you our Report on the Inspection of the Town of Lac La Biche. This Report summarizes our findings based on our review of the relevant documentation and the substance of the interviews that we conducted with those individuals who are directly connected to this engagement.

We have expressed our concerns in a forthright manner and, as this Report clearly indicates, we have major reservations about the ability/desire of the current Council and chief administrative officer to live up to the expectations as outlined in the Municipal Government Act. The Council has been and continues to be so polarized that any consensus on key decisions has been compromised.

While one could argue that the democratic process has had the opportunity to speak to the issue of whom the community wants to be in leadership positions, it is highly unlikely that anyone would have foreseen the dysfunctional nature of the present Council and its toxic relationship to the CAO.

It is our opinion that the Minister would be well-advised to take action in putting in place those steps that might encourage the community to function as intended.

Thank you for this opportunity to act as the Inspector on this file.

Yours very truly,

George B. Cuff, CMC
President
The Request

The decision to conduct an independent examination ("Inspection") of the Town of Lac La Biche was made by the Minister of Municipal Affairs on August 23rd 2005. The consultant has spent approximately the past 12 weeks conducting this Inspection on behalf of the Minister.

This inspection has been carried out under Section 571 of the Municipal Government Act ("MGA"). The Minister cited as the principal reason for the inspection the slowness of response to requests for compliance reports by his department relative to the Municipal Sponsorship Program grants.

The Objective

The firm of George B. Cuff & Associates Ltd. was retained through Ministerial Order No. L: 138/05 as an “inspector” under the MGA under Section 571 for the following purposes:

- to determine if there are issues of irregular, improper or improvident conduct by Council, individual councillors or the municipal staff of the Town; and
- to examine and make recommendations regarding issues identified by the Council, councillors, administration and residents relating to the management, operation and organization of the Town.

This included the following requirements:

- to act as an inspector under section 571 of the MGA; and
- to provide a report to the Minister of Municipal Affairs summarizing input from all participants in the inspection and outlining the inspector’s findings regarding the salient issues that were identified by the participants.

Process

As part of our Inspection, we:

- conducted interviews with all members of Council and all management staff of the Town;
- interviewed a reasonable cross-section of other Town employees;
interviewed by telephone and in person those residents who were aware of our appointment and requested an interview;

discussed matters specific to others who have had dealings with the Town of Lac La Biche and who expressed a desire to have their views considered;

reviewed documentation including background reports, minutes and related documents considered to be directly related to this Inspection;

had one of our Associates attend a meeting of Council;

conducted discussions with three former Mayors relative to the issues in Lac La Biche and received correspondence from two of these people;

spoke with the MLA for the region;

heard from citizens who are concerned with the current situation (including calls up to early December 2005);

met with the Town’s auditors; and

requested answers to specific questions posed to members of Council.

We note with concern at the outset that the administrative staff members being interviewed were expected to brief the CAO after their interviews and advise as to the Inspector’s line of questioning. We were also concerned by the CAO’s admission that the Council meeting attended by one of our Associates was “staged” for his benefit. Further to this the CAO told our Associate not to pay too much attention to the 4-3 voting that was witnessed. He alleged that too was staged. He also said most meetings do not have this kind of voting.

Irregular, Improper and Improvident

Our contract required us to report on matters which we believed fell within the guidelines of “irregular, improper or improvident conduct by Council, individual Councillors or by municipal staff”. The terms irregular, improper and improvident may not be familiar to the reader in this context. Black’s Law Dictionary provides the following definitions:
“Irregular Not regular; not according to established law, method, or usage; not conformable to nature, to rules or moral rectitude, or to established principles; not normal, disorderly.”

“Improper Not suitable; unfit; not suited to the character, time and place.”

“Improvidence As used in a statute excluding one found incompetent to execute the duties of administrator by reason of improvidence, means that want of care and foresight in the management of property which would be likely to render these estate and effects of the intestate unsafe, and liable to be lost or diminished in value, in case the administration should be committed to the improvident person.”

Those matters that we believe fall into one or all of these categories are included in this Report.

The Background Context

- In 1999 the Town of Lac La Biche conducted a review of the organization of the Town. The review by an external consultant was fairly complimentary in terms of the Town’s administrative practices as viewed in the context of that time. The former Administrator had retired and his replacement had been released by the Council of the day. That report pointed to the need for cross-training of employees; updating of the personnel policy; a single person appointed as the CAO; the dissolution of independent boards to be replaced with a single department managed by the CAO; extensive sharing of services between the County and the Town leading to the potential of some form of regional governance.

- In the fall of 2004 an external consultant delivered his report on “The Inter-municipal Review of the Town of Lac La Biche and Lakeland County”. That Report indicated “The Minister will use the Report to assist in making a
decision whether there is a basis for the government to proceed with dissolution of the Town of Lac La Biche, whether some form of restructuring is appropriate and/or whether to pursue alternative approaches to address identified issues”. This study pointed out:

- the fact that there are many examples of shared services
- the difficulty in addressing the uneven distribution of the County/Town population that may in any restructuring of wards result in areas of the County that are not well represented
- the restructuring issues that would arise should the two municipalities amalgamate would unlikely be considered significant barriers.

- The election of October 2004 produced an upset and very narrow win for the new Mayor who had challenged a well-known incumbent.
- The new Mayor and one other new member of Council almost immediately expressed concerns relative to the Town’s administration and strongly suggested the Council act to remove the incumbent CAO.
- The mix of personalities on Council quickly resulted in an “us-them” split wherein four members of Council (all returning members) formed one bloc in opposition to the Mayor and the other new Council member. The seventh member of Council eventually threw his support to the Mayor and his new colleague.
- While this Council has appeared to be commonly supportive on what has been described as non-significant, non-emotional issues, and has often voted unanimously on such matters, the lines of division quickly become apparent wherein major and contentious issues arise e.g. the Interpretive Centre, the Procedural Bylaw, etc.
- We understand that the four members of Council, sometimes accompanied by the CAO, frequently adjourn for refreshments after Council meetings. While the other three are not specifically excluded, neither are they invited to such informal gatherings. The fact that these social occasions generally take place in a facility owned by the former Mayor has added fuel to the fire in terms of
the perception at least of the “old guard” preserving the status quo to the exclusion of the new members. The impression as well that the former Mayor was writing on behalf of the current Council in his opinion article to the local paper with regard to the dispute between the Town and the Minor Sport Association also confirms the view of some at least that he continues to have access to Town information and/or staff sources that are not made available to the general public.

- Most members of Council express concern that the current atmosphere has become dysfunctional with little evidence to show that any real, substantive change is likely. Members of Council point to that fact that they have considerable difficulty in speaking to or acknowledging one another as indicative of the depth of the gulf between them.

- In the absence of respect for the people holding the positions of Mayor and CAO, other techniques have evolved or been purposely created to bypass the normal flow of Council and administrative decision-making. For example, the position of Deputy Mayor has assumed a much higher profile than we have encountered elsewhere in approximately 500 local government client engagements. The Deputy Mayor has either signed off on documents or been looked to by the majority for his leadership where one would normally have expected to see the Mayor take the lead. Further, the Mayor does not meet with the CAO as is the case in other municipalities nor is he briefed on current issues by the CAO.

- The mistrust between the Mayor and the CAO has become increasingly evident with the former requesting the head of the local RCMP detachment to remove the keys to the Town Office from the CAO on the grounds that he had been seen removing boxes of what the Mayor felt were materials likely of interest to us as Inspectors. The RCMP investigated this alleged incident and determined that it was, in their view, without foundation. This incident led to the majority of Council passing a motion to censure the Mayor and to remove his appointment to any Council boards and committees. (We note with
interest that some of the files that we have reviewed appear to either have been culled of documents, for example correspondence with the Province regarding grants, or certainly of less depth than we would normally expect to be included in certain key Town files).

The Issues:

Issue # 1.0 Council’s Leadership to the Community

It is the responsibility of any municipal Council to provide leadership to its community. According to various sections in the Act, Council has the pre-eminent role in providing leadership to the community. We find in the following sections:

Section 3:
The purposes of a municipality are:

a) to provide good government,

b) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and

c) to develop and maintain safe and viable communities.

Section 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.

The Council of Lac La Biche has been elected by its citizens to exercise good judgment in making decisions that are intended for the betterment of the community as a whole. This requires that Council:

o Act in good faith so that the best interests of the whole community are respected
Think independently and refrain from forming allegiances with factions within Council

Work with each other on Council so that the will of the public in electing each other is respected

Support the citizens’ choice of Mayor and show respect for the position and a willingness to make the system work well

As Mayor, respect the other choices that citizens made in electing the Council members they did and show evidence of a genuine desire to make the new Council a solid workable unit

Take all points of view into account when making decisions; withhold judgment on requested decisions until all of the information has been considered including the ideas and opinions of each member of Council

Work in collaboration with the chief administrative officer and his administration; act respectfully at all times

Refrain from showing added consideration to the views of any individuals in the community regardless of how important they may be perceived to be (either in their own mind or that of others)

Provide leadership to the chief administrative officer as a body and not individually; use the office of the Mayor to maintain liaison between meetings of Council.

Our Findings Re: Council’s Leadership to the Community

Based on our review of this Council and its administration, we question the ability of this Council to provide the positive style of leadership intended to the community. It is our view that this Council has become so embroiled in interpersonal conflict as to render such leadership almost impossible. Almost from the outset, it has become known in the community as a “4-3 Council” based on the observation we heard from both members of Council and the public that any key or controversial matters results in a division on Council along predictable lines. (We note that every member of this Council has
repeated this observation to us in private interviews). The fact that this split on Council occurs with regard to contentious issues and appears to be highly predictable has resulted in a sense of frustration within Council and an admission that there is little likelihood of this Council being able to move towards some degree of harmony and acceptance that would break down these barriers. Instead, Council members have admitted their inability to move past this division and have increasingly been caught up in criticizing and ridiculing the motives of the “other side”.

This is not to say that this Council has not been a party to any positive steps on behalf of the Town. Certainly, there have been major projects that have been continued from the prior Council(s) including the water treatment plant and the main street improvement program. As well, this Council was able to conclude the new arrangements with the Province relative to policing costs, an initiative led by Lac La Biche and other northern communities.

The split on Council was pronounced at the organizational meeting (an event prescribed in the Municipal Government Act to enable the appointment of Council members to boards and committees as well as other procedural functions required by law). While there is no exact science as to how this event is to unfold, there is generally an attempt by Council to ensure that its workload in terms of appointments to boards and committees is balanced amongst all members of Council. In this instance, we find that the majority of Council were committed to ensuring that only members of the prior Council would be appointed to certain of these boards and committees. As a result, at least one of the new members had few appointments and a very imbalanced workload in comparison to the others. While this was reportedly done to ease the newcomers into their roles, others admitted that it was done as a message to the newcomers.

The Town’s administration provided members of Council with some orientation material at the outset of the new term. This included:

- The Municipal Government Act
Members of Council attended at least one orientation session put on for both the Councils of Lac La Biche and Lakeland County with respect to their roles and responsibilities. The session (held Thursday November 4th 2004) was led by an experienced former CAO from central Alberta who appears to have covered the key matters of a governance orientation session. This session, while it met with a mixed response from LLB Councillors in terms of its usefulness, was at least intended to help Council come to grips with its roles and its limitations. The resulting actions of Council, however, provoke questions as to whether or not anyone was actually listening.

Council members reportedly go out for coffee after most meetings of Council but unfortunately do so in the same two camps, the majority group being more likely to adjourn to the nearby hotel restaurant after the meeting. While there is nothing either illegal or inherently wrong with such an activity, the fact that this separation occurs is not healthy, nor is it conducive to the appearance of fair play by the CAO nor reinforcing of his role as an apolitical party the fact that he has been in attendance at the same functions on various occasions.

The majority assert that there has never been any organized attempt to lobby each other for votes. While we have no way of verifying the accuracy of this claim, the actions of both sides of Council would belie it.
Members of Council advise that matters that have been discussed “in camera” have in fact found their way into the public arena. This leakage of confidential information is in direct contravention of the MGA (Section 153(e)).

The actions by Council at their meeting of September 13th 2005 in moving a motion of censure of the Mayor was a reflection of their disregard for his ability to lead Council as well as criticism of his action in requesting the head of the local RCMP detachment to request that the CAO turn over his keys to the Municipal Office. While the action by the Mayor was inappropriate and manipulative given the ill will on Council with regard to its relationship as a body to the CAO, the response by Council also cannot be condoned. The spirit and intent of sections 153 and 154 of the MGA are violated wherein the majority of Council restricts the ability of a member of Council to perform his duties.

The action by Council in adopting the new Procedural Bylaw (No. 1230/05) to rescind the Mayor’s authority to serve as ex officio on Council appointed boards and committees is another indication of the depth of disgust the some members of Council feel for the incumbent Mayor. This proverbial “slap in the face” does little to build up any support for the office of Mayor in the community. It not only attacks the Mayor but also undermines the effectiveness of that office on behalf of the community. The spirit and intent of sections 153 and 154 of the MGA are violated wherein the majority of Council restricts the ability of the chief elected official to perform his duties.

The former Town Council developed a 2001-04 Strategic Plan. The current Council followed that up by engaging an external facilitator on December 16th 2004, shortly after the last municipal election. According to the information provided to us, the Council and senior staff (CAO, Assistant Administrator, Superintendent and Town Foreman) met and conducted a SWOT Analysis (strengths, weaknesses, opportunities and threats). The group came to an agreement on key strategies and adopted in March 2005 a document outlining the strategies, actions and timelines.
When we probed as to the effect of this session on the Council’s priorities and budget development we found that few members of Council were aware of any results of the Plan or how it had impacted their budget development. This is not to suggest that there were no direct linkages to the current budget, simply that members of Council could not confirm any further action on the proposed strategies. While we could not determine this with any certainty, the CAO states that the goals of Council are incorporated into the budget. Members of Council advised however that they feel that very limited progress has been made in terms of addressing these goals and priorities.

The MGA outlines the purposes of a municipality and the requirements of a Council. These include the expectation that the Council will provide the leadership necessary for the residents to enjoy what is referred to as “good government” and to engage in “developing and evaluating policies and programs” that benefit the community and “making sure that the powers, duties and functions of the municipality are appropriately carried out”. It is our view that these tasks and expectations are very much handicapped in light of a Council whose constructive energies and potential are drained in favour of ongoing internal strife.

Our Conclusions

The Council of the Town of Lac La Biche has been functioning in a dysfunctional manner and shows little desire or likelihood of positive change. As a result, the citizens of the Town are not being served as intended by the legislation. Council members are not being fair to one another in terms of their willingness to listen and respond thoughtfully to opposing points of view.

Further, instead of playing a strong, mediating role as an apolitical advisor to all of Council, the CAO has become more than an observer to this conflict and has not sought ways to make the situation more tenable. While the CAO has to follow the will of Council in ensuring that its decisions are being carried out, the CAO still needs to act as the advisor to all members of Council. This requires that
the CAO act independently of political considerations. Instead, the CAO has cast his lot with the majority four members of Council and they have in turn acted as his defence in the face of criticism from the Mayor and a minority group on Council. The group of four have also jumped to his defence despite the critical opinions provided in reports to Council by the Town’s independent, unbiased and professional auditors.

Based on what has been happening since the onset of this Council term, it is our opinion that nothing short of a new election will break the impasse that this Council has both contributed to and seemingly finds acceptable. We do not believe that there are currently any factors at play that would suggest that the deep-seated animosity is likely to be overcome. The residents of the Town are not being well-served by the continuation of this Council.

**Our Recommendation**

We recommend that the Council:

1) terminate its relationship with the chief administrative officer;
2) determine as a body to resign to enable new elections to be held.

**Issue # 2.0 Leadership by the Mayor**

The role of any Mayor is generally recognized by the public, the legislation and Council alike as the elected leader of the Council and, in many ways, the community. Both the legislation and the history of local government in Alberta make it clear that the Mayor has a unique role in presiding at Council meetings as well as acting as the Council’s spokesperson to the community as a whole. According to the Act, the Mayor has the responsibilities of all members of Council as well as performing the leadership roles of the Council. We find in the following sections:

Section 153 of the Municipal Government Act states that:

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 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.

Section 154 (1) states that a Mayor has the following responsibilities:
“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”.

The Mayor is elected to lead and to work in cooperation with all other members
of Council in making sound policy decisions and choices. He is expected to be
able to work with his Council in determining the best course of action for the
community and to move with the rest of Council (or at least the majority) in
harnessing the energies of the residents in pursuit of agreed upon directions. We
recognize that there is nothing in the Act that would ensure the Mayor that all
members of Council are likely to endorse his vision. On the other hand, the fact
that the Mayor has been elected as the chief elected official would lead one to
believe that the others on Council would be sure to accord the Mayor the respect
the office entails and to attempt to work with the Mayor in the pursuit of common goals.

This position is an important one to single out because of the significant influence the person holding this position can exercise. The Mayor has considerable power, albeit largely informal, and can exercise this influence in a positive manner with regard to the conduct of the business of the municipality. This does not ignore the fact that the Mayor has only one vote on all matters and is, in many respects, co-equal with his colleagues on Council. Rather, it reflects the fact that the public and media often tend to pay more attention to the Mayor than to others on Council. The Mayor must therefore be very prudent in the use of this power and exercise it for the good of the community as a whole.

The Mayor should be able to chair meetings of Council without attempting to be the only voice heard at the table. The public has a right to hear what all members think on a particular issue (if they care to voice such an opinion) without being interrupted or pre-empted by the Mayor.

It needs to be recognized obviously that the ability of the Mayor to be influential on Council is highly dependent on the willingness of the rest of Council to follow the lead of the Mayor and to work together. While saying this, we are cognizant of the fact that individual Council members may have quite different views on all topics. Rather, this observation reflects the need of Council to receive leadership from the chair and to respect the right of the Mayor to provide his advice on what he sees as the best policy choice for the Town to adopt.

**Our Findings:**

- There is little evidence to indicate that the Mayor has worked hard at gaining the support of the rest of Council. He was aware at the outset that his views on certain key matters were at odds with the majority on Council. Regardless of this understanding, the Mayor did not spend time with each member of Council and attempt to seek common ground on any of these significant matters. The Mayor has not shown much if any evidence of wanting or being
able to lead Council in any sense of consensus government. He has chosen to forego any attempt to make the new Council work as a collegial body and has instead gathered his own supporters on Council and sought opportunities to embarrass or denigrate the ideas and decisions of the others.

- Further, and regardless of his relationship to the CAO prior to the election, the Mayor has not spent much if any time trying to make the relationship work between himself and his chief administrative officer. He announced at one of the early meetings of Council his lack of confidence in the CAO and requested the support of Council in a non-confidence motion against the CAO. When it was apparent that the majority on Council did not support the Mayor in this matter, the latter stated that he would hold off on his judgment for three months and reconsider at that stage. His very infrequent contact with the CAO between those two meetings, and the lack of any specific performance feedback on areas wherein the Mayor may have believed that the CAO needed improvement, appears to indicate his lack of intention to see if the situation could be improved and made to work.

- While we express our concerns relative to the CAO in a later section of this Report, it is clear to us that this Mayor and this CAO have spent very little time in trying to make a difficult situation work. Both have admitted to us that they avoid each other where possible and that there is virtually no respect either felt or shown between the two. Regardless of the differences that existed between the Mayor and CAO (apparently from the outset of the term), it is incumbent on the Mayor to seek ways to maximize the relationship between the Council and the administration rather than find examples of incompetence that undermine any effort in reconciling the situation.

- As a result of the Council’s attempts to muzzle the Mayor (at the meeting of August 23rd 2005), it is increasingly difficult for the Mayor to act as the spokesperson for Council to the public. Further, on key issues the Mayor is often at odds with the majority of Council and thus finds it difficult to act as its leader. He is either unable or unwilling to voice Council’s decisions on the
While not legislated to do so, many communities receive advice from the Mayor in identifying the matters that Council wishes to discuss at future meetings. The Mayor is often viewed as Council’s linkage to the agenda process and can act to ensure that the Council is identifying and addressing the key public policy matters. In this instance, the Council has voted to withdraw the Mayor from any participation in developing the agenda or having the type of discussion we would presume would be beneficial to the Mayor’s ability to chair the Council meetings.

It is our opinion that the Mayor is unable to carry out the requirements of his position due to the lack of confidence in his ability to act in that capacity in a fair and even-handed manner. This includes the legislated expectations 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;
- participate generally in developing and evaluating the policies and programs of the municipality;
- participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by council;
- obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer. (Section 153)

**Our Conclusions**

The Mayor is not perceived by the majority of Council or by the CAO as the leader and is barely tolerated as the chief elected official. The Mayor has not sought any means of reconciling with the rest of Council nor with the CAO. The Mayor’s position of influence has been sufficiently weakened so as to make it highly unlikely that he will be able to act in a leadership capacity for this Council.
The lack of respect for the office of the Mayor and for the person holding that office ensures that the community cannot receive any real or measurable leadership.

The Mayor’s unwillingness to extend an olive branch to his colleagues has contributed significantly to the current impasse.

**Our Recommendation**

We recommend that the current Mayor:

3) Tender his resignation (along with the other members of this Council).

**Issue # 3.0 CAO Role and Performance**

The ability of the Town to function, as it ought, is impacted in a significant manner by the leadership of the CAO. He is hired as the principal linkage between the Council and the administration and is relied upon by Council to provide guidance to the staff and policy advice to the Council. While we believe that the incumbent has had the exposure and training to be able to carry out the expectations of this office, it is clear to us that his performance in this role has been decidedly lacking.

The success of any local government system depends in large measure upon the confidence that a Council has in its administration. Given that much of what a Council hears is either directly from its administration or has been relayed to Council with administrative commentary, it is essential that there is a high degree of trust between both parties. Without such trust, the following tends to occur:

- **Council members look independently for outside sources of information**
- **Pointed questions are asked at Council meetings, for which the Councillor believes he already knows the answer or which could have as readily been asked of the CAO prior to the meeting, beyond the glare of the media**
Council members regularly and studiously avoid the CAO and department heads in order to go direct to sources further down the structure so as to gain access to the “real story”

Senior staff court members of Council for support for their advice before the rest of Council has either had access to it or in confidence, such that other members of Council are unaware of the information being exchanged and support curried.

**Need for Independent and Professional Advice**

This Council needs to believe that the advice that it receives from its CAO is fair, reasonable, comprehensive and unvarnished. While Council may adamantly disagree with the advice being presented, there should be little argument as to its professional and independent nature. A Council must have faith in its CAO to the extent that Council can readily accept the information as true and complete and that any disagreements amongst members of the administration have been captured in the report with the CAO responsible for providing his final judgment on the matter. Whatever process the CAO uses to establish this independent review is often not the issue for members of Council as much as the balanced nature of the advice itself.

Council also needs to have confidence that its decisions are going to be carried out by the administration immediately (i.e. as soon as realistically possible) after the Council meeting. Thus, regardless of the advice of the CAO and administration being deemed acceptable or not, the decision of Council is that which defines the resulting action.

**History of Relationship**

The history of the Town of Lac La Biche with regard to its senior administration has been marked by dual reporting relationships, frequent turnover in the position and uncertainty. The Council in 1997 established by bylaw # 1095/97 two CAO positions, one to be known as Administrator and the other to be known as the Superintendent of Public Works. This bylaw was amended by bylaw...
#1162/00, which created or renamed the Administrator’s position as the CAO (Chief Administrative Officer). (While it may have been the intent of the Council of that day to remove the other CAO position of Superintendent of Public Works, we do not see any evidence of that decision having been made, although the person filling the role of CAOA position description was also created at that time).

Principally sections 207 and 208 of the MGA guide the role.

207 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.

208 (1) The chief administrative officer must ensure that

(a) all minutes of council meetings are recorded in the English language, without note or comment;

(b) the names of the councillors present at council meetings are recorded;

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

(d) the bylaws and minutes of council meetings and all other records and documents of the municipality are kept safe;

(e) the Minister is sent a list of the councillors and any other information the Minister requires within 5 days after the term of the councillors begins;

(f) the corporate seal, if any, is kept in the custody of the chief administrative officer;

(g) the revenues of the municipality are collected and controlled and receipts are issued in the manner directed by council;
(h) all money belonging to or held by the municipality is deposited in a bank, credit union, loan corporation, treasury branch or trust corporation designated by council;

(i) the accounts for authorized expenditures referred to in section 248 are paid;

(j) accurate records and accounts are kept of the financial affairs of the municipality, including the things on which a municipality's debt limit is based and the things included in the definition of debt for that municipality;

(k) the actual revenues and expenditures of the municipality compared with the estimates in the operating or capital budget approved by council are reported to council as often as council directs;

(l) money invested by the municipality is invested in accordance with section 250;

(m) assessments, assessment rolls and tax rolls for the purposes of Parts 9 and 10 are prepared;

(n) public auctions held to recover taxes are carried out in accordance with Part 10;

(o) the council is advised in writing of its legislative responsibilities under this Act.

(2) Subsection (1)(a) to (d) and (o) apply to the chief administrative officer in respect of council committees that are carrying out powers, duties or functions delegated to them by the council.

The role of the CAO must also be established by bylaw (see Section 205.1).

These duties are supplemented by those duties listed in Bylaw 1217/04, which include:

- establish the structure of the administration of the municipality, including establishing, merging, dividing and eliminating departments and establishing a managerial hierarchy and an administrative and reporting policies and procedures;
Before dismissing, the CAO must get a legal opinion and, he believes, inform Council afterwards. In addition to these functions, the CAO also performs the roles of Recreation Director, Development Officer and Building Inspector. He also acts as the recording secretary at meetings of Council and at certain other Council-related functions as well.

The Municipal Government Act (Section 205.1) requires that “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 duties under Section 207.”

**Our Findings:**

- The incumbent CAO was originally hired by the Council of the day to “improve the book-keeping” and do the budget. We were advised that Council felt he did a good job in that initial and temporary capacity and thus Council turned to him when the former CAO was terminated. The incumbent CAO was hired as CAO on April 1, 2000 via a letter of offer/contract, which the CAO drafted and which Council approved. There was no end date specified in the letter or contract. During the interview for the position, the CAO also volunteered that he would take on the role of recording secretary as well.

- The majority of Council point to the CAO as helping the Town achieve several key projects including reducing the policing costs to the Town, as well as establishing the main street program and water treatment plant.

- Some members of Council argue that the CAO has saved the Town a lot of money on policing costs (formerly absorbed 43% of the operating budget) and that failing to follow through on making application for other smaller grants is of much less concern.
Some members of Council have argued that the CAO’s poor relationship to the Mayor is based on two principal issues: his unwillingness to show any favouritism to anyone, regardless of their position and, secondly, the fact that the CAO and current Mayor had an encounter (previous to the Mayor being elected to that office) with regard to a building owned by the current Mayor and for which he was reportedly negligent in paying a bill owed to the Town. Some members of Council believe that the new Mayor may have held the CAO responsible for the problems the now Mayor had in maintaining his business.

It is our view, based on the majority of interviews that we conducted with the staff members that the CAO has encouraged an organizational culture of paranoia and confusion through pitting staff member against staff member. This has occurred as a result of his inability to connect with the other members of senior staff as well as his managerial style that has resulted in staff mistrusting each other rather than building up confidence in the organization.

We have received independent and confidential comments from certain members of the administration that provide a picture of an organization that operates within a veil of secrecy and uncertainty stemming from the actions and comments of the CAO who has done little to encourage a cooperative and collaborative workplace culture.

The CAO has encouraged his administration to be less than forthright with members of the public who have not been told the full picture relative to missed deadlines or funds that the Town owes to local businesses but which the CAO either does not want to return or wishes to delay on fulfilling the Town’s obligations (the reasons for which the CAO has not seen fit to share with his staff).

This CAO has proven very elusive to local businesses and contractors and their agents and has repeatedly delayed telephone calls and e-mails to the point of absurdity. We have reviewed records that show correspondence that
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has never been acknowledged or followed up; phone calls that are not responded to; and files that have been allowed to fester rather than being dealt with in a positive and forthright manner. We have been contacted by individuals who have had relationships with the Town (including representatives of the Provincial Government) who advise that the CAO has misrepresented the facts, blamed others for the Town’s financial difficulties when in fact he had not applied for the Town’s funding, and engaged in what were described as “little games” for which there did not seem to be any reason.

- Members of the Town’s staff have advised that:
  - Information does not flow to all members of Council concurrently
  - Accounts payable have been allowed to sit in the CAO’s office for lengthy periods of time resulting in calls from irate suppliers and local townspeople
  - CAO has asked staff to hold back payments even when approved
  - Commitments are made for salary increases and are reportedly not followed up, or at least not on a timely basis
  - Members of Council have met with the CAO in his office independently of the rest of Council who are not invited
  - Frontage charges for water/sewer services were not applied to developments until months later
  - Training sessions are missed due to deadlines not being adhered to by the Town
  - Correspondence has been ignored without any reason being provided (e.g. correspondence from Jubilee Insurance regarding an auto claim; the claim was filed December 9th 2003; a letter from the insurance company asked for immediate follow-up, given that their previous requests had been ignored; that requested response by July 4th 2005 and again on September 27th 2005 almost 2 years after the claim was filed)
Did not send out invitation letters for the Forestry Capital event; advised the committee that these had been sent; not sure why they were not (Staff of Alberta Sustainable Resource Development upset)

A request under FOIPP that was begun on March 9th 2004 and finally concluded on October 8th 2004

The transfer of six utility right-of-ways at the Lac La Biche Airport was initiated by the Town through Public Works Canada on September 30th 2003. The frustration experienced by Public Works Canada is evidenced in the following excerpts from their letter of August 11th 2005 wherein the author of the letter writes “On August 10th 2005 (Our note: about two years later!) my lawyers called me, and advised that they had all but given up on the Town. We have worked on this file for over two years now, and any further effort aside from this one last try, will simply equate to wasting taxpayers dollars.”

The CAO has not fostered a spirit of cooperation and support to the volunteer groups in the community (or at least those that sought us out and provided their commentary). His actions have caused groups to miss grant application deadlines and to consider withdrawing their services as community volunteers. We have received correspondence from such groups who are discouraged regarding the Town’s treatment of their organization even though their members are actively involved in trying to engage the Town in providing wholesome community activity or counsel. (While we recognize that volunteer groups can be difficult to engage on a prompt follow-up basis, our experience has been that they are always keen to provide service to the residents of the community that they represent. The unsolicited comments that we have received suggest that such groups have had considerable difficulty gaining support from the CAO.)
The CAO has provided roadblocks in the Town’s negotiations with the County through not following up on key documentation in a timely manner (see other sections of this Report). For whatever reason, the CAO has not viewed it as necessary to encourage his Council to act in a generous, collegial fashion with its rural neighbours but, rather, to take a confrontational approach based on a sense of “all or nothing” instead of seeking consensus on common ground.

We note that this Council has reviewed the CAO’s performance and has provided the CAO with a positive review and an increase in salary. Town Council considered the assessment of the performance of the CAO as a result of the action initiated by the Administrative Services Committee most recently at its December 13th 2004 meeting. It was agreed by the committee that the format was to be circulated to all members of Council. The Chair of the Administrative Services Committee was to coordinate the responses to that form. The responses were forwarded to the Chair and were tabulated by him. The CAO was provided with an assessment that the Chair felt was adequate to synthesize the responses he had received.

Even those Councillors supporting the CAO have identified ongoing concerns regarding his lack of ability to delegate effectively and an unwillingness to share the workload.

We are concerned that the Town has not properly identified a comprehensive and thoughtful recruitment process. Regardless of the planned or potential length of tenure of the incumbent CAO, the Town Council needs to ensure that it has a recruitment policy and process in place in anticipation of the next change in administrative leadership.

The CAO has misled his Council with regard to various matters that we outline in this Report and has done so in a deliberate if not planned manner. His statements cannot be taken as factual as commitments have been made that we find have not occurred or followed through on.
Our Conclusions:
Based on our understanding of the role of a chief administrative officer and our review of the requirements placed on this position by the legislation, we find that the incumbent has not fulfilled the duties as required. The inadequacies that we have noted throughout this Report cannot be overlooked or diminished based on whatever other compensatory factors one might cite.
The incumbent CAO has become a major divisive issue for this Council and any hope that it would have of finding some means of compromise will be highly unlikely without a change in administrative leadership.

Our Recommendations
4) We recommend that the Council immediately sever the Town’s relationship with the incumbent CAO; and that experienced municipal legal counsel be contracted to assist in ensuring that the decision to terminate is dispensed with in a fair and judicious manner.

Issue # 4.0 Committees of Council
The decisions of a Council are to be resolved at meetings of Council, unless expressly delegated by Council by bylaw and only then when so permitted by the Act.. Such meetings according to the Municipal Act are to be properly advertised and are to follow the procedures established by Council in its Procedural Bylaw. Council meetings generally reflect the final stage in a Council review of a matter. Normally, a municipality will establish a series of decision-making processes that enable the members of Council to fully grasp the issues under review, their policy and budget consequences and their potential impact on the public. The Council meeting is simply the forum where the decision is finally considered and either approved or denied (or, from time to time, referred back to the administration for additional research on some outstanding question(s)).
In many municipalities though not all, the best opportunity for debate and discussion occurs at the committee level. Council members are appointed to
serve on various committees that are assigned a particular mandate that Council feels will best enable it to receive the additional judgment and thoughtful consideration of its members. Committees often represent the best and the worst of local government decision processes. That is, depending upon the Council’s understanding of the mandate of a committee, its members may feel that they have power over all members of Council and that whatever they determine will unlikely be open to challenge from other members of Council. A comfortable quid pro quo develops such that the members of one committee are deferred to on matters within their mandate in exchange for the same respect from members of other committees.

This is not what is intended by the legislation nor is it in the best interests of the citizens. Rather, the intent of the committee should be to ensure that the governance concerns of the Council have been identified and considered such that the committee’s report to Council can identify those and become a part of what all members of Council consider before endorsing the report. Otherwise, its members may not deal with the business of Council as a whole, but, rather, by a small segment of Council members who may find themselves led to certain conclusions by either the staff who are attached to serve the committee or by the public who attend such meetings.

Effective committee meetings reflect:

- An openness to debate and to other points of view
- A respect for those presenting reports, whether they be members of the administration or members of the public
- Administrative reports that have been considered by the office of the CAO prior to being circulated to members of the committee for discussion so that the administrative recommendations are subject to a high level of scrutiny and quality control
- Adherence to the procedural bylaw and etiquette (for Council committees) that ensures that the meetings are conducted in a manner that is sensitive
to the opinions of others and away from any personal attacks or demeaning commentary

- A relaxed approach to the rules of discussion in committee so the members are free to discuss policy options, seek the opinion of others without declaring a political position, and think through what others are saying while resisting the urge to jump into the fray as though the matter was being discussed for the last time.

Effective Council meetings reflect:

- Adherence to the procedural bylaw and agreed upon rules of engagement
- Decorum in voicing matters of dispute
- Respect for the right of others to disagree
- Respect for the Chair
- Important matters dealt with early on
- Public input respected and focused
- Council questions to and through the CAO
- Administrative comments through the CAO
- Less grandstanding and more substantive discussions
- A willingness to refer when it is apparent that there are more questions than answers
- A reluctance to refer when the primary aim is to avoid making a decision.

The Current Committee System

The Town of Lac La Biche utilizes a standing committee style of governance. The Town has created several internal standing committees as follows:

- Administrative and Protective Services Committee
- Finance and Government Services Committee
- Public Works and Engineering Committee.

The terms of reference of these committees are established in the Procedural Bylaw No. 1174/01, adopted January 23rd 2001 (with subsequent amendments).
The terms of reference stipulate that these committees are to be advisory in nature and “will provide input and advice to Council on...” The membership of the Finance and Government Services Committee is to consist of all members of Council.

In some instances, the committees meet with members of the public appearing as delegations (e.g. the Curling Club). Depending on the circumstances the committee might then make a recommendation for action to Council as a whole. Committees consist of three members of Council with the Mayor often in attendance in an ex officio capacity. Motions are moved and votes are recorded. When the Mayor is present and votes, the decision of the committee constitutes the majority of Council members, which nullifies the power of Council to act any differently given that the matter has already been considered by a majority of Council members. This has the unintended effect of reducing the actual power of Council at its regular meeting to decide the matter.

The committees may also take on responsibilities that have already been delegated to the CAO either by bylaw or through the Municipal Government Act. Thus, the fact that such a committee has taken on the authority to review the performance reviews of staff and to make decisions as to the placement of staff on the grid (and subsequent movements on the grid) are inappropriate and a reduction in the authority of the CAO.

**Our Findings:**

- The standing committees offer some value to Council in their examination of certain issues at a greater degree of depth than would be possible at a committee of the whole or regular meeting of Council.
- The committees discuss and review matters that ought to be a part of a broader discussion at a meeting of Council (e.g. the Organizational Review survey-December 13th 2004 meeting of the Administrative Services Committee).
The committees either have taken on or have been delegated responsibility for administrative functions. This has effectively reduced the role of the CAO in managing the administration and allowed him to defer some of his responsibilities and authorities to the committees (particularly the Administrative and Protective Services Committee).

Such an approach by the Council (and some of its policies/procedures) might describe or suggest an earlier era wherein members of Council took on roles that have subsequently been delegated to the CAO. Since the evolution of the Act in the mid-90s, legislation has granted considerably more autonomy and authority to the CAO. In this instance, however, the CAO acts as though the Administrative and Protective Services Committee was his boss with the authority to review his hours of work, his tasks performed and what he has accomplished at specific meetings that he has attended that week (Article 37 Management Leave).

There is also confusion as to the mandate of the Administrative and Protective Services Committee of Council relative to the evaluation of management staff (which is inappropriate) and also to the conduct of a performance review of new employees before they are granted permanent status (also inappropriate).

**Our Conclusions:**

A Council of the size and complexity of Lac La Biche has the option of establishing standing committees (as is the present situation) or creating what is referred to as a “committee of the whole” wherein all members of Council meet as a committee to discuss matters before they become part of a regular agenda of Council.

The current standing committee system has enabled some members of Council to become overly involved in administrative decision-making. This has resulted in the CAO having less authority to act than intended by legislation and has
concurrently increased the involvement in Council members in making decisions relative to individual members of staff who report not to Council but to the CAO. While we believe that the committee of the whole approach would be a worthwhile option for Council to consider, we are more concerned that Council members understand the differences between governance and management. While the desire to serve the community should be paramount in any Council, the fact that Council has become involved directly in some administrative tasks is not helpful in preserving the distinction of roles between management and Council.

Our Recommendations

5) We recommend that Council seek a refresher course on its role and responsibilities.

6) We recommend that Council rescind the creation of and appointment of members to standing committees of Council and replace this model of governance with a “committee of the whole”.

Issue # 5.0 Policy Development

Every municipal Council in Canada is expected to provide leadership to the affairs of the community. Each has an obligation through legislation to make a number of key decisions impacting the community’s well being and to provide oversight to the implementation of Council policies by the administration. The model of governance chosen by the Town will impact how Council discharges its responsibilities. That is, the way decisions are made and how they are communicated is a reflection of the process utilized by Council in making those decisions.

A Council is mandated to determine the Town’s position on such matters as:

- the housing of any population growth
- citizen at large contribution to the costs of new development
- level of Town expenditures and resulting tax burden
types of services to be provided and whether or not they are provided by the public or private sector.

It is incumbent on a Council to assess whether or not the current policies and bylaws of the Town are appropriate or if they ought to be changed. If the citizens of the community indicate the need for policy review as a result of the degree of change in the make-up of Council members, then such a review ought to follow quickly on the heels of an election. If the prior Council took the Town in significantly different directions and there was a sense that those directions were not well supported by the community as a whole, then the Council needs to ensure that such decisions are reviewed and, if deemed to be significant, altered or rescinded. Such changes, if they are to occur and if there is any question as to public support, need to be properly advertised and current public opinion explored.

While it is Council's role to resolve conflict in the community and to foster a vision of its preferred future, it is the administration that must translate policy into effective action. Effective implementation of policy will occur with a well-developed body of procedure that guides the staff in the delivery of municipal services. The CAO and his senior staff are responsible for the development and the monitoring of the efficacy of such procedures. If policies are outdated, too few or too cumbersome, the system will fail.

We find that:

- The Town has taken a fairly proactive approach to the development of policy. It has developed new policies over the years and has shown that it understands the value of a thoughtful approach to policy development.
- The Town has a Policy Manual based on the format provided by this writer in 1983. Some of the policies date back to that period whereas others are of more recent vintage. We make the following observations relative to Town policy:
Some of the policies while possibly still valid date back to 1983 and do not appear to have been considered for review or revision since.

In some instances, the Town Policy Manual reflects policy “statements” that are in fact policy objectives. The policy statement in these instances may be embedded in the procedural statements or as objectives. The language on policies needs to be clarified.

Some of the policies are stale-dated or are statements of procedure rather than policy.

Some of the policies appear to overlap or duplicate others and need to be culled from the files or else clearly identified as redundant due to the development of new policies. e.g. Policy No. 11-002 (revised July 1 2004) re: Compensation and Expense Policy for Mayor and Council; Policy No. 11-006 (revised July 1 2004) Council, Committees and Staff Travel Policy; Policy No. 11-008 (effective Jan.11th 2000) Council and Staff Travel Policy.

New policies have been considered recently including one requiring a report from members of Council or staff who attend events on behalf of the Town (Policy No. 11-011) Reporting Policy.

Policy No. 11-006 (revised July 1 2004) Council, Committees and Staff Travel Policy needs to be amended to include a description of the authority to approve any funds to be paid to those travelling on Town business. The approval should include an administrative review with the Mayor and Deputy Mayor responsible for authorizing the expenditures relating to Council and public travel (and two other members of Council responsible for authorizing payment to the Mayor and Deputy Mayor) and the Mayor and Deputy Mayor authorizing any expenses submitted for payment by the CAO.

According to the CAO the Council determines policy. He advises that Council recommends proposed policy changes and a policy is drafted by the administration. It then goes back to Council for approval. The CAO
estimates that new policy is created on average six times a year. The most recent policy was September/05 relative to office keys.

**Our Conclusions:**

The Town appears to understand the importance of policy development and has made a start towards identifying policy issues and how they ought to be resolved.

**Our Recommendation**

7) We recommend that Council establish a process to review the present “policy bank” and determine what updates are required and what current policies should be replaced.

**Issue # 6.0  Procedural Bylaw**

Section 145 of the Municipal Government Act provides a council with the authority to pass bylaws regulating “...the procedure and conduct of council, council committees...” Each Council does so and uses those procedures to ensure that business is conducted in a fair and even-handed manner. Such bylaws speak to when meetings are to be held; the time of meetings; the role of the presiding chair; the order of business; the role of any committees; the conduct of meetings and of council members at such meetings; the recording of minutes and so on.

**Our Findings:**

- This has become an issue in Lac La Biche as a result of two separate but related issues: the Mayor proposed at the July 12th meeting that an amendment be made to the Procedural Bylaw which would have the effect of allowing the Mayor and CAO to review the agenda packages before they were deemed ready to be sent out to all members of Council. The second issue arose when the CAO presented the new Procedural Bylaw that he claimed would comply with the recommendations of Alberta Municipal Affairs, including:
Section 5: Regular meetings of Council to be established by resolution of Council at its annual organizational meeting

Section 10: The Chief Elected Official not automatically an ex officio member of any Committee of Council

Section 13: Provides for setting meeting dates of committees

Sections 21 and 22: Outlines the process to be used for adding items to the agenda

Section 24: Changed the waiting time to call a regular meeting of Council to order to 10 minutes rather than 15 minutes.

The minutes of the Council meeting of August 23rd 2005 reflects that Council considered this matter of a new Procedural Bylaw (#1230/05) at that meeting. The minutes of the meeting record the advice of the CAO (who had recently spoke with Alberta Municipal Affairs on these matters) that “when the new Municipal Government Act was passed in 1995 that the Chief Elected Official has the same rights as any other Councillor, no more no less.” This statement is at least somewhat misleading when one considers the legislation that is referred to which states in Section 154 “(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 a right to appoint members under this Act, unless the council provides otherwise.”

Part 3 of this section (154) which limits the chief elected official's right to be appointed by Council “...only if the chief elected official is appointed in his personal name” speaks only to those boards, commissions and authorities established under Part 17 of the MGA which generally refers to planning bodies.
Section 22 of the new Procedural Bylaw is inaccurate in its reference to “the criteria under clause “19”, which likely was intended to reference Clause “21”.

We note that neither this bylaw (nor its predecessor) limits the number of delegations that can appear before Council on any given meeting. And yet, we were informed by someone who wished to appear as a delegation that the CAO in a letter of July 8th 2005 advised that “Unfortunately the agenda for the meeting is already full and so your wish cannot be accommodated”.

**Our Conclusion:**

It is our understanding based on interviews with a majority of Councillors that the changes made to the Procedural Bylaw were designed primarily to embarrass and send a strong message to the current chief elected official (the Mayor) by limiting his authority and perceived importance. This action might have seemed appropriate to a majority of Council at that time based on the Mayor’s ill-advised action in contacting the RCMP officer in charge and requesting his assistance in removing the keys to the office from the CAO. However, we find that this action by Council (and aided by the CAO) is not conducive to building trust or in reflecting a desire to be viewed as serious community leaders who are striving to serve the residents in the best manner possible. Nor does this action accord with the trust placed in the Mayor who was duly elected by the citizens of Lac La Biche. Instead, the actions taken in this regard draw Council and the CAO (and the perceived value and integrity of their offices) into disrepute.

**Our Recommendation**

8) We recommend that Council undertake a review and revision of its Procedural Bylaw based on the advice from an independent legal firm aided by an expert in municipal parliamentary procedures and protocol.
Issue # 7.0 Organizational Structure

The structure of any organization is an important element in communicating both inwardly as well as to an external marketplace the manner by which decisions are made and messages communicated. Organization structure influences a number of factors in the life of an organization, many of which may not be readily apparent to those who are not intimate with how the organization functions. Structure sends messages relative to reporting responsibilities, importance of the position, responsibility for the work of others, compensation level, access to key decision-makers, perceived prestige, collaboration with complementary functions, and so on.

Organization structures also serve to position staff members in such a way so as to ensure that the necessary decisions are made in a timely fashion while utilizing the skills, expertise and experience of those most related to that part of the business. The structure is also reflective of what resources are needed to get the job done and the organization’s sense, in many ways, of the business that it is in.

The structure must serve to:

- Ensure that those charged with making decisions have access to those with the most reliable information
- Reflect the breadth of the services delivered so as to ensure that each of the essential elements are represented by a senior manager (i.e. someone at the decision-making table)
- Enable those who have relevant expertise and key pieces of information access to decision-makers
- Ensure that the subordinate staff are able to access the leadership necessary to make quick and informed decisions.

Structures are often more important to an internal audience than to the external one. As long as those contacting the system can get access to desired services in...
a prompt and inexpensive manner, the fact that Charles reports to Edith is of little consequence.

Internally, however, is a much different story. Here every decision affecting structural change is watched to see if there is any advantage or disadvantage personally in terms of prestige, access and future promotional prospects. The structure is often one of the key impacts relative to how decisions are made and who has the necessary access to the final decision-makers to influence the outcome of important projects and proposals. Any change therefore is often subject to the worst interpretation based on a lack of evidence to the contrary.

**Our Findings:**

- The current incumbent CAO began in that role as of April 1, 2000. The structure was altered just before that time, wherein a change was made to have the Superintendent of Public Works report to the CAO rather than directly to Council. There have been some other minor changes since then. For instance, the responsibility for funding policing has been removed (April 1, 2004 and April 1, 2005), and the Regional Recreation Board dissolved (April 2, 2004). There were some new positions created (such as Accounting Clerk IV March 1, 2005), and existing positions reclassified (Assistant Administrator created October 1, 2003).

- In terms of the Town’s permanent resources, we note that:
  - One employee was hired in the 1970s
  - Three employees were hired in the 1980s
  - Two employees were hired in the 1990s
  - Eleven employees were hired since 2000.

- It is our view that the Town’s organizational structure does little to clarify reporting relationships and is more confusing than helpful. While the CAO believes that the chart reflects the appropriate reporting relationships, we find that it does not reflect the type of structure one would normally find in a community like Lac La Biche. In effect, the Town has two senior positions—the
CAO and the Superintendent of Public Works. The role of Assistant Administrator is that in name only and is not, according to the CAO viewed as a senior level position. This individual has not been given any supervisory responsibilities. All of the office staff members report to the CAO as does the Public Works Superintendent.

- The absence of someone directly responsible for the treasury functions is inappropriate for a community of this size. The Town needs someone who is trained in municipal accounting and who has designated responsibility for overseeing those fundamental aspects of a municipal administration. The considerable number of problems recorded in current and past reports from the Town’s independent auditors as well as their direct advice point to the need for competent financial expertise.

- As a result, we believe that the Town would be better served by retaining someone to act in the position of Director of Corporate Services with the responsibilities listed in Appendix A. This person’s principal responsibility would be to function as the Town’s chief financial officer, which would be both a supervisory and working function. Given the scope of the Town’s budget, surely someone designated to fulfill this important role would be readily justified.

- The current position of Assistant Administrator should revert to that of a senior accounting/legislative clerk with the added responsibility of acting as recording secretary for all Council and committee meetings. It is not appropriate given the expectations of a CAO for him to act as the primary advisor to Council on all policy matters; to oversee the achievement of the Council and Town’s strategic agenda; and to also hold responsibility for the primary oversight of financial and legislative functions. This has had the effect of placing too much of the Town’s key functions within the day-to-day mandate of one individual.

- With regard to the public works function, we do not see the need for two senior PW personnel given the small number of direct reports. The Town
could create a “lead hand” position (if that is deemed necessary) but does not require both a PW Foreman and a PW Superintendent. With the resources as limited as they are, we are convinced that better deployment would help to rationalize the workload and place more of the Town’s resources on the front lines rather than in supervisory capacities.

- Given the Superintendent’s lengthy tenure with the Town, we are concerned that too much reliance has been placed on his historical knowledge of the Town’s systems. This information and procedures needs to be recorded so as to be better accessed by future generations of works employees.

- The Town was formerly a partner along with the County in a regional recreation agreement that featured the sharing of resources and responsibilities by agreement between the two jurisdictions. This agreement was severed at the request of the Town. The Town subsequently terminated all regional recreation positions and then re-hired all of the same people with the exception of the Recreation Director. (The latter had subsequently found a position with the County). The responsibilities that had been held by the Recreation Director were split between the various Town administration employees including the CAO. The principal responsibilities for maintaining an active recreation program was delegated to a Recreation Coordinator whose duties also were primarily to include the clerical and financial aspects as well. Our interviews and review of documentation lead us to believe that the main aspects of this key position were focused largely on the financial issues while the leadership and liaison roles of a director were being considered of lesser importance. (Ironically, the leadership role normally assigned to a Director of Recreation has come under question by one of the Town’s most significant recreation organizations).

- While the Town has access to a seasoned administrator in the person of the head of FCSS, it is clear that the CAO does not regard this position as one of their key people. This should be the case regardless of the FCSS Director’s reporting relationship to the Board of FCSS. That should not inhibit the
Director’s ability or willingness to participate fully as a member of the Town’s senior management.

**Our Conclusions:**

In addition to our concerns with regard to actual performance in the roles currently, we believe that the current organization structure does not serve the Town well. While it could be argued that the Town is being run efficiently based on the few managerial positions, we would suggest that it suffers from a lack of the necessary senior management positions with the appropriate skills and/or training and/or expected functions.

The Town needs to separate the CAO functions from that of Finance. The latter functions are extremely important on their own and require someone with either a CMA or CA or enhanced accounting training and experience at a senior accounting level (preferably in the public sector) in order to understand the nuances of the municipal government accounting system.

The Town also needs to separate the CAO function from that of recording secretary for Council meetings. This is not a role that should be handled directly by the CAO as it detracts from his ability and freedom to act as the chief policy advisor to Council during their meetings. Further, there is some value in having a separate person trained in providing secretariat services to the Council whose primary focus is on the minutes of a Council meeting and the protocol of ensuring that those minutes are available to all members of Council within 24 hours (or as soon thereafter as possible) of every Council meeting.

Our contacts with other community groups also leads us to believe that the responsibilities of the Recreation Coordinator (who is presently not considered a department head position) needs to be placed more fully on community development and less so on the clerical and financial aspects. The Town’s accounting staff should be charged with the responsibility of coordinating and discharging the financial record-keeping whereas the Director of Recreation.
(or Community Development) should be out in the community acting as their liaison into Town Hall and enabling the volunteers to get their work accomplished. The Town needs someone to think beyond the constraints of bookings and accounting, neither one of which require the community skill set that a functional community position requires. While the incumbent could likely handle this broader role as we describe it, she would need the right support around her and the encouragement of a senior officer who understood small community development.

Given that the Town has a number of core functions, the structure and those supervising needs to be in support of those key activities. Based on our knowledge of municipalities throughout Alberta and our understanding of what the Town of Lac La Biche is involved in, we believe that these core functions could be described as follows:

- **Infrastructure Services**
  - Capital Works Projects
  - Maintenance of Roads
  - Building Maintenance
  - Utility Maintenance
  - Parks Maintenance

- **Community Services**
  - Recreation and Leisure Programs
  - Library Services
  - Family and Community Support Services
  - Interpretive Centre
  - Liaison with Sport and Recreation Groups

- **Corporate and Financial Services**
  - Budget and Business Planning
  - Taxation
  - Grant Application/Administration
  - Utility Billings
Our Recommendations

9) We recommend that Council undertake to review and re-design its organization structure as described herein.

10) We recommend that Council direct the CAO to recruit and appoint three senior level positions to act in support of the CAO (i.e. a Director of Community Services, a Director of Corporate Services and a Director of Infrastructure Services) (at least one of these personnel could be groomed from within the organization).

Issues # 8.0 Management Practices

One of the keys to any municipality being able to function as intended is the manner in which the administration is organized and directed. If the Council’s will in terms of guiding the affairs of the community is to be reflected in the way business is conducted, then the linkage between what Council says and what the administration does has to be absolutely clear and unfettered. There needs to be confidence by the staff in the messages they hear from their supervisors and the assurance that the staff’s actions and decisions will be supported by the CAO and Council.

If the foregoing functions (as described in Section 7.0) are to meet the expectations of the citizens and Council, then the senior administration must exercise the type of leadership practices that ensure that all staff members are focused on their tasks and are utilized effectively. This presumes that the CAO and department heads will:

- Ensure that key tasks and work projects are prioritized
- Identify those tasks that need to be done and completed in a timely manner
- Plan the activities in such a way that monthly, seasonal and daily tasks are planned and communicated to the employees
Supervise the activities in such a manner as to guide the work towards a successful completion

Encourage employees to follow safety procedures and to be courteous to any members of the public with whom they have contact

Assess the performance of all employees on a regular basis and at least once annually on a formalized basis.

It is essential, if Council expects to function in an effective manner, that it be under-girded by a strong, confident, well-trained and respectful administration. Municipal administrations across Canada are expected and indeed trained to be supportive of the elected body regardless of who is elected and what views they espouse. While this may pose difficulties from time to time (and it has in some communities), democracy requires that those working for the government that has been elected be outwardly supportive and helpful. This does not necessitate the administration to become politicized nor to change their personal principles in order to support the elected governing body. Instead, there is a long-held principle of separation of the political and administrative roles that affords both the flexibility and independence required to discharge their responsibilities effectively.

It is our view that the local government system in Lac La Biche could be presumed to be working reasonably well from an administrative supportive perspective if:

- The administration treats all members of Council with due respect for their positions
- The administration deals with all members equally and does not see the need to take this one or that one into their personal confidence
- The administration is cautioned against speaking ill of any member either publicly or in Town facilities
- Information is provided to all members on a concurrent basis
- Information is not slanted towards the philosophy/ideology of any particular member or faction on Council
Information is comprehensive and straight-forward recognizing that members of Council are not expected to be local government experts (as that is the role of an informed administration)

Decisions of Council are implemented quickly and according to the context of the Council policy or resolution.

Our Findings:

- Priorities are not clearly identified by the CAO nor are they communicated to the department heads. The CAO does meet with the Superintendent of Public Works from time to time but not on a regularly scheduled basis. Limited planning appears to occur and staff are left largely to their own imagination as to what takes priority on any given day.
- The Superintendent of Works does not monitor work crews on a daily basis as that responsibility is left to the Works Foreman.
- No management meetings are held prior to a meeting of Council.
- There is no evidence that the CAO reviews and approves the reports of the Superintendent of Public Works before his reports are presented to Council. The reports are not co-signed by the CAO and that would appear to indicate that he is either not consulted or his advice on these matters is not deemed to be essential by Council. In effect, this practice begins to reflect the former practice of the Town wherein the top three staff members all reported directly to Council. We note that the CAO indicates on his reports to Council that he is responsible for something called the “Administration” Department. This is somewhat confusing, as we understood that he was appointed as the CAO in charge of all Town departments.
- The CAO indicates that he holds meetings with the administrative staff members every Monday morning as well as the morning after any Council meeting. (This would include all inside Town staff but not the staff of FCSS or the custodian). The agenda for the staff meeting includes any update on what is going on, new issues, new programs, or information. The meeting is
chaired by the CAO. The Public Works staff members meet at the start of each day.

- The ongoing rift between members of Council has affected staff morale. The staff members report that they feel compelled to take sides or at least to not appear to be overtly friendly to those members of Council deemed to be in the minority. Within the office, the staff members feel the need to take sides or face the wrath of one party or the other. Staff reported to us who they felt to be supporters of the one camp versus the other and what staff members are suspected of strategically leaking confidential information.

- Staff training and the upgrading of staff skills are recommended and paid for by the Town when they are approved in advance of the courses being taken. Individual staff members are asked what their training needs are; these are listed in the job review, and then included in the budget. The Assistant Administrator and Accounting Clerk IV are required to take the Local Government Certificate program offered through the University of Alberta Extension. The staff members of the Public Works Department are required to be certified in Water and Wastewater as well as the Gas Utility Operator. The Town has sent one person three out of the last four years to take the Gas Utility Operator Course through NAIT. There are other opportunities as well, depending on the position. For instance, the recreation personnel are members of Northeast Area Recreation Association. A few are members of the Local Government Administration Association.

- Unfortunately, there is little evidence to suggest that staff training is planned or based on the expected future requirements of the Town. Some staff complain of never being asked to take additional training while others believe that their superior officer may be threatened by the notion that one or more of their staff may have better credentials in a particular aspect of public service than they do.
Long term planning and budgeting appears to be virtually non-existent. Projects are not well thought out and much of the outside work appears to be based on very little planning or attempting to maximize the use of resources.

We are advised that the Town considers performance reviews as important. The Town has a performance review format both for the employees as well as a separate one (by this author) for the CAO.

Preventative maintenance does not appear to be a priority. Public Works does have a system that reportedly is not being followed and wherein staff are left to repair equipment after it has already suffered from a lack of preventative maintenance. A solid system coupled with a planned process of equipment replacement would ensure that the Town has made the best use of scarce equipment dollars over the years.

Our Conclusions:
In many instances, management practices utilized by the Town are inadequate for the complexities and challenges faced by the Town.

Our Recommendations
11) We recommend that Council direct the CAO to ensure that senior staff members be fully trained in modern management techniques; that a planned program of training be made available to all staff on a regular, rotational basis based on the needs of their respective positions; and that the CAO ensure that Council is briefed at least semi-annually as to the results of this planned program of staff development.

Issue # 9.0 Business Planning and Budget Development
The Town must be assured that its administration is focused on getting the services and programs delivered in the most effective, efficient manner possible and according to a Council driven vision and plan. Such a plan should be a reflection of what the Council of the day views as the needs and aspirations of citizens as expressed through the ballot box. In the absence of such leadership
by Council, the administration is left to guess at what plan will best anticipate the Council and be endorsed by it.

It is obviously incumbent on any CAO to try their best to extract from Council a sense of their priorities given the messages of an election. This may be gained in individual meetings, committee meetings, briefing reports to Council and the like. It should also be incumbent on the CAO to provide every encouragement to his Council to set time aside to take stock of the current situation and outline its vision, values, goals and priorities for the direction of both the community and the administration.

If the Council is to be able to see its “agenda” pursued by the administration, then two key steps must occur: firstly, Council must establish the agenda through a strategic planning session(s) wherein their notion of what is important to their citizens is made clear. Secondly, the CAO and his administration will need to ensure that the way in which business is being done is supportive of Council’s concept of what the citizens expect. While this may not always trigger significant changes after every election, such a discussion should at least provoke a review of whether or not the methods by which the Town’s administration tackles an issue are consistent with any changes in Council leadership.

Our Findings:

- It is our assessment that while the Council has made an effort at establishing its strategic plan, that very little of that has been translated into the Town’s administration working towards new priorities or trying to achieve new targets. While the CAO has pointed to a number of Plan initiatives, we found from our other interviews that few if any of the staff had any idea as to what projects were outcomes of the Council’s Plan.

- We understand from the CAO that the Council reviews its strategic plan and revises it annually. The budget process is conducted with the full participation of Council. Each department comes up with a list of needs and wishes. The Council then meets with each department (public works,
recreation, fire, FCSS, library) to determine their expectations. Each department also receives monthly budget comparative statements. An initial budget is prepared and gone through by function. Once the entire budget is reviewed, the numbers are calculated to determine the impact on assessment. Normally, the Town does not have the assessment values before the draft budget is presented. Once the requisitions are received from Alberta School Foundation and the Greater North Foundation, the budget is passed, and the necessary tax rate bylaw prepared.

**Our Conclusions:**

We note that there does not appear to be any awareness of business planning as a management technique. We were unable to discern any linkage between what the Council and administration indicate they have set as priorities and what eventually shows up in the budget. The staff members are not trained in business planning processes.

**Our Recommendation**

12) We recommend that the administration and Council seek external training in a useful and size-sensitive approach to business planning. It would be advantageous to the Town to fully understand these principles and how they could be applied successfully to Lac La Biche.

**Issue # 10.0 Regional Recreation**

Many communities of the size and relative isolation of Lac La Biche often find it far more cost-effective to approach the provision of community services from a shared services mindset. There is an awareness that the limited resources or population base of one community may not permit the type and sophistication of services and programs requested by Town residents but that a cooperative approach will result in increased access to a much broader resource base. This type of philosophy requires those with broad minds and perspectives that are not unnecessarily cluttered by visions of power and turf considerations. Further, such
arrangements require ongoing communication between the elected officials and those administering the programs to ensure that any issues that inevitably arise will be dealt with on a proactive and fair basis.

Our Findings:

- We asked both the Town and the County for information with regard to certain key issues. It is our assessment that, based on the documentation provided, the following facts have contributed to the current stalemate (i.e. this is based on the correspondence and documents which date from the time the regional agreement was signed until the latest correspondence to which we had access):
  - A Recreation Agreement between the Town and County (previously the MD of Bonnyville) was entered into on January 22\textsuperscript{nd} 1992 concluding January 22\textsuperscript{nd} 1995; a subsequent agreement was entered into June 14\textsuperscript{th} 1995 and concluded December 31\textsuperscript{st} 1995; a third agreement was signed June 13\textsuperscript{th} 1996 to December 31\textsuperscript{st} 1998; and then the most recent agreement continuing the establishment of a Regional Recreation Board was agreed to by both the Town and County on July 27\textsuperscript{th} 2000 for the period ending December 31\textsuperscript{st} 2002.
  - On August 23\textsuperscript{rd} 2000 at a joint meeting between the Town and the County, the Town requested that the Regional Recreation Board be made an advisory rather than operating (governing) body.
  - At its January 5\textsuperscript{th} 2001 meeting, the County decided not to support that request.
  - On December 12\textsuperscript{th} 2002 the Town offered to extend the agreement based on the County contributing 60% of the required funding and the Town contributing 40%.
  - On December 31\textsuperscript{st} 2002 the agreement expired.
  - On January 15\textsuperscript{th} 2003 the Town offered to extend the agreement based on the County contributing 55%.
− On January 21st the County requested an extension until March 31st 2003.
− On January 29th 2003 the Town stated that unless a formal agreement was in place it would be assumed that the agreement would expire as of March 31st 2003.
− The County agreed to share the costs of funding the Regional Recreation Board’s operations on the basis of a 50/50 funding split (letter to CAO of Town on March 26th 2003); the County stated that it was agreeing to the funding on the basis that the operations of the Board would remain status quo.
− In a letter to the County on April 15th 2003, the Town CAO indicated that the Council for the Town had resolved to accept the County’s offer until August 31st 2003 after which a formal agreement would be needed to extend the agreement into 2004; the letter also stated that recreation funding was now expected from the County in advance on a quarterly basis.
− Correspondence of May 8th 2003 from the County to Randall Conrad & Associates Ltd. indicates the County’s agreement to accept his services to negotiate a long term Regional Recreation Partnership or Agreement.
− The consultant scheduled a series of five task team meetings running from May 23rd to August 29th 2003. After the fourth meeting, the consultant was asked to bring forward a draft agreement based on the input to date.
− On July 14th the Town requested a copy of the County’s Leisure Services Strategy which was adopted by the County Council in principle in May 2003.
− By September 19th 2003 the two communities received a draft of the agreement from Randall Conrad & Associates.
− On October 15th 2003 the Town’s CAO sent a letter to his County counterpart proposing certain revisions to the agreement.
On October 22nd 2003 the County forwarded a copy of the agreement to the law firm of Reynolds Mirth Richards and Farmer (RMRF) requesting the changes by the Town to be incorporated.

On November 26th 2003 RMRF submitted to both parties the Agreement to establish the Society, an application to incorporate the Society, the bylaws of the Society, and the three party agreement between the Town, County and Society.

On November 24th 2003 RMRF re-submitted the draft agreements as per the direction received from the County; the Town’s CAO indicated his concern with certain of the clauses.

On November 26th 2003 the Town’s CAO advised his County counterpart that the Town Council had resolved to accept the agreements in principle subject to the County accepting 55% of the total budget costs and that the name be changed to the Lakeland-Lac La Biche Community Services Society.

On December 11th 2003 the Town CAO sent a letter to his counterpart indicating that the Town had several areas of disagreement with the proposed agreement including the appointment of members at large, the role of CAOs as advisory members, the ability of the proposed Society to own buildings, and the restriction on borrowing powers by the Society. In that same letter, the Town CAO stated that his Council had passed a resolution that the “...Town serve notice that their membership in the Regional Recreation Board will be terminated as of April 1st 2004 if no formal agreement is signed and executed.”

A letter from the law firm of RMRF of December 15th 2003 indicates that these and other issues were under discussion and that several approaches were suggested as to how such matters could be resolved.

On February 24th 2004 the Town CAO advised the County that it was still “...awaiting a response to the proposed regional recreation agreement...” and that “The Town will not sign an agreement unless the County...
contributes a minimum of 55% on the shared facilities.... During the negotiations for the Recreation Agreement, the Town at no point ever agreed to a 50/50 split...” (We note that the letter from the Town to the County of April 15th 2003 indicated that the Town was prepared to accept the County’s offer which specified a 50/50 split).

- On March 3rd 2004 the Town of Lac La Biche circulated a newsletter to its citizens setting out its understanding of the events leading to its decision to withdraw from the Regional Recreation agreement.
- On March 5th 2004 the Town received a letter from the Lac La Biche Regional Recreation Board asking why the Town changed its practices regarding funding the entire amount it agreed to by written agreement. The Board was advised by the auditor that the Town had instructed him to “do up the statement with only the amount of required funding to zero the budget.” This was contrary to the agreement that “…any surplus stays with the Recreation Board”.
- On April 2nd 2004 the Town’s CAO sent a letter to the County CAO stating that Town Council had met on April 1st 2004 and “…resolved to proceed with its withdrawal of membership from the Lac La Biche Regional Recreation Board effective immediately. The Town will be responsible for providing recreation services for its own residents and operating Town owned facilities.” The Town also sent a letter to its auditor the same day requesting an audit of the Recreation Board so that the assets and liabilities could “…properly be assigned to the two municipalities.”
- In a letter (May 19th 2005 from the County CAO to his Town counterpart) noted that the County had passed a motion on May 10th to have its “…administration set up a meeting with the Town to negotiate a regional recreation agreement.”; the County CAO requested that the two Councils meet to discuss the draft agreement presented by the County on December 11th 2003.
In a letter dated July 5th 2005, the Town’s Mayor wrote to his County counterpart and requested that “…Lakeland County reconsider exploring the option of amalgamation…”

The Town has advised the County that it “…requires a contribution of $144,985...if you wish the County residents to continue to have access to the Town owned recreation facilities.” For 2005 that share represents 50% of the Town’s expenditures on recreation. The Town also requests that the County pay 50% of the Town’s projected capital costs representing a contribution of $35,150 (letter from the Town CAO to his County counterpart of July 5th 2005).

The Town Council advises that it is not amenable to reconsidering the formation of a recreation society. Council prefers that a long term capital and operating agreement be developed (letter from the Town’s CAO to his counterpart with the County dated July 5th 2005).

The County CAO (in a July 27th letter to the CAO of the Town) indicated that “Lakeland County is not prepared to negotiate, based on threats of denying access to County residents. Lakeland County has had a long history of contributing operational and capital dollars…”; a joint meeting between the two Councils was recommended.

The County is in agreement that amalgamation discussions could be continued once all outstanding issues are addressed (letter from the Mayor of the County of July 28th 2005 responding to a July 5th letter from the Mayor of the Town of Lac La Biche).

Our Conclusions:
The Regional Recreation Agreement appears to have ensured that residents from both the County and the Town were receiving quality services on a co-equal basis. The cost-sharing became an issue based on the Town being certain that the funding split was not equitable and that the County’s share should have been closer to 50:50.
The funds provided by the County to the Town had been increasing over the years of the agreements. The Town at some point in these negotiations determined that a new agreement was not in its best interests and that it would be better equipped to provide recreation services to its residents regardless of any County participation.

The tone of the letters emanating from the Town did little to encourage a spirit of negotiation with their County counterparts. While there are always two points of view in these matters of negotiation between neighbouring jurisdictions, it is evident to us that there has been a decided lack of honesty in the approach taken by the Town’s administration relative to regional recreation. The Town appears to have determined some time ago that the then agreement no longer served its purposes and that it wanted to take over the direction of recreation in the community away from the regional board. Rather than enter into discussions with the County and the Board as to what concerns the Town had with the then status quo, the Town used protracted discussions to bring about their desired result. This resulted in the demise of the Recreation Agreement and the elimination of the position of Recreation Director.

Our Recommendations

13) We recommend that Council approach the Council of Lakeland County to see if the County is interested in establishing a new/revitalized Regional Community Services Advisory Board with a broad base of interested citizens and terms of reference that include the full range of recreation, cultural, leisure (and potentially social) services; and that the Town establish the position of Director of Community Services.

Issue # 11.0 Relationships with the County

In a community the size of Lac La Biche and within a region represented by Lakeland County, it is clear that in order to serve the residents the most effectively ongoing agreements covering various services between the two
jurisdictions are essential. Separate and apart from the foregoing issue of regional recreation, we have reviewed the Town’s ongoing relationships and agreements with their rural neighbour (Lakeland County) and conclude that this relationship is not as it should be. While urban and rural neighbours often struggle over issues pertaining to shared resources and common boundaries given their inherent differences in perspectives, it is becoming more common to see both rural and urban communities initiating discussions on how shared service agreements can be developed and differences diminished.

**Findings:**

- While it is certain that the County has undoubtedly contributed to some of the ongoing issues that appear to be divisive, it is our view based on the evidence, that the Town has made it very difficult to develop a meaningful and lasting relationship based on mutual respect.
- It would be difficult for either the Town or the County to assert that they had been acting in the best interests of their own citizens if either one was unable to show that the impact that policy decisions were likely to have on each other had been carefully considered in advance. While we have not been asked to review (nor have we had access to) all of the available correspondence, the information that has been provided (by both the Town and the County) suggests to us that the relationship has been difficult.
- The Town and the County met in mid-2002 to discuss the potential of proceeding through an amalgamation process to establishing one municipality. Alberta Municipal Affairs agreed to provide assistance in facilitating these discussions through an examination of options and issues.
- In early 2003 the County expressed its view that amalgamation discussions should be placed on hold as it needed to deal with some emerging issues. The Town continued to press for further discussions on this matter and in January of 2004 the Minister of Municipal Affairs agreed to commission a dissolution study. The Report was released in mid-September 2004 and
concluded that the Town was viable as a single entity and that “...there were no financial issues or problems in either the Town or the County ...that would affect future financial viability...” The Report notes that the County did not agree with the Town applying for dissolution.

- Council voted unanimously (Motion #339/05) to request that Lakeland County reconsider the issue of amalgamation as recently as June 28th 2005.
- A letter from the Minister of June 29th 2005 indicates that the Town through a letter to the Minister of June 17th 2005 “...agrees with Lakeland County’s request to start discussions through the Local Dispute Resolution Initiative after the summer”.
- The County CAO (in a July 27th letter to the CAO of the Town) and in response to the ongoing dispute relative to regional recreation indicates that “Lakeland County is not prepared to negotiate, based on threats of denying access to County residents. Lakeland County has had a long history of contributing operational and capital dollars...” A joint meeting between the two Councils was recommended.
- The County indicated that it was in agreement that amalgamation discussions could be continued once all outstanding issues are addressed (letter from the Mayor of the County of July 28th 2005 responding to a July 5th letter from the Mayor of the Town of Lac La Biche).
- The Town Council received a report from its Finance Committee on September 13th 2005 which included the recommendation that “That the Town send a letter to Lakeland County stating that the ownership of the new water treatment facility is equally shared by the Town and Lakeland County”; and “That a letter be written to Lakeland County stating that any outstanding issues between the Town and the County will be considered when a facilitator from Alberta Municipal Affairs is available...”
- The Town and the County are involved in a number of agreements based on the sharing of costs and services. These include:
economic development through co-funding the Lac La Biche Regional Community Development Corporation

- FCSS through the Lac La Biche and Regional FCSS Board
- Fire protection through a 1979 agreement (which the Town is seeking to update)
- Garbage disposal (Beaver Lake Landfill) and the Lakeland Regional Waste Management Commission (former in 2003)
- Joint Inter-municipal Development Plan
- Portage Pool
- Recreation (no agreement; Town opted out of the Regional Recreation Board)
- Sewage disposal (agreement to contribute 50% of net costs for any capital upgrades)
- Water supply and treatment. (50% of costs for any capital upgrades)
- Tourism (equal contribution per annum).

The interests of the residents of both the Town and the County are best served when the Councils of both jurisdictions come to an agreement as to how services are to be shared and co-funded. There is little economic sense in one jurisdiction duplicating the work of the other. Whether or not the two jurisdictions should be seeking an amalgamation is not the subject of our Inspection and so we do not pass judgment on that matter, rather on the tone of discussions surrounding proposals to share services and funding.

The tone of the letters emanating from the Town has not contributed to a spirit of negotiation with their County counterparts.

There have been serious concerns expressed by County officials relative to the lack of response by the Town’s CAO to requests for information, etc. pertaining to joint projects, etc. As but one example, the County requested (letter to the Town’s CAO on March 21st 2005) lands on the airport property for the construction of a booster station. After further correspondence without result, the County sent a letter on June 27th 2005 which included the...
following statement “Given the significant time that has passed, we must assume that the Town has no issue with our proposal.” The County received a response to this letter two days later. The actual agreement for the required 3.0 acres was taken to the August 31st 2005 meeting of Town Council for approval.

**Our Conclusions:**

Both the Town and County officials have privately conveyed to us their fear that the good that has been accomplished in past years as a result of the cooperating agreements forged by the two municipalities is in danger of being lost due to the improper tone of correspondence, delays in responding to legitimate and time-sensitive requests, media coverage and verbal commentary.

**Our Recommendation**

14) We recommend that both the Town Council and Lakeland County Council establish clear communication and cooperation principles (“the Lakeland Protocol”) that clarifies how matters are to be negotiated and how communication is to flow.

**Issue # 12.0 Relationships with Town Residents, Associations & Groups**

Community development is premised on the ability of any “community” of people finding ways to work together in harmony such that the residents profit in terms of an improved lifestyle. There is a limit on the level of taxation that a small Town (or any community for that matter) can charge its residents for both necessary and wanted programs and services. As a result, municipal bureaucracies find ways to encourage and stimulate the role of volunteers to do for each other what the local government would either be unable to do as a result of a lack of resources or unwilling to do based on the cost of delivering anything in addition to the necessary services.
The ability of a Town like Lac La Biche to thrive is highly dependent on the goodwill of its citizens to cooperate in the provision of services through voluntary organizations. Generally, members of Council are aware of the need for a healthy relationship between the service organizations in Town and the municipality itself. Indeed, some current members of Council may have had prior experience in serving on local groups and organizations before becoming involved in local politics. Most would know the key members of these clubs and associations through other community contacts and would grow to appreciate their community spirit and sincere effort.

This is not to suggest that every project proposed by a volunteer group is going to be supported by Council. There may well be some that are long before their time and others that are over-baked in terms of size, complexity and cost. Most Councils and their administrations are quite capable, however, in such circumstances of sorting out the wheat from the chaff and helping local groups make the appropriate determination as to what constitutes the public interest.

During the course of this Inspection, we were contacted by a number of such groups. None were supporters of the Town. All however, wanted to be. They saw themselves as active players within the fabric of the community and a part of what should make the Town a good place to live and do business. In order to be considered as such, they need to be considered with respect and treated as responsible and mature adults, even where there are significant matters of disagreement.

**Our Findings:**

- The Town, instead of trying to assist local groups in gaining access to available Provincial funding, has managed to stymie their efforts in some instances, resulting in at least one example of the Town having to provide the grant funds to the organization from the Town’s own coffers.
- Inconsistent messages have been conveyed by both the CAO and the Town’s elected officials relative to the Town’s support for the purpose and value of a
community group such that the thought that the Town could take it over and run it better was presented as a preferred option.

- The level of cooperation and transparent communication between the Town and the Lakeland Interpretive Centre and Regional Leisure Complex Society leaves much to be desired. The proposed project has been bounced back and forth between the Town and the Society as a result of insufficient information (some as a result of the volunteer nature of the Society) and what has appeared to the Society members as a lack of forthright answers on behalf of the Town through their CAO. The project is significant in cost (both capital and operating). It is obviously up to the citizens as to whether or not they want to support it as proposed or some variation thereof (i.e. a scaled down version), or to abandon the concept and look at other alternatives. A debenture-borrowing bylaw was recently rejected by a narrow margin by the Town’s eligible voters. A full and frank discussion by all parties is needed to determine the future of this proposed project or unnecessary and additional discouragement will accrue to those Town volunteers currently involved in this project. The Society does not feel it has been accorded reasonable cooperation or respect by the Town through its CAO and also via its Council contacts. The Society appears to believe that because certain individuals on Council support the project, the others are rigorously opposing it.

- Another group advises us that the local farmers market was located in the Town of Lac La Biche for about 30 years in an outside venue on the Pow Wow grounds. This summer it moved indoors to the Agricultural Society building bordering the Town of Lac La Biche. The Town refused the request of the Farmers Market to allow the signage (proposed as a sandwich Board on main street) that was used for the past many years since the market is no longer located within the boundaries of the Town. The group was not advised that this was a new policy nor were they afforded the opportunity to provide their views on why the signage was important and should be allowed to be within the Town limits. This has been viewed as another example of the
Town being uncooperative towards community groups. (We note that the Town does have a policy that allows the farmers market “…to place self-supporting signs on the street”. (Policy No. 26-003 revised effective April 12th 2005). As we finish this Report, we are advised that Council has now reversed their earlier decision and will once again allow for the signage.

- The Town’s treatment of the Lac La Biche Minor Sports Association has been abysmal. The Association planned to make application to Alberta Gaming for the costs incurred in purchasing goalie equipment for various minor hockey teams. The price quotes for the equipment was sent in to the Town by the Association on September 27th 2004. The Association’s equipment coordinator was in touch with the Town in October 2004 with regard to completing the application. Minutes from the November 9th 2004 meeting of the Association indicate that action by the Town is needed in order that the “grant application needs to be signed and sent in”. In January 2005 the Association was still in contact with the Town’s CAO trying to determine the status of the application. The minutes of February 2005 indicate the same comment. The copy of the application to apply for the grant funds was made available to the Association in April 2005 by the Town. Of interest is the fact that the application sent in with a cover letter signed by the Town’s CAO was not dated. Alberta Gaming and Lotteries indicates that it did not receive the application until April 18th 2005 well after the deadline of March 15th 2005. (We note that this was at least 6 months after the Association first approached the Town). Minutes of the April 26th 2005 Council meeting indicate that the Town requested an audited financial statement from the Lac La Biche Minor Sports Association (We were advised by the Town that this statement was to have been made available to the Town on an annual basis subsequent to the November 8th 1993 agreement between the Lac La Biche Regional Recreation Board in lieu of the Association leasing the concession area from the Recreation Board). (We note that we have a copy of the current Arena Users Agreement that replaced the Regional Recreation Board agreement and it does not contain
any reference to the need for an audited financial statement by the Minor Sports Association who lease the concession through that agreement). The Town also met with the Association on May 5th and again requested a copy of the audited statement. On June 13th the Town again wrote to the Minor Sports Association requesting their audited financial statement. The Association approached Council on August 23rd 2005 and discussed the impact of the missing grant funds. The Council decided to provide the same grant amount to the Association (Motion #400/05) and to forward the unaudited statements of the LLB Minor Sports Association to the Community Initiatives Program. As well in August, the Association reports that it made its audited financial statement available to the Town (and indicated that they had relied on a local volunteer with an accounting background who had conducted the audit). As of late November 2005, the Association still had not received their funds, as the CAO was adamant that funds would not be released until receipts were provided (a stipulation not made by motion of the Council). (The Association indicates that it had dropped off the receipts on October 21st with a second person present when this was done.). The CAO has also demanded that the Association provide the Town with an audited financial statement, which he claimed was a requirement of Alberta Gaming and Lotteries. Alberta Gaming and Lotteries has not stipulated that an audited financial statement is required. (We note that the relationship between the Town and this Association has in fact deteriorated as a result of a misunderstanding or confrontation at the front counter in the Town Office during late October/early November and a subsequent war of words in the local media.)

- We note that the Association for the period ending August 31st 2004 were provided to the Town on August 10th 2005, the same day that the Minor Sports Association received them from their accountant. Their accountant conducts a financial review and signs them off as a chartered accountant. These have been provided annually to the Alberta Government without
any request being made for audited statements. Further, when the Recreation Board was disbanded two years ago and Minor Sports volunteered to give up running the concession booth, reviewed the Association’s books for a two week period and did not seem to have any questions at that time.

- The CAO also raised questions relative to the monies received from the pop machine and the lack of any record of earned interest. When we raised these questions, the Association provided us with their responses to those “red flags”.

- We also contacted Corporate Registries (www.gov.ab.ca/gs) and they advise that
  - “The audited financial statement that a Society is required to file with their Annual return, is a copy of the financial statement for a period of one year preceding the anniversary month of the incorporation of the society...Each individual society will choose whom they give the authority to and record this in their bylaws. An audit is not necessarily an audit done by an accountant or other professional. An audited financial statement would include covering letters from accounting firms or individuals verifying audit or examination, or phrases such as “audited by Joe Smith” or signature(s) of auditor(s) would qualify as an “audit” for the purposes of filing an annual return.”

- This is the message that ought to have been communicated to the Minor Sports Association.

- The fact that we had to consume some of the time of a volunteer body to confirm much of the foregoing information ought to be of concern to the Town. This relationship, regardless of the unfortunate reactions by both sides at the Town Office, needs to be nurtured and not used as a battering ram. This is a non-profit organization with revenues of approximately $113,000 per annum from minor hockey, minor ball and
bingo. Its value to the Town in terms of countless volunteer hours and community service surely exceeds that amount.

**Our Conclusions:**

The attitude of the Town towards its community groups needs to be reviewed and a policy developed that commits the Town Council and its administration to dealing with local and area volunteers in a spirit of cooperation. Council needs to direct its administration to work with local groups and organizations who are sincere in trying to be supportive to the recreational needs of the community. The Council should also seek mediation with the Indoor Sport association and attempt to mend that relationship.

**Our Recommendations**

15) We recommend that the Council of the Town develop a policy that confirms its desire to work with local and area volunteer groups in ensuring that the residents of the Town have access to community services on a reasonable basis and that the Town is willing to be a helpful participant in healthy community development.

**Issue # 13.0 Public Works Management and Administration**

We also reviewed the work of the outside staff (Public Works) and conducted interviews with each of the applicable staff. A tour of Town facilities was also carried out. Each person interviewed was aware of the Inspection underway by Alberta Municipal Affairs. Some had learned of the Inspection from their supervisor while others learned from the local media. None were happy with this situation, but all agreed something had to be done to get the Town going in the right direction and out from under the microscope.

Cooperation by these staff members in the interview process was mixed with some being very guarded about what to share while others were more interested in getting to a resolution and shared regardless of any perceived consequence.
There was suspicion to the point where some asked if the interview room was bugged. Some even took the position that if they could not speak as employees they felt compelled to speak as taxpayers. Several expressed the view that staff morale has deteriorated as this situation continues.

**Our Findings:**

- The Town used to be part of the “Partners In Injury Reduction” program. This initiative exists among a number of member municipalities to reduce injuries and to save costs associated with on the job injuries. One of the senior PW employees was assigned responsibility for keeping the Public Works information up to date. The Superintendent (PWS) requested that the CAO provide like documentation for the Office Team so it could be incorporated and provided to the Partnership on behalf of the Town. This is a requirement to keep the Town’s membership current. We were advised that the CAO has not followed through on this request for two years. The result is the Town has lost its membership status. The impact is increased costs associated with OHAS as well as WCB since both are tied to the Partnership.

- The PWS used to chair a Public Works Committee made up of the PWS, CAO, and some Councillors. It met once a month with the PWS setting the agenda. It was intended as a pre-cursor for items to bring to Council. We were advised that the CAO has now taken over this responsibility and that the Committee seldom meets. This tends to result in Public Works items going straight to Council. This is time consuming during Council Meetings and can result in having to defer decisions to future meetings if Council needs additional information for an item. The purpose of the Committee was to identify these items in advance to speed up the process.

- The Town approved an initiative two years ago to proceed to install remote reading meters for water and gas services. The process of meter reading currently requires four staff with vehicles working four days to collect the readings. The remote meter system will only require one staff for half a day...
resulting in a large benefit to the Town. Although the project has been approved the project is waiting for an application to be made to the Meter Certification Branch for the retest of existing meters before the transition is made. The request for the application has historically been made by the CAO. The CAO, so far, has not, according to Public Works officials sent the retest application request. So the project waits and staff express concern that the potential benefits are being lost.

- We were given to understand that Alexander Park has grant funds available for completing trout ponds and soccer fields this year. The project cannot be completed this year due to lack of resources. Funds are only available for completed work. The PWS requested the CAO to ask the Grants Branch if some of the funds could be used to purchase materials even if they cannot be installed this year. The CAO refuses to make the request.

- The CAO had the security code of the Town office changed (reasons unknown) while the PWS was on holiday. Upon return the PWS was not given the new code. The PWS now refuses to ask for the code since he believes this is a trust issue and he should have automatically been informed of the new code upon his return to work. As a result he only enters the building during open hours. The CAO as of the interview date had not given the PWS the code. Now in case of emergency, the PWS has to call the CAO to enter the building after hours to obtain access to any critical maps, which may be required to locate facilities.

- The PWS has had occasion to take vouchers to CAO office for payment only to find them in the wastebasket the next morning. This is of grave concern since these vouchers are for completed services provided by others.

- The PWS had hired a casual help person to assist with the summer activities, a decision that we were advised (and would presume) is within the realm of his authority. The CAO told him to fire this person. The CAO could not be convinced to change his decision.
Customer service “disconnect” requests for non-payment of bills are made from the office of the CAO. His instructions are to disconnect without prior contact. Those in the Public Works area who receive the disconnect requests instead call the customer in advance to see if they can pay. If they can pay, the PW staff member involved gives them a chance to remain connected if they pay their bill right away. Disconnect notices are mailed on Thursday. The perception in Public Works is this does not give the customer time when the mail arrives Friday to get funds before the weekend when most financial institutions are closed. This is seen as not being customer sensitive.

The commissioning of the Water Treatment Plant resulted in the PW Forman moving completely to the plant to debug the system. The PWS in the meantime is filling in behind the foreman while the plant goes through its checks. This means the PWS is doing both the superintendent and foreman roles. This has created extra stress in trying to complete all the different assignments. Some of the employees have expressed that the department is not as effective as it should be given that the Superintendent is being pulled in too many different directions. Concern is also expressed that the Superintendent is not receiving the support he should be from the CAO.

The PWS in performing the two roles is meeting every morning with the Public Works group to give instructions for the day. Some more experienced staff know the routine and proceed to perform their duties with little supervision. Others perform their work on a day by day “as assigned” basis. If an emergency arises all may be called on to help.

The PWS has not had a performance review since 1997. All other PW employees appear to have regular annual reviews.

Public Works staff expressed concern relative to the impact of Council’s split and the procrastination of the CAO on the Town’s reputation. The staff and townspeople have always had pride in their community so the present state of affairs is particularly upsetting. The staff members of Public Works advise that the bickering of Council and lack of cooperation is making many feel like
they are the laughing stock of the area while some express they are also embarrassed being from the Town. There is also a significant concern that because of the non-cooperation of Council that funding opportunities are being missed and that with the perceived poor management of Town funds there is a new concern as to where will the funds come from for operating the new water and sewer treatment plants. This is deemed to be in the order of $300,000 to $500,000 annually.

- There does not appear to be evidence of a planned approach to staff training. We heard complaints pertaining to the process used to award training dollars and from our review there does not appear to be any planned review process that would indicate the identification of priorities in terms of who attends what courses. Further, the staff interviewed also note that there has been very limited financial recognition for the courses that have been successfully pursued. It is critical that Town employees have full accreditation (particularly as that affects the running of the Town’s water treatment system).

- The approach being taken to overall supervision also reflects a lack of training for the supervisors who ought to be expected to fully understand supervisory principles and be equipped to manage staff resources on a day-to-day basis. If the Town has assigned responsibility for supervision to the Superintendent and Foreman, then those two personnel should be committed to overseeing the work of the other employees and not become intimately involved in the actual running of the plant (for instance).

- There does not appear to be sufficient clarity as to the responsibility for preventive maintenance. We were advised that servicing of equipment does not happen on a planned rotational basis and as a result, equipment may need to completely fail before the right and responsible action is taken.

- Some of the PW employees spoke of a spirit of confrontation existing between the Town and the County. This is resulting in difficult relations between the two with ultimatums being issued between them. Rather than working together for their common good, they sense that they are trying to
outmanoeuvre each other. Since there are many jointly shared facilities it is making matters difficult between the two communities. Comments reflect that both the Town and County staff of the two organizations work together just fine, but it’s the politicians who are creating the problem. This is cause for concern for other projects as well like the regional landfill. This item has been on the books since 1993. The landfill is almost full and no one appears to be concerned. This requires that the Town and County be working together for the overall area benefit.

Our Conclusion

The Town’s Public Works Department has not received adequate direction and coaching from the CAO or from senior staff members. The Town requires focussed training on appropriate management and supervisory skills for anyone in a supervisory position.

The Town Council should expect that its CAO will develop a first rate working relationship with the Superintendent of Public Works in order to ensure that the Town has adequate services available to its residents.

Our Recommendation

16) We recommend that Council develop an administrative protocol that addresses:

- Communication practices
- Supervisory skill development
- Use of senior management personnel
- Cooperation and collaboration between departments of the Town.

Matters Pertaining to Section 571

Issue # 14.0 Lac La Biche Mobile Home Park

It is our understanding that the Town by agreement purchased the Mobile Home Park from its owners. According to the Agreement this included the entire gas distribution system and water/sewer distribution system (agreement of August
31st 1981). The current owners of the Mobile Home Park have complained of problems in having the Town service these utilities.

**Our Findings:**

- The law firm representing the owners telephoned the Town’s CAO to discuss the matter of servicing. The CAO advised that he would prefer to provide the Town’s views in writing but not on the telephone. The law firm representing the owners sent an e-mail that same day to the CAO.
- By March 1st 2005 the law firm had still not heard back from the CAO so a further letter was sent.
- On March 18th the law firm again tried to contact the CAO who was, they were advised, away for the day and would respond when he was back.
- On March 30th the law firm again tried to contact the CAO. A copy of that letter was also sent to the Mayor of Lac La Biche.
- During July of 2005, the CAO reportedly advised Council that all parties to the agreement had been contacted (when indeed no contact had been made).
- On July 25th 2005 the CAO did contact the law firm denying any liability under the agreement.
- The law firm responded on August 2nd 2005.

**Conclusion:**

It is our conclusion, regardless of the matters described within the agreement and regardless of whether or not the Town or the law firm is correct in their assertions, that the delays in responding on this matter are very unprofessional and bring discredit to the Town. The CAO is guilty of improper behaviour in that such behaviour does not reflect treatment of community businesses and their advisors.

**Our Recommendation**

17) We recommend that Council develop an administrative protocol that addresses the timeliness of responses to legitimate inquiries to the Town.
Issue # 15.0 Use of Audit Services

Every municipality is required by law to appoint an auditor to audit the books of the municipality (Section 280(1)). The auditor for the Town since about 1972 has been Wilde and Company of Vegreville, Alberta. This firm audits about 35 municipalities in Alberta at the present time. We believe, based on other independent references that this firm is professional and abides by the code of conduct of the Alberta Institute of Chartered Accountants. As an indication of the profession’s regard, we note that one of the principals also instructs the audit course for the AICA (Alberta Institute of Chartered Accountants).

Subsequent to the presentation of the most recent audit report to Council, the CAO recommended to Council (June 14th 2005) that it seek alternate proposals to provide the audit services. Council accepted the proposal and a request was sent out to several firms including the firm (Wilde and Company) that had the audit at that time. The longstanding auditor chose not to submit a tender (letter of September 30th 2005).

The following information has been derived from the reports to the Town as authored by Wilde and Company.

Our Findings

- The fees charged for audit-related services this past year ($51,670.30) by Wilde and Company are, according to their principal auditor on this file, considerably greater than that charged to comparable municipalities. This is due to the need for added accounting work (normally completed by municipal staff) and additional meetings as well as extra audit time for major projects (perceived as largely unnecessary if the Town’s staff was doing their work). The normal audit fee range for a Town of this size according to the firm should cost in the range of $20-25,000.

- Audit reports have disclosed that:
  - The Town has been advanced funds for grants for which the projects cited by the Town were not legitimate (Audit committee report to Mayor and
Council of April 5\textsuperscript{th} 2005); as a result, grant funding is owed back to the Province.

- The audit firm expressed concern about “...delays in paying accounts payable, a government grant that was not applied for, invoices or other paperwork was not being sent out thus delaying the Town’s collection of accounts due from the Province and County” (letter of March 24, 2003 re: the December 31, 2002 financial statements).

- The application dates on grant forms appear to have been altered (letter to Mayor of February 20\textsuperscript{th} 2003).

- Applications for funding were not made contrary to statements made by the CAO (letter to Mayor of February 20\textsuperscript{th} 2003).

- The CAO’s use of the Town’s internet was inappropriate and contrary to Town policy (letter to Mayor of February 20\textsuperscript{th} 2003).

- The Town was advised by the audit firm that a bill from Aquilla that was submitted in January 2002 was not paid until September 2002 resulting in interest charges of $10,000. Further, other “…suppliers were calling every day requesting payment for their invoices…” The CAO had not yet authorized payment (letter of December 10, 2002).

- As early as 2002, the audit firm was advising that the Town get their grant applications in on time (letter to the Town regarding the interim audit for the year ended December 31, 2002).

- Project was started prior to receiving approval for funding resulting in its ineligibility under ICAP (Infrastructure Canada Alberta Program) (letter to the Town regarding the interim audit for the year ended December 31, 2002).

- Advice was given to the CAO that he needed to consider certain time management techniques to enable him to get his work done in a timely manner (audit letters of 2002, 2003, 2004).
A recommendation to the Town was made by the audit firm in 2000 to hire “a strong financial person...should be a high priority...” (letter of October 3rd 2000).

**Our Conclusions**

The issues and problems cited by numerous reports by the external auditors point out significant and, in some instances, ongoing problems within the Town’s administration that have resulted in costs or loss of funding to the Town. These have, in some respects at least, been too readily considered as acceptable by the Council and passed over by management. These problems are not minor or routine and have cost the Town significantly both in terms of real dollars as well as prestige and credibility. The audit recommendations have not, according to the Town’s auditor at that time, been addressed fully by Council. The audit firm expresses that it has no trust in the word of the CAO and believes that his undertakings to the audit firm (and to Council) are deceitful.

**Our Recommendation**

18) We recommend that Council retain someone with accredited financial expertise to head up the Corporate Services Department with responsibility for the financial management of the Town’s affairs and the development of administrative protocols that address the timeliness of accounting and the application for all available and applicable government funding.

**Issue # 16.0  Management of Finances and Assets**

**Findings**

The following issues regarding the payments of accounts were noted:

- In a letter dated November 16, 2001 from the auditors to the current Chief Administrative Officer on the interim 2001 audit the following was noted:

"Minor items were discussed with you during the interim audit. We understand that you have now dealt with most of these issues. We found
the Town records to be in good shape. Administration can be commended for the improvements made over the past year. In particular the record keeping for payroll, property taxes and gas utilities have seen significant improvements.”

In correspondence from the auditors on the 2002 interim audit the following was noted; "brought to our attention a bill from Aquilla for the main street decorative lights installation. The original invoice was dated January, 2002 and was not paid until September, 2002. Aquilla charged interest of almost $10,000 on the invoice. David (Sarsfield) instructed (staff) to pay only the invoice amount and not the interest.”

In a December 9, 2002 letter from the auditors to Chief Administrative Officer, David Sarsfield, on the interim 2002 audit the following was noted:

"Discussions with you and observations made during the audit lead us to believe that you may have problems managing your time. In order for you to deal with the many important matters that you face each day you should consider the following: Block off at least two hours every morning to deal with issues requiring your undivided attention...As much as possible, require the public and council to make appointments with you to discuss their concerns...especially where you have important matters to be dealt with...Delegate more responsibilities to your staff. As an example, construction grant applications could be delegated to (staff) with assistance from any of (staff), (staff) or (staff)...Allow that review of payment vouchers by department heads be considered final and that you do not have to review them further prior to processing for payment. Let these department heads know that the final responsibility for payment accuracy will now rest with them...Have someone come to Council and committee meetings to take and prepare minutes. That person should be responsible for typing all minutes and making any required corrections to
those minutes. If Council wishes to go “in camera” then the person taking minutes can be asked to leave the room during the “in camera” session.”

In a “personal and confidential” letter sent to Mayor Young from the auditors on February 20, 2003 the following areas of concern were stated:

- “A grant application for funding under the Infrastructure Canada – Alberta Program had not been filed with the Program office. This fact was confirmed with the Director of the Program, Andrew Cathcart, on February 14, 2003. David Sarsfield gave us a copy of an application form for the ICAP dated October 20, 2001. The application was for the Main Street Project. The application date on the form appears to have been altered. A copy is attached for your reference. At the bottom of the application form I have documented a conversation with Mr. Sarsfield about why the application had not been received by ICAP. Even if Mr. Sarsfield mailed the application to ICAP, he should have been fully aware that an approval letter from ICAP is required in order to get the grants. Knowing this he should have followed up on the required project approval. Mr. Cathcart, the ICAP program director, confirmed that funding cannot be provided for any expenses incurred prior to project approval. It is our understanding that the Town’s intention was to use the $229,768 grants available from ICAP for the Main Street project. Based on ICAP’s rules the Town will not be getting this grant for this project. Accordingly the Town will have to pay for this portion of the project from its own funds. Mr. Sarsfield had indicated to us and to Council that all applications for funding had been made. Based on the above we know Mr. Sarsfield’s statement is incorrect.”

- “Based on a funding commitment letter from the Minister of Transportation, dated January 17, 2001, the Town was required to submit details of the costs and the remaining life of the curb. The curb and gutter work for Main Street was completed in October, 2001.”
Based on a conversation on February 14, 2003 with Mr. Bruno Zutautas, Regional Transportation Director, we learned that Alberta Transportation had not yet received any details of the curb and gutter project. Accordingly they could not provide any funding until the required information was received. On numerous occasions in 2002 and 2003 Mr. Sarsfield had told both Council and our firm that all applications for funding had been made. The above further confirms that Mr. Sarsfield has given incorrect information to council."

On January 14, 2003 Council passed resolution #17/03 whereby the Town adopted an Internet policy based on that provided by the auditing firm (copy attached). Mr. Sarsfield was fully aware of the Internet policy. The policy indicates that unacceptable Internet use includes “engaging in any communication that is obscene”. On February 19, 2003 our firm conducted a review of individual computers showing Internet sites visited by three Town employees. We found three instances where Mr. Sarsfield visited pornographic sites on the computer in his office... No inappropriate sites were visited by the other two employees.”

- In the March 24, 2003 management letter regarding the 2002 Financial Statements, addressed to Chief Administrative Officer, David Sarsfield, the auditors addressed the following issues:
  - “We have previously communicated with Council our concerns regarding the following: cash flow, delays in paying accounts payable, a government grant that was not applied for, invoices or other paperwork was not being sent out thus delaying the Town’s collection of amounts due from the Province and County. We understand that all of the above concerns are being addressed.”

- In the December 8, 2003 letter regarding the 2003 interim audit the following was noted by the auditors:
"Our management letter to you last year had several recommendations on how to better manage your time. Discussions with you and observations made during the audit lead us to believe that you may still have problems managing your time. In order for you to deal with the many important matters that you face each day you should consider the following: Block off at least two hours every morning to deal with issues requiring your undivided attention... Delegate more responsibilities to your staff. As an example, construction grant applications could be delegated to...”

In the March 26, 2004 management letter regarding the 2003 Financial Statements, addressed to Chief Administrative Officer, David Sarsfield, the auditors addressed the following issues:

- "Your accounting records this past year required many more adjusting entries than the prior year. **This suggests that you may have reduced your attention to the accounting record accuracy.** As mentioned in past letters we encourage you to block off time each day to deal with issues requiring your undivided attention, delegate more items to your staff and require that the public and council make appointments to see you.”

The following was noted in reviewing the 2004 account correspondence from the auditors: "We noted several instances where duplicate payments were made as follows: Sapphire Auto - $2,080.60, Big Boy - $11,360.00, Camtrac - $9,430, St. Paul Journal - $362.88. We also noted several instances where the purchase order was not attached, where payments were made from photocopies and in one instance where the voucher did not agree to the amount paid. **Overall we feel that the accounts payable system needs stricter enforcement of policies** – no payments made unless purchase order attached (if required), no payments made from photocopies unless a department head signs the..."
photocopied invoice and states the original is lost. As well, no payments unless all proper authorizations are in place.”

- Billing from Wilde & Company, auditors for the Town of Lac La Biche show that there was an additional charge to “Prepare 60 Year End Adjusting Entries $10,500.00”. This is a task normally undertaken by Town staff under the supervision of the Chief Administrative Officer.
- Payment to R & R Creative Interiors on invoice 4047 dated 24-Nov-2003 for an amount of $96.73 and invoice 4022 dated 12-Nov-2003 for an amount of $127.48 was not processed by the Town of Lac La Biche until 19-Feb-2005 by cheque 8155 which cleared the bank on 4-Mar-2004 after 100 days.
- Payment to R & R Creative Interiors on invoice 5413 dated 25-Nov-2004 for an amount of $4.26 was not processed by the Town of Lac La Biche until 3-Mar-2005 by cheque 10220 which cleared the bank on 8-Apr-2005 after 133 days.
- Payments to DCL Siemens were significantly delayed during 2003 and 2004 as shown in the table below, with the most significant delay in payment being invoice 19436 dated 31-Mar-2003 for $22,173.24, which was not received by the company for 300 days.

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Conclusion
The Town of Lac La Biche must be concerned regarding the management of its finances and its assets by the Chief Administrative Officer, David Sarsfield. These actions represent a significant degree of “irregular, improper and improvident conduct.”

Our Recommendation
19) We recommend that the Council of the Town of Lac La Biche dismiss the current Chief Administrative Officer.

Issue # 17.0 2004/05 Community Initiatives Program
Our Findings
Town of Lac La Biche files contained the following at the time of the inspection:

- August 31, 2003 – un-audited financial statement from Lac La Biche Minor Sports Association. Statement shows that the association had net assets of $40,748 at that date, and $38,588 one year earlier.
- August 31, 2004 – un-audited financial statement from Lac La Biche Minor Sports Association. Statement shows that the association had net assets of $45,221 at that date.
- January 5, 2005 – (sole Town item in the file) undated cover letter plus application for $5,328.00 funding dated January 5, 2005 and signed by CAO David Sarsfield. Application attaches quotes dated September 27, 2004 from Lac La Biche Sporting Goods Ltd. for minor hockey goalie equipment.

Conclusion
This grant application process was largely undocumented the in Town of Lac La Biche files. No explanation for the delay in processing the grant application was found. Delays in processing of grant applications, such as this one, are considered to be improvident conduct by the Chief Administrative Officer, David
Sarsfield, due to the repetitive nature of the delays in processing such applications.

Recent changes have provided additional staff resources for the processing of grant applications and maintenance of records and record keeping in this area is expected to improve.

**Our Recommendation**

20) We recommend that Council develop an administrative protocol recording grants available, required submission dates, and current administrative status of the grant application.

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**Issue # 18.0 Street Improvements Project**

**Our Findings**

The files of the Town of Lac La Biche show the following regarding the Streets Improvement Grants:

- On May 13, 2005 a letter authorizing engineering work on the 2005 Street Rehabilitation Project goes out before the approval of this expenditure at the May 24th 2005 Council meeting.
- On June 20th 2005 a letter goes out saying that the 2005 Street Rehabilitation Project is approved. However at the June 14, 2005 Council meeting no such resolution is recorded. The last motion in the 2005 minutes regarding the 2005 Street Rehabilitation Project says the Streets Improvement Program grant is to be placed in reserves until priorities and schedule are determined.

**Conclusions**

Section 248(1) of the Municipal Government Act provides that "A municipality may only make an expenditure that is ... included in an operating budget, interim operating budget or capital budget or otherwise authorized by the council ... for an emergency, or ... legally required to be paid."

Final Report on the Inspection of the Town of Lac La Biche

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Both actions under Our Findings above show that David Sarsfield, Chief Administrative Officer, acted without the approval of Council. These two issues need to be considered as "irregular conduct" by the CAO.

Our Recommendation

21) We recommend that Council dismiss the current Chief Administrative Officer from his position with the Town of Lac La Biche.

Issue # 19.0 Lac La Biche Transport Billings

Our Findings

The files of the Town of Lac La Biche show the following regarding the billings for natural gas service at the Lac La Biche Transport Main Shop:

- November 8, 2001 – staff discovered that an incorrect BPI (base pressure index) had been installed on the AL-1400 meter at the Lac La Biche Transport Main Shop. Staff reported in writing that the meter was "therefore, registering exactly 2 times the amount of gas being used."
- Barchard Engineering Ltd. of Edmonton (measurement engineers for gas instruments and meters) in a letter to the Town of Lac La Biche dated November 28, 2001 stated that: "Therefore the BPI meter was recording twice as much gas as was actually being consumed".
- Calculation notes from the period November- December 2001 in Town of Lac La Biche files show the formula noted to calculate the refund as being "Consumption ÷ 2 ÷ 1.011 x 1.693 x Rate". This shows that the advice to refund half of the consumption was recognized. However, the calculation notes in the Town’s files show that the formula was wrongly applied in several steps. It is impossible, from the Town of Lac La Biche file, to determine if this application of the multiplier to reduce the rebate was accidental or deliberate. We were advised by staff however, that the CAO was aware of the mistakes being made and advised staff not to make any further adjustments to this file.
Conclusion

The revised billings on this gas account were inaccurately calculated on both occasions. We believe that the Town should request a full review of this file by an external auditor. The costs of auditing could be avoided if the rebate amount was reviewed with the customer at the time it was first noted by staff and the amount of the rebate agreed to.

The question has to be asked why half of the consumption billing was not originally returned as pointed out by both Town staff and the engineer in November 2001. This was a very simple calculation, but it was not utilized.

On multiple occasions David Sarsfield, Chief Administrative Officer calculated the rebates without providing an accurate result. There is no evidence that the miscalculations were deliberate, but it remained the Chief Administrative Officer’s responsibility to ensure that the calculations were accurate. (The fact that the CAO turned a blind eye to the concerns of his staff members is of concern here). The errors created an ongoing liability to the Town of Lac La Biche, and are considered to be “improvident conduct” by the Chief Administrative Officer.

Our Recommendation

22) We recommend that Council dismiss the Chief Administrative Officer from his position with the Town of Lac La Biche.

Issue # 20.0 Infrastructure Canada-Alberta Program (ICAP)

Our Findings

The files of the Town of Lac La Biche show the following regarding the Infrastructure Canada-Alberta Program grants:

- October 10, 2000 – Program is announced jointly by both governments.
- October 16, 2000 – CAO advises Town of Lac La Biche Council at a Committee of the Whole meeting that the town is eligible for $344,652.00 in projects with one third of that amount coming from the town. Minutes
of the meeting contain a resolution stating, “to proceed with the Main Street Beautification Program as the first priority under the Canada-Alberta Infrastructure Program.”

- December 5, 2000 – Town of Lac La Biche receives letter attaching the initial Program Guidelines.
- January 2001 – Guidelines and Application forms (white forms) sent out to all local governments with notice on adjusted per capita funding.
- March 6, 2001 – Town of Lac La Biche receives a notice clarifying the project approval process for ICAP.
- March 22, 2001 – letter from ICAP confirms Community CAP is $344,652.00 (as a total of Federal, Provincial and Municipal Shares).
- May 15, 2002 – letter sent to Mayor Young, Town of Lac La Biche, encouraging the community to make application for projects even if they are intended to be started later.
- January 25, 2002 – reminder notice sent to municipalities, including Town of Lac La Biche, that construction must not proceed prior to written approval, and on the steps included in the approval process.
- January 13, 2003 - ICAP Participation Form is forwarded to the Town of Lac La Biche requesting if the Town of Lac La Biche intends to, or intends not to, participate in the program.
- January 21, 2003 – notice from ICAP that after March 31, 2004 funds under ICAP will no longer be available to the Town of Lac La Biche.
- February 27, 2003 – letter from ICAP program advises the Town of Lac La Biche that the ICAP Participation Form has not been received, and that if the Town of Lac La Biche does not participate the funds will be allocated to other projects.
- March 3, 2003 – ICAP Participation Form signed by CAO indicating that the Town of Lac La Biche intends to participate in the program. The form notes that the deadline for project submission is March 31, 2004.
March 10, 2003 – report from CAO to Town of Lac La Biche Finance Committee advising of October 16, 2000 resolution and recommending that ICAP funds be applied to a portion of the water treatment plant project.

March 11, 2003 – at the Regular Meeting of Town of Lac La Biche Council receives recommendation from Finance Committee “to apply for funding under the Canada Alberta Infrastructure Program for the water treatment facility.” Council passed a resolution to “Accept the recommendations of the Finance Committee.”

October 15, 2003 – budgetary pricing quotation from Terasen Utility Services for the supply and install of 1024 meters (of various sizes) and radio read units. The total quotation price was $488,216.00.

November 24, 2003 – Town of Lac La Biche receives communications guidelines for ICAP.

November 28, 2003 – email from ICAP advises the CAO, as a follow up to a telephone conversation, that ICAP funding cannot be used to offset the municipality’s funding portion or share of a project which is being funded through or by any other Provincial or Federal funding program.

December 10, 2003 – letter from the Town of Lac La Biche to ICAP enclosing application forms dated December 8, 2003 for a project titled “Meter Supply and Installation Project”, including 904 meters of the 1024 required for a full community metering project, for a total project cost of $368,778 which included $24,126.00 in ineligible costs, and the $114,884.00 contribution from the municipality. This was a total projected cost of $139,010.00 to the Town of Lac La Biche.

December 16, 2003 – email from ICAP responding to faxed application requesting signed original application, Council resolution, number of meters to be installed, Town map showing areas of installation, and GST grossed up to 7%.
January 12, 2004 – the ICAP application was submitted to Council with the request that a resolution be passed “That the Town apply for meter supply and installation under the Infrastructure Canada Alberta Program.”

January 12, 2004 – the Town of Lac La Biche Council passed a resolution “that the Town of Lac La Biche apply for a meter supply and installation program under the Canada Alberta Infrastructure Program.

January 19, 2004 – letter from the Town of Lac La Biche to ICAP with completed application, Council resolution and map.

January 22, 2004 – confirmation from ICAP of receipt of completed application, with advice that formal approval takes four to twelve weeks and that the project must not proceed until after formal written approval. However, the project could be tendered with prior ICAP approval.

January 30, 2004 – letter from ICAP stating that the Water Meter Supply and Install Project (SIMSI # 10891) has received an exclusion from an environmental assessment under the Canadian Environmental Assessment Act.

March 15, 2004 – Project Decision Notice sent by ICAP indicating approval of the maximum funding available under the program of $229,768.00.

March 17, 2004 – agreement between Alberta Transportation (on behalf of ICAP) and the Town of Lac La Biche forwarded for the Town’s signature.

March 23, 2004 – report to Council advising of approval of the project, and that “The cost for the program is $368,778, with each level of government contributing a third of the cost.”

March 24, 2004 – agreement between Alberta Transportation (on behalf of ICAP) and the Town of Lac La Biche signed. Provides $229,768.00 in federal/provincial funding, a deadline of March 31, 2006 for project completion, and March 31, 2007 for claim submissions.

August 2005 – two companies are requested to submit bids.
Conclusions

At the October 16, 2000 Committee of the Whole meeting a resolution is recorded to apply the grant funding to the Main Street Beautification program. This direction was not carried out by bringing it to Council or by having Council change the proposed use of the grant, although this is discussed with Council on subsequent occasions.

On February 27, 2003 the Chief Administrative Officer receives a letter from ICAP program advising that the Town of Lac La Biche that if the Town of Lac La Biche does not participate in the ICAP program the funds will be allocated to other projects. The ICAP Participation Form, signed by CAO, is returned on March 3, 2003 indicating that the Town of Lac La Biche intends to participate in the program. This process apparently also forces the Chief Administrative Officer to present recommendations on the use of the grant to the Finance Committee and subsequently to Council at its March 11, 2003 meeting.

Not until January 12, 2004 was the ICAP application submitted to Council for approval by resolution, a step required by the ICAP program. The completed application, Council resolution and map was forwarded to ICAP seven days later.

On March 23, 2004 Council is advised of the approval of the project and that the cost to the Town will be one third of $368,778. This statement was inaccurate as one third amounts to $122,926.00 while the municipal contribution on the application including ineligible costs was $139,010.00.

On March 24, 2004 the agreement between Alberta Transportation (on behalf of ICAP) and the Town of Lac La Biche is signed, providing $229,768.00 in federal/provincial funding, a deadline of March 31, 2006 for project completion, and March 31, 2007 deadline for claim submissions. However, no action is taken on this approved project until August 2005 when two companies are requested to provide bids.
The Agreement on Internal Trade, signed by Alberta and Canada, requires in Article 502 that contracts of $100,000 or greater be called for tender through the use of an electronic tendering system that is equally accessible to all Canadian suppliers; by publication in one or more predetermined daily newspapers that are easily accessible to all Canadian suppliers; or through the use of source lists. The Chief Administrative Officer, David Sarsfield confirmed that he was aware of these requirements, but this electronic posting was not carried out in spite of advice to Council that it was.

Actions of both Councillors and the Chief Administrative Officer, David Sarsfield, show that the requirements under Section 180(1) of the Municipal Government Act that “A council may act only by resolution or bylaw.” and Section 201(1)(b) “A council is responsible for ... making sure that the powers, duties and functions of the municipality are appropriately carried out;” have not been followed.

**Our Recommendations**

23) We recommend that Council ensure that processing of decisions is undertaken by resolution or bylaw occurring at a Council meeting, and that Council initiate a process to monitor the action taken from all non-procedural resolutions of Council and its committees.

**Issue # 21.0 2001 Municipal Sponsorship Program—Intermunicipal GIS**

**Our Findings**

The files of the Town of Lac La Biche contain the following regarding the 2001 Municipal Sponsorship Program – Intermunicipal GIS Grant. This file was also significantly incomplete.

- June 12, 2001 – report to Council from the CAO advising that funding under this grant was available. The town was eligible for $52,220.00 and the deadline for applications was August 15, 2001.
June 12, 2001 – the minutes of the Regular Council meeting record “#311/01 MOVED by Councillor Kruk that the Municipal 2000 Sponsorship Grant Program be referred to the Financial Committee. CARRIED 6/0”

July 6, 2001 – a Finance Committee meeting was held. No minutes for this committee meeting were found in the minutes book, but the meeting agenda shows that the Municipal Sponsorship Grant was submitted for consideration.

August 14, 2001 – report to Council from the CAO advising that Lakeland County and the Village of Plamondon will be making their own applications for projects. Recommendation to use grant for enhancement of GIS system.

August 14, 2001 – the minutes of the Regular Council meeting record “Council considered different alternatives for the grant. #437/01 MOVED by Deputy Mayor Elliott that an application for funding under the Municipal 2000 Sponsorship Grant be made for enhancement of the geographic information system. CARRIED 6/0” No copy of this application was available from Town of Lac La Biche files.

June 26, 2002 – letter from Alberta Municipal Affairs to Lakeland County, cc’d to CAO David Sarsfield, advising that the Town of Lac La Biche, as the managing partner, would confirm the allocation of monies by the Village of Plamondon.

October 7, 2002 – conditional grant agreement was signed, and provided that the municipality shall complete the project and the use of the Grant by December 31, 2003, and submit a short report on the benefits realized from the project to the Minister within a month after completion of the project. No copy of this agreement was available from Town of Lac La Biche files.

June 2, 2003 - letter from Lakeland County to CAO David Sarsfield requesting acknowledgement that reconciliation forwarded by the Plamondon & District Museum Society is sufficient.
June 4, 2003 - letter from Lakeland County to CAO David Sarsfield requesting “confirmation of the Town of Lac La Biche, as the managing partner for the project, of their approval of the allocation of $15,000.00 from the above noted grant to the Plamondon & District Museum Society.”

August 6, 2003 - letter from Lakeland County to CAO David Sarsfield stating that Alberta Municipal Affairs has advised that a retroactive amendment of the scope of the project is required, and specifically that the scope of the project be amended to read: “Construction of the Plamondon Museum which will serve as the Tourism Information Centre.”

September 22, 2003 – letter from Lakeland County to CAO David Sarsfield advising that the Plamondon portion of the project is complete and requesting an amendment of the scope of the project to reflect the work on the Plamondon museum.

December 15, 2003 – letter from Alberta Municipal Affairs reminding CAO David Sarsfield that the Short Benefit Report will soon be due. No copy of this Short Benefit Report as later submitted was available from Town of Lac La Biche files.

Conclusions
This grant application process was largely undocumented the in Town of Lac La Biche files. Those documents that were available showed significant delays in moving forward on processing this grant. Recent changes have provided additional staff resources for the processing of grant applications and maintenance of records, and record keeping in this area by the Town of Lac La Biche is expected to improve.

Our Recommendation
24) We recommend that Council develop an administrative protocol recording grants available, required submission dates, and current administrative status of the grant application.
Our Findings

The files of the Town of Lac La Biche contain the following regarding the 2002 Municipal Sponsorship Program – Lac La Biche Intermunicipal Plan and Trails Grant.

- March 21, 2002 – letter from the Minister of Municipal Affairs advising the continuation of the grant program, the Town of Lac La Biche eligibility for a basic grant of $6,527.50, a maximum enhanced grant eligibility of $52,220.00, and the application deadline of June 28, 2002.
- June 17, 2002 – letter from CAO David Sarsfield to Lakeland County attaching two copies of the Memorandum of Agreement between the Town and the County regarding the sharing of costs for the Intermunicipal Development Plan. The MOA provided for equal sharing of costs, that the County would pay all invoices and invoice the Town for its share.
- June 26, 2002 – letter from Lakeland County returning a signed copy of the Memorandum of Agreement.
- June 27, 2002 – application form signed by CAO David Sarsfield for a project named “Lac La Biche Intermunicipal Plan”, with an enhanced grant funding request of $52,220.00, one day prior to the application deadline.
- June 28, 2002 – project outline and full application signed by CAO David Sarsfield. The project outline provided for the use of grant funds for both the Intermunicipal Development Plan and the trail system.
- September 11, 2002 – letter from the Minister of Municipal Affairs advising that the Town of Lac La Biche has been approved for a full enhanced grant of $52,220.00 for the Intermunicipal Development Plan and continue the development of the Lac La Biche Trail System.
September 23, 2002 - conditional grant agreement signed by the Town of Lac La Biche.

October 7, 2002 – conditional grant agreement signed by the Minister of Municipal Affairs.

October 21, 2002 – letter from Alberta Municipal Affairs to CAO David Sarsfield stating that “The Town of Lac La Biche was required to submit an acknowledgement of compliance for its 1999 project under the Fire Services Training Initiative. We have made numerous follow-up attempts with your office. Unfortunately we have still not received the required reporting. I wish to advise you that payment of your 2002 Municipal Sponsorship Program grant of $52,220 will be delayed until we receive the required compliance in the prescribed form.”

February 11, 2003 – letter faxed from CAO David Sarsfield stating that “The Town of Lac La Biche was unable to provide documentation regarding the 1999 Fire Services Initiative Program. As a result, it is requested that the $3,000 for the grant be deducted from the Municipal Sponsorship Grant”.

February 11, 2003 – letter from Alberta Municipal Affairs enclosing copy of signed conditional grant agreement and an Acknowledgement of Compliance form which was required to be filed on completion of the project or by January 31, 2004. The $3,000 for the 1999 Fire Services Initiative Program was deducted from the grant, but the Town of Lac La Biche was required to account for the full $52,220 grant.

December 31, 2003 – deadline for completion of the project. This deadline was met.

February 25, 2004 – letter from Alberta Municipal Affairs to CAO David Sarsfield reminding him that the Short Benefit Report on the project was now overdue, and that the agreement required that the report be submitted within a month after completion of the project.
April 15, 2005 – letter from CAO David Sarsfield to Alberta Municipal Affairs enclosing the Acknowledgement of Compliance form and the short report required. The letter acknowledges that the Town of Lac La Biche spent $41,505.10 of the $52,220.00 grant and that $10,714.90 would be forwarded.

June 8, 2005 – letter from Dan Bader, Deputy Minister, Alberta Municipal Affairs noting that "the town completed its intermunicipal development plan and has not expended all of its grant. Therefore, the town must return the unexpended portion of the grant in the amount of $10,714.90..." and that "The return of the unexpended amount would conclude the overdue reporting issue for the town’s Intermunicipal plan project."

June 16, 2005 – letter to Alberta Municipal Affairs forwarding a refund of the unexpended portion of the grant of $10,714.90. With the refund from the 2000 grant and the 1999 Fire Services Initiative Program this represented a total loss of grant funding of $32,753.06 to the Town of Lac La Biche.

**Conclusions**

A letter dated October 21, 2002 from Alberta Municipal Affairs to CAO David Sarsfield requested submission of an acknowledgement of compliance for its 1999 project under the Fire Services Training Initiative. The letter also noted that Alberta Municipal Affairs had not received a response to numerous follow-up attempts with the Chief Administrative Officer’s office. Payment of the 2002 Municipal Sponsorship Program grant of $52,220 was delayed until that situation was resolved. Delays in responding to this request by the Chief Administrative Officer resulted in this situation not being resolved February 11, 2003.

On April 15, 2005 Chief Administrative Officer David Sarsfield sent a letter to Alberta Municipal Affairs enclosing the Acknowledgement of Compliance form and the short report required. The letter acknowledged that the Town of Lac La
Biche spent only $41,505.10 of the $52,220.00 grant and that $10,714.90 would be forwarded. However, this payment was not processed and forwarded, resulting in further action by the Province.

With the Intermunicipal Development Plan project having major expenditures in late 2003 it would have been difficult to accurately forecast total expenses, but it would have been clear based on the consultant’s estimates and rates that a significant part of the Town grant would not be spent. It was “improvident conduct” by Chief Administrative Officer, David Sarsfield, and the Council of the Town of Lac La Biche to have not considered undertaking trail development work to ensure that the full grant would be utilized.

As a result of this improvident conduct $10,714.90 of the grant had to be returned by the Town of Lac La Biche to the Province of Alberta. With the refund from the 2000 grant and the 1999 Fire Services Initiative Program this represented a total loss of grant funding of $32,753.06 to the Town of Lac La Biche.

Our Recommendation

25) We recommend that Council develop an administrative protocol recording grants available, required submission dates, and current administrative status of the grant application.

Issue # 23.0 2000 Municipal Sponsorship Program Intermunicipal Application – Tourism and Trail System

Our Findings

The files of the Town of Lac La Biche contain the following regarding the 2000 Municipal Sponsorship Program – Intermunicipal Application – Tourism and Trails System;

- March 16, 2000 – information package and 2000 Program Guidelines on Municipal 2000 Sponsorship Program sent to the Town of Lac La Biche. The package included applications forms that required a Yes/No answer to
the question – "Will any of the funds be used to pay for work done or materials obtained before the conditional grant is signed by the Minister?". The forms noted that "If Yes, the project is ineligible.”

- April 27, 2000 – letter from Village of Plamondon submitting their plans, estimates and approval for a joint application to the Town of Lac La Biche.
- June 26, 2000 – application signed and dated for a Trail System, a joint application for $319,519.00 with Lakeland County and the Village of Plamondon. Each party later received $45,666.66, a total of $137,000.00.
- June 27, 2000 – letter from Lakeland County confirming their support of the application.
- July 4, 2000 – Trail System discussed at the Public Works and Engineering Committee and two recommendations were made: (a) that the Town proceed with extending the trails in specific locations, and (b) that the Town investigate the costs for hiring a consultant to look at the trail system for the entire town.
- August 21, 2000 – Trail System on 881 discussed at the Public Works and Engineering Committee and a recommendation was made that the Town proceed with additional paving at Fiddler’s at their cost.
- August 22, 2000 – at the Regular Council meeting a resolution regarding the Trail System was passed; "#515/00 MOVED by Councillor Haymour that the Town accept the bid of $25,777.75 from Black Track Paving to do the paving for the trail extension on Secondary Highway #881. CARRIED 7/0”
- September 13, 2000 – application faxed to Alberta Municipal Affairs for an Intermunicipal project. Project application contents include the statement "All projects will be completed within the one year time frame. Dates are based on being approved for funding by August 1, 2001.”
- October 5, 2000 – letter from Alberta Municipal Affairs to CAO David Sarsfield advising that the project had received preliminary approval for a
grant of $137,000, and requesting that the conditional grant agreement be signed. A copy was enclosed.

- October 24, 2000 – letter from Alberta Municipal Affairs to CAO David Sarsfield responding to the CAO’s request for a written summary of the review panels comments with respect to the 76.88 points awarded on the project. 100 points was needed for eligibility for full enhanced funding.

- October 25, 2000 – letter from CAO David Sarsfield to the Office of the Minister, Alberta Municipal Affairs, stating that the Town of Lac La Biche was not notified of the success of the application until mid-October 2000 but some the work had been initiated at that date. The letter recognized that no monies can be forwarded for work that has been incurred before the signing of the grant agreement and requested that this requirement be waived to allow expenditures back to August 1, 2000.

- January 3, 2001 – letter from Village of Plamondon to CAO David Sarsfield stating that to date they had not been advised if the funds have been received nor when they could expect their share of the grant.

- February 27, 2001 – letter from Village of Plamondon to CAO David Sarsfield, advising of the motion passed to accept $45,666.66 as their share of the grant.

- March 13, 2001 – letter from the Minister of Municipal Affairs approving the project and a grant of $137,000.00 and conditional grant agreement signed by Alberta Municipal Affairs. The letter and the agreement were received by the Town of Lac La Biche on March 19, 2001 and are on file.

- September 12, 2001 – letter from the Village of Plamondon to the Minister of Municipal Affairs requesting a time extension to October 31, 2002.

- September 20, 2001 – email to CAO David Sarsfield from Alberta Municipal Affairs requesting that the Town of Lac La Biche, as the managing partner, submit the request for a time extension.

- September 24, 2001 - letter from CAO David Sarsfield to Alberta Municipal Affairs requesting a time extension to October 31, 2002.
October 11, 2001 – letter from the Minister of Municipal Affairs approving the project completion time extension to October 31, 2002.

October 25, 2001 – date original conditional grant agreement, received March 13, 2001, was signed by Town of Lac La Biche.

November 22, 2001 – signing of amending agreement changing project completion time to October 31, 2002.

November 26, 2001 – letter from Alberta Municipal Affairs enclosing copy of amended conditional grant agreement.

May 30, 2002 – letter from CAO David Sarsfield to Lakeland County providing copies of correspondence regarding the time extension to October 31, 2002.

June 13, 2003 - letter from Alberta Municipal Affairs to CAO David Sarsfield reminding that "the Acknowledgement of Compliance, Short Benefit Report, and Review Engagement Report for your 2000 project under the Municipal Sponsorship Program are now overdue."

October 1, 2003 - email cc'd to CAO David Sarsfield from Alberta Municipal Affairs requesting submission of "an Acknowledgement of Compliance form for the $137,000 grant, a short report, and a review engagement report from the Town of Lac La Biche, as managing partner for the project."

October 28, 2003 – email to CAO David Sarsfield from Alberta Municipal Affairs requesting submission of compliance report.

December 10, 2003 – letter from Alberta Municipal Affairs to CAO David Sarsfield advising that "The Town of Lac La Biche was required to submit an Acknowledgement of Compliance, Short Benefit Report, and Review Engagement Report for its 2000 project." The letter also referred to a reminder letter sent in June 2003 that had not been responded to. The letter also stated "The agreement requires that the municipality repay to the Minister of Finance the grant in the event of any non-compliance with
George B. Cuff & Associates Ltd.

The agreement. Therefore, the department is requesting the Town of Lac La Biche to return the grant of $137,000 to the department.”

- January 31, 2005 – fax from Wilde & Company noting issues regarding invoices dated before agreement was signed.
- February 4, 2005 – fax from Wilde & Company with copy of grant application.
- February 5, 2005 – letter to Wilde & company on expenses proposed by the Town of Lac La Biche to be claimed under the grant. The list included items such as the purchase of a bobcat, crack filling material used on existing trail, cold mix stockpiling and culvert materials.
- February 7, 2005 – fax to CAO David Sarsfield from Alberta Municipal Affairs enclosing the requested copies of the approval letters, and the conditional grant original and amending agreements.
- February 8, 2005 – fax from Alberta Municipal Affairs attaching copy of original application submitted by the Town of Lac La Biche, 22 pages. The attachment was missing from the files provided by the Town.
- April 5, 2005 – Finance Committee went in-camera to consider the draft of the Review Engagement Report from Wilde & Company. Following that, in the public meeting they passed two resolutions; (a) to recommend that a letter be sent to Lakeland County requesting that the Town utilize a portion of the County expenses on the 2000 Municipal Sponsorship Program trails project, and (b) to recommend that a letter be sent to Alberta Municipal Affairs requesting consideration of the inclusion of two invoices on the trail system that were incurred prior to the agreement being signed.
- April 11, 2005 – Finance Committee minutes show that a resolution was passed to rescind the resolution on the request to Lakeland County.
- April 12, 2005 – report to Council from the CAO on the draft of the Review Engagement Report and advising that it was unlikely that Lakeland County would allow some of the remaining expenses to be allocated under their
part of the project. Recommended that the Finance Committee rescind the resolution on the request to Lakeland County.

- April 12, 2005 – minutes of the Regular Council meeting record "a) That a letter be sent to Alberta Municipal Affairs requesting consideration for inclusion of two Town invoices that were associated with the trail system to account for a portion of the 2000/2001 Municipal 2000 Sponsorship Program Grant, copying a letter to the M.L.A."

- April 12, 2005 – letter from Mayor Lett to Alberta Municipal Affairs requesting consideration of the invoices dated prior to the signing of the agreement, and enclosing a draft copy of the Review Engagement Report.

- April 19, 2005 – letter from Dan Bader, Deputy Minister, Alberta Municipal Affairs noting "that the required compliance reports remain outstanding from the Town of Lac La Biche for its projects under the Municipal Sponsorship Program for 2000, 2002 and 2003", and that "the Ministry has delayed payments of grants to Lac La Biche in the amount of $134,622.10. Payments of these grants, plus any future grants to the town from Alberta Municipal Affairs will be delayed..." The letter also contained a request that a reply outlining the Town of Lac La Biche’s compliance intentions was requested by May 6, 2005. The letter was received by the Town of Lac La Biche on April 22, 2005.

- May 4, 2005 – letter from Wilde & Company enclosing April 20, 2005 Review Engagement Report on the 2000 Municipal Sponsorship Program showing that the Town of Lac La Biche spent $26,628.84 on the trail expansion (November 23, 2000 invoice for $24,108.84 and December 4, 2000 invoice for $2,520.00).

- May 6, 2005 – letter to Dan Bader, Deputy Minister, Alberta Municipal Affairs advising that the necessary compliance reports will be sent on May 9, 2005. This letter was shown as faxed on May 6, 2005.

- June 8, 2005 – letter from Dan Bader, Deputy Minister, Alberta Municipal Affairs noting that "the town completed its trail system component before
the conditional grant agreement came into effect” and that "the town must refund $19,038.16”.

- June 16, 2005 – letter to Alberta Municipal Affairs submitting a revised compliance report for the 2000 Municipal Sponsorship Program and forwarding a refund of the unexpended portion of the grant of $19,038.16.

Conclusions

At the July 4, 2000 Public Works and Engineering Committee meeting this grant application was discussed. There is no record that the Chief Administrative Officer, David Sarsfield advised the committee on the requirement of the conditional grant agreement that any work done prior to the signing of the agreement would be ineligible.

Similarly, there is no record that the Chief Administrative Officer, David Sarsfield advised the August 22, 2000 Regular Council meeting of the requirements of the conditional grant agreement that any work done prior to the signing of the agreement would be ineligible. At this meeting a resolution regarding the Trail System was passed; “#515/00 MOVED by Councillor Haymour that the Town accept the bid of $25,777.75 from Black Track Paving to do the paving for the trail extension on Secondary Highway #881. CARRIED 7/0”

Chief Administrative Officer, David Sarsfield subsequently authorized work on the Trail System within the Town of Lac La Biche prior to the signing of the conditional grant agreement. This work was invoiced on November 23, 2000 and December 4, 2000.

The application was not forwarded to the Province of Alberta until September 13, 2000. The project was approved and a March 13, 2001 letter from the Minister of Municipal Affairs advised of the approval of the grant of $137,000.00 and forwarded a conditional grant agreement signed by Alberta Municipal Affairs. The letter and the agreement were received by the Town of Lac La Biche on March
19, 2001 and are on file, but were not signed by the Town of Lac La Biche until October 25, 2001.

On October 25, 2000 a letter was sent from CAO David Sarsfield to the Office of the Minister, Alberta Municipal Affairs, stating that the Town of Lac La Biche was not notified of the success of the application until mid-October 2000 but some of the work had been initiated at that date. The letter recognized that no monies can be forwarded for work that has been incurred before the signing of the grant agreement and requested that this requirement be waived to allow expenditures back to August 1, 2000. This letter and request was not recorded in the minutes of Council or the Public Works and Engineering Committee prior to this date, and there is no record of any authority being given to the Chief Administrative Officer to send such a letter. Also there is no record that Council was advised before this date of the issue of the work being completed before the conditional grant agreement was signed.

In regards to the processing of this grant, Chief Administrative Officer, David Sarsfield shows “improvident conduct” and:

- knew from the initial documents submitted of the condition that no work was to proceed before the conditional grant agreement was signed
- did not advise committee or Council of this condition before tenders for the work were approved
- delayed the submission of the application to September 13, 2000, a date after the work had been undertaken
- delayed the signing of the agreement
- sent a letter to the Minister without Council approval
- did not advise Council of the potential loss of the grant to the Town
- delayed the submission of project reports requested by Alberta Municipal Affairs
- through delays caused the demand for the return of the full amount of the grant funds, causing financial risk to the Town, the County and the Village.
was the direct cause of the loss of grant funding to the Town amounting to $19,038.16 on this grant alone.

Our Recommendation

26) We recommend that Council dismiss the Chief Administrative Officer from his position with the Town of Lac La Biche.

Issue # 24.0 Processing of the 2004 Budget

Findings

In regards to the processing of the 2004 Budget by the Council of the Town of Lac La Biche, as shown in the approved minutes, the following was found:

- Council did not adopt an interim operating budget as required by Section 242(2) of the Municipal Government Act.
- Council did not adopt an operating budget as required by Section 242(1) of the Municipal Government Act.
- Council did not adopt a capital budget as required by Section 245 of the Municipal Government Act.
- Council did not comply with Section 247 of the Municipal Government Act which states, "No municipality may pass a property tax bylaw or business tax rate bylaw in respect of a year unless the operating and capital budget for that year have been adopted by council or established by the Minister under section 244."

For the processing of the 2005 Budget, it was also noted, that except for the circumstance where unanimous consent for third reading of the tax rate bylaw was denied, Council would have also not complied with Section 247 of the Municipal Government Act in that year.

Conclusion

Processing of the 2004 operating and capital budgets in 2004 without complying with the requirements of the Municipal Government Act is considered to be...
"irregular conduct" by the Council and David Sarsfield, Chief Administrative Officer.

27) **Our Recommendation**

We recommend that Council and the Chief Administrative Officer ensure that the annual processing of operational and capital budgets complies with all requirements of the Municipal Government Act.

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**Issue # 25.0 Landfill Registration**

**Our Findings**

The files of the Town of Lac La Biche show the following regarding the formation of the Lakeland Regional Waste Management Services Commission:

- **June 22, 2000** motions passed at Regional Landfill Committee to elect a Chairman, Vice-Chairman, and Manager (David Sarsfield, the Chief Administrative Officer of the Town of Lac La Biche); to name it the Lakeland Regional Waste Management Services Commission, and review the bylaws and forward to the Minister of Municipal Affairs.

- **September 15, 2000** letter from David Sarsfield to the Minister of Municipal Affairs requesting the establishment of a regional landfill commission on behalf of the Town of Lac La Biche, the Village of Plamondon and Lakeland County.

- **March 12, 2001** letter from Lakeland County to Town of Lac La Biche stating they would be interested in assuming administrative responsibility for the operations of the Regional Landfill Commission.

- **March 12, 2001** letter from Town of Lac La Biche to Lakeland County stating the Town would continue administrative responsibility for the operations of the Regional Landfill Commission.
Commission, and resolved to hold regular meetings of the Commission

November 26, 2001 copy of a note to file by Terry Colosimo stating that Robin Vogeleisang, Coordinator, Planning Legislation, with Alberta Municipal Affairs had not received an application from the Town of Lac La Biche

December 10, 2001 invitations to Beaver Lake Cree Nation, Heart Lake First Nation, Kikino Metis Settlement, and Buffalo Lake Metis Settlement to join the Regional Landfill Commission

January 24, 2002 minutes of the January 24, 2002 Regional Landfill Commission include the following text: "The members were informed that the Commission had not yet been established by a Provincial Order in Council. The information had been resubmitted and will be updated to reflect the current membership of the Commission."

January 25, 2002 letters from David Sarsfield CAO to the Village of Plamondon and Lakeland County requesting a motion in favour of creating the Lakeland Regional Waste Management Services Commission

February 7, 2002 letter from the Village of Plamondon providing the motion in favour of creating the Lakeland Regional Waste Management Services Commission

February 13, 2002 motion by Town of Lac La Biche Council in favour of creating the Lakeland Regional Waste Management Services Commission

March 4, 2003 motion at the Regional Landfill Committee meeting to proceed with the formation of a Regional Landfill Commission
March 12, 2003 letter from David Sarsfield Acting CAO to the Minister of Municipal Affairs requesting the establishment of a regional landfill commission and attaching the approved bylaw

June 10, 2003 O.C. 265/2003 makes the Lakeland Regional Waste Management Services Commission regulation

June 16, 2003 letter from Minister of Municipal Affairs providing a copy of the Order in Council that establishes the Lakeland Regional Waste Management Services Commission

**Conclusion**

On January 24, 2002 the minutes of the Landfill Commission show that “The members were informed that the Commission had not yet been established by a Provincial Order in Council. The information had been resubmitted and will be updated to reflect the current membership of the Commission.” This information was presented by David Sarsfield, Chief Administrative Officer of the Town of Lac La Biche. The Town of Lac La Biche files show no prior submission or any resubmission to the province. The letter of September 15, 2000 was before the bylaw and membership were established and was not a submission.

The information given to the Landfill Commission was erroneous, and as no other staff member was involved, David Sarsfield, Chief Administrative Officer for the Town of Lac La Biche would have been fully aware that there had been no previous submission to the Province of Alberta. This has to be considered "irregular conduct" by David Sarsfield, Chief Administrative Officer.

**Our Recommendation**

28) We recommend that Council dismiss the Chief Administrative Officer from his position with the Town of Lac La Biche.
**Issue # 26.0  1999 Fire Services Initiative Program Grant**

**Our Findings**

The files of the Town of Lac La Biche contain very little regarding the 1999 Fire Services Initiative Grant. The lack of documentation occurred before the terms of the present Council and the current Chief Administrative Officer.

- February 11, 2003 – letter faxed from CAO David Sarsfield stating that "The Town of Lac La Biche was unable to provide documentation regarding the 1999 Fire Services Initiative Program. As a result, it is requested that the $3,000 for the grant be deducted from the Municipal Sponsorship Grant.

- February 11, 2003 – letter from Alberta Municipal Affairs enclosing copy of signed conditional grant agreement and an Acknowledgement of Compliance form which was required to be filed on completion of the project or by January 31, 2004. The $3,000 for the 1999 Fire Services Initiative Program was deducted from the grant, but the Town of Lac La Biche was required to account for the full $52,220 grant.

**Conclusions**

This grant application process was also largely undocumented in the Town of Lac La Biche files. The Town was unable to provide documents to show appropriate use of the grant funding and the $3,000 was returned to the Province. Recent changes have provided additional staff resources for the processing of grant applications and maintenance of records, and record keeping in this area by the Town of Lac La Biche is expected to improve.

**Our Recommendations**

29) We recommend that Council develop an administrative protocol recording grants available, required submission dates, and current administrative status of the grant application.
Issue # 27.0  Bloc Voting

Findings
The pattern of bloc voting by Deputy Mayor G. Elliott, Councillor R. Ewaskiw, Councillor J. Leskiw, and Councillor A. Taha on the one hand and Mayor Tom Lett, Councillors B. Ward and R. Whitford on the other since very early in this term has been confirmed through interviews with the individual members of Council (and members of the administration) and has been observed from witnessing a Council meeting and from the recorded minutes. It is our opinion that this action by all members of Council effectively contradicts the direction of the MGA that instructs members of Council

...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 ... to participate generally in developing and evaluating the policies and programs of the municipality ... to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council;". (Section 153) The actions of Council do not adhere to the spirit of general participation in the development of policies and programs of the municipality by negating the potential and value of compromise choices that may evolve from well-intended debate focused on the issues at hand and not on the personalities supporting this or that position. This is detrimental to the public democratic process.

Conclusion
The actions of all members of Council in this regard are both irregular and improper in not following the requirements of the Municipal Government Act as outlined in Section 153.

Our Recommendation
30) We recommend that the Mayor and Council resign their positions to provide the citizens with an opportunity to elect a new Mayor and Council.
ROLES AND RESPONSIBILITIES

We provide the following more generic information on the governance and administration of a municipality as guidance to future councils and their senior administration.

The Purposes of a Municipality

According to the Act, Section 3:

The purposes of a municipality are:

- to provide good government,
- to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and
- to develop and maintain safe and viable communities.

How these purposes are played out is not defined but left to each elected council who is attempting to act in the best interests of the people it serves. There are, however, some basic principles that do apply to all municipalities and these, we describe throughout this Report.

Council as One Unit

Regardless of a council's own strengths and weaknesses, it is absolutely fundamental that it provide leadership to the Town and to the administration through the establishment of appropriate policies and its unwavering support for decisions once they have been made. This council will be viewed as effective to the extent that it:

- views itself as one single entity
- does not capitulate on decisions to individual members but which maintains its focus on the directions which are supported by the majority
- acts as a group rather than a series of individuals
seeks to understand issues fully prior to making a decision
agrees to involve the public in advance on issues of considerable importance
seeks the input of the CAO on any and all issues of significance; and
strives to hear the minority views prior to making a decision which clearly reflects a majority view.

It is not intended by legislation nor by this document that council members should forsake their individual viewpoints in order to be viewed as a “board of directors.” Indeed, we would expect councillors to, at times, disagree quite strongly on particular issues or policy changes. This independence of thought and speech should always prevail. Rather, we see the need for councillors to be able to articulate their individual views prior to a decision being made although, once made, to not undermine the democratic will of council.

Critical to difficult decisions being acceptable to the majority of the public is the process used to make such choices. If council is successful in adopting a step-by-step process of decision-making, then its decisions will more often than not be in accordance with the wishes of the community. Inappropriate decisions often result from hasty actions or requests presented to council at the last minute and without sufficient administrative analysis or recommendation as to the potential implications to the community as a whole.

**The Duties of Councillors**

Section 153 of the Municipal Government Act outlines the duties of Councillors as follows:

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 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.

The Community as a Whole

The Municipal Government Act (Section 153 (a)) states that a council is expected 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.

This sub-section of the legislation is central to the well being of any municipality. It points out that a council has an obligation to consider issues from a “community as a whole” point of view. That is, the members of council should be prepared to give equal weight to the opinions and input gathered from all quarters of the Town and not over-emphasize that from a particular vested interest or from a specific area.

One of the key tenets of local government is the fact that power is vested in the council as a whole as opposed to its individual members. Thus, no one member of council has any legislated authority to commit council to any particular action. Power is wielded by council who meet as a group to discuss the issues placed on the agendas that are subsequently adopted by council as a whole for its consideration.

Participation in Policies and Programs

Secondly, the Municipal Government Act (Section 153 (b)) states that a council is expected to participate generally in developing and evaluating the policies and programs of the municipality;
Thus, while the CAO is generally responsible for recommending policies and programs to council, it is up to the elected officials to determine what is in the best interests of its residents and what can be realistically incorporated into the municipal budget. The second aspect of this requirement is to evaluate the present policies and programs to ensure that they are still relevant and that they are providing the results that the council initially intended.

**Participation in Council and Committee Meetings**

Thirdly, the Municipal Government Act (Section 153 (c)) states that a council is expected

- to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by council.

All members of council are entitled to participate equally at all regular meetings of council. This does not mean that each needs to speak as frequently as their colleagues but, rather, that each recognizes that he/she could if they so desired. Further, this sub-section of the Act indicates that each member is “expected” to participate in meetings that, in our view, requires that each be reasonably prepared to take part.

This requires reading the background materials provided to council by the CAO as well as asking questions of the CAO (or, through the CAO, to the other staff available at a council meeting) where there are unresolved issues that may not have been clear in the background materials.

In some instances, the member of council may see the need to drive by the site mentioned in a report (e.g. a troublesome intersection) in order to see first hand what the issue is about. While this can be appropriate from time to time, a member of council should be clear that the motivation should be to seek clarification as opposed to give any staff direction. The latter is a designated responsibility of the CAO.

Each councillor needs to be aware of the need to understand the expectations of his participation as a member of committees to which he has been appointed by
council. Unless otherwise stated, a member of council is expected to be a liaison on behalf of council as a whole. This will likely require taking messages from council to the committee and voting on issues at committee meetings as the member believes council would have him/her vote. Where there is uncertainty as to the position of council relative to an issue, then the member should so indicate that their opinion is a personal one and not necessarily the position of council as a whole. It should also be noted that members of council should never feel that they are to become the advocate for a particular body to which they have been appointed. That should be the role and responsibility of the chair of that body councillors are to be advocates for the community and not for a particular group.

**Importance of Seeking Information from the CAO**

Fourthly, the Municipal Government Act (Section 153 (d)) states that a council is expected

- 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.

This directive to members of council places the onus on both council and the CAO to ensure that there is an open communication system between the two so as to inhibit the spread of misinformation. Such a flow can be achieved through comprehensive yet concise background reports from the CAO to council; through questions and responses at an actual council meeting; through a CAO report to council highlighting the key issues; through council enquiries on either a verbal or written basis to the CAO; etc.

**Need to Keep Confidential Matters Confidentially**

Finally, the Municipal Government Act (Section 153 (e)) states that a council is expected

- to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public.
While most of what a council deals with is expected to be open to the public on a regular basis, matters arise which ought to be treated in a confidential fashion. These are generally referred to as the three "Ls"—land sales and purchases by the Town; legal advice provided by the Town’s solicitor to the council; and labour relations or personnel matters. If the council has any questions relative to such issues, then a call to the Town’s legal counsel by the CAO would be in order.

While there are various other sections of the Act which speak (in addition to the foregoing) to the responsibilities of council in certain circumstances, those which appear to be particularly central to our review follow:

- **Section 180**
  1. A council may act only by resolution or bylaw.

- **Section 181**
  1. A bylaw or resolution of council is not valid unless passed at a council meeting held in public at which there is a quorum present.

- **Section 183**
  1. A councillor attending a council meeting must vote on a matter put to a vote at the meeting unless the councillor is required or permitted to abstain from voting under this or any other enactment.
  2. The council must ensure that each abstention and the reasons for the abstention are recorded in the minutes of the meeting.

- **Section 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.
- **Section 201(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.

- **Section 202(2)**
  Only a council may pass bylaws.

- **Section 205**
  (1) Every council must establish by bylaw a position of chief administrative officer.

- **Section 205.1**
  - requires council to give the chief administrative officer an annual written performance evaluation regarding results with respect to the chief administrative officer’s responsibilities under Section 207.

The foregoing provisions of the Act clearly spell out both authorities and responsibilities accorded to council as well as obligations and constraints imposed on council. In particular, we note that council is responsible for ensuring that the appropriate policies and programs for its municipality are put into place for the betterment of the community. As well, council has the obligation of ensuring that its decisions are carried out within the context of council’s decisions. This role is normally delegated to the CAO to discharge the policies of council with council serving as a check on how well the CAO performs that role in seeing to it that such decisions are followed through promptly and effectively.

Further, it is worthy to note that the Act expressly forbids council from performing the responsibilities which it has assigned to the CAO or which is outlined as a requirement of the CAO by this Act. To do so has the effect of weakening the administration.
Role Of The Mayor

Chief Elected Official

The Municipal Government Act describes the Mayor as the chief elected official. As such, the Mayor is expected to preside at all meetings of council whenever he is present; to cause the laws governing the municipality to be executed; to communicate measures to council which will improve the quality of governance; and so on.

There is considerable inherent value to the community in the role of the Mayor providing that this role is clearly understood and the positive thrust of it maximized.

The Legislated Role

Section 154 (1)

“A chief elected official, in addition to performing the duties of a councillor, must

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

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

In recognizing that the Mayor is expected to be the political not the administrative leader, the legislation provides council with the authority, and requires it, to delegate the day-to-day "administration" of the organization to the office of the CAO. This is based on two premises:

a) The council is to hire a qualified administrator (CAO) who is capable of managing the corporation and community services within council's guidelines and policies; and

b) The Mayor is elected as a political leader and as a representative of the people. He is not expected to have any training as a municipal administrator. The Mayor needs to be able to understand municipal issues
and concerns and to be able to lead the council toward a successful resolution of the key issues. 

There is no question but that the manner and style in which the Mayor's responsibilities are discharged will be largely dependent upon the individual nature of the incumbent. Some incumbents may be experienced in local government as a councillor and may feel more "at home" with the daily operation of the municipality. Others, due to a corporate background or prior involvement with a governance board, may be more familiar with a governance role and more certain about delegating administrative responsibilities to the CAO. Each Mayor will approach the job somewhat differently in terms of their style of leadership, although there are certain common expectations and duties. Central to the role, however, is the need to recognize its political base and the fact that there is no expectation for the Mayor to be involved in the day-to-day work of the staff.

**Expected Roles of the Mayor**

In addition to those responsibilities set out in the Act, the Mayor's anticipated roles include that of:

- Chairperson of Council;
- Consensus seeker amongst members of Council;
- Liaison with the Municipal Manager;
- Advisor to Council;
- Ex-Officio on various boards and committees;
- Ceremonial responsibilities;
- Liaison with other levels of government.

**(a) Chairperson of Council**

This role is perhaps that which is seen the most frequently by the public and council alike. Its visibility and importance is enhanced even more so by the presence of the public and perhaps also the media at meetings of council.
The Mayor is expected to chair each meeting of council and ensure that the business of council is handled expeditiously and effectively. This requires the Mayor to be aware of meeting protocol, the needs of his council members, the personalities of councillors, and the issues to be determined at that meeting. He needs to be comfortable with the authority and esteem associated with his office. The Mayor needs to be well-briefed by the CAO with regard to each business matter on the agenda of every council meeting. The Mayor should understand the basics of the issue; what is expected by the administration; the advantages and disadvantages of each presented optional course of action; those who are most likely to be impacted; and what sort of public participation and/or reaction will be expected. A thorough discussion of these issues should be held between the Mayor and CAO prior to the meeting itself possibly the Friday morning or afternoon prior to the meeting next week.

(b) **Consensus Seeker**

Albeit not particularly well understood, the chief elected official is the most logical person to act as the conciliator for all of council and that person most likely to find any common ground between sometimes polar opposite points of view. The Mayor should attempt to draw the views of his colleagues together and to point out a reasonable compromise if one exists. The Mayor needs to retain his impartiality on the issues until the issue has been presented to council and until it is appropriate for the Mayor to voice his personal views on the issue. While the Mayor is not expected to compromise his principles, most issues contain the potential for agreement providing that people are prepared to see each other’s point of view. The difficulty, of course, is convincing everyone that some degree of compromise is needed to reach a reasonable solution.

(c) **Liaison to Staff**

Although the role of a Mayor is to be the political leader of the council, it is also often the case that both the council and administration expects the Mayor to provide a linkage between the legislative and administrative arms of government.
In part due to his position as leader of council and in part due to the more frequent presence, the Mayor is expected to be council's main spokesman to the administration. The Mayor needs to be able to advise the CAO as to his council's anticipated view of a matter or to clarify a policy position or explain a particular grievance as expressed by council.

The Mayor needs to be careful, however, that his actions do not lead the rest of the organization to conclude that he is the administrator. The Mayor, like all members of council needs to defer to the CAO on administrative and operational issues or run the risk of severely damaging and undermining that office. This is one of the reasons why the Mayor needs to be careful in how accessible he is to other members of staff other than the CAO.

(d) **Advisor to Council**

The Mayor is often expected to be in a position to bring issues and concerns to the attention of his colleagues on council. This derives from the Mayor's increased contact with the public, organizations and other levels of government.

As an advisor, there is an implied expectation on behalf of council that any information to which the Mayor becomes privy will be shared with his colleagues on council as early as is possible and realistic. Otherwise, members of a council may perceive that important information is being withheld for questionable motives.

In some instances, advice from the Mayor may be presented informally while, in other instances, the advice could be shared by way of memorandum and/or remarks at a committee meeting of council.

(e) **Ex Officio to Boards and Committees**

The Mayor, by virtue of his office, may be appointed to various boards and committees. These bodies are often appointed by Council and may consist, at least in part, of public citizens who are asked to advise the municipality on one or more key functions (e.g. planning, recreation, tourism). To ensure ongoing support by council, to increase the likelihood of council being informed as to the
issues and to gain an insight at least into how council may react to a particular recommendation, the presence of the Mayor is often considered to be useful. It needs to be made clear, however, that the Mayor's role is to reflect the views of council (as they exist in terms of policy, resolutions, bylaws and informal debates/discussions) to the external agency. The role of the Mayor must be that of a liaison rather than that of advocate and this should be made apparent to the advisory agency.

(f) Ceremonial Responsibilities

Every Mayor across Canada is expected, from time to time, to perform certain ceremonial duties. Such duties will likely include such special occasions as civic day, Remembrance Day, annual parade, high school graduation, business openings, special meetings, etc. Perhaps a noted former leader passes away - and the Mayor is called upon to deliver the eulogy. A sports team may win the provincial or national championship - and the Mayor hosts a special civic dinner. Unless the Mayor is otherwise committed, he is expected to be present and carry the civic colours. This tends to build a real sense of community pride and accomplishment and thus the importance of this role should not be diminished.

While these events are important, not all need to be attended to by the Mayor. Depending upon availability, size of the event and other demands of the Mayor's office, the Mayor may want to delegate such an appearance to another member of Council. This delegation to individual councillors needs to be regularly rotated to avoid any appearance of favouritism.

(g) Liaison with Other Jurisdictions

The Mayor is also expected to be the key representative of council in meetings with other municipalities (unless delegated to another member of council) and the Provincial and Federal governments. Any liaison on a political level should normally be conducted through the Mayor's office. Discussions on an administrative level should, on the other hand, be carried out by the CAO.
Some Additional Thoughts

The vast majority of the power of the Mayor's office is more implied than it is stated. That is, the office of the Mayor carries with it considerable perceived clout in the community given the status and respect which most people accord to that office. While it may not have much additional formal power than that of any other member of council, the Mayor is expected to be the leader of the Town and to be capable of taking charge of the issues.

Due to the prominence of the office, the Mayor may often be briefed on issues prior to the rest of council. Such a briefing will generally come via the CAO and in some instances by virtue of the Mayor's greater degree of access to other provincial officials and even the public. This additional access to information places the Mayor under some obligation to ensure that the rest of council receives a full briefing of such issues so that they are cognizant of all the relevant concerns and potential remedies. It is not wise for the Mayor to ever withhold such information if he expects his council to want to work together under his leadership. Thus, the Mayor and the CAO will need to establish a mechanism that ensures that all members of council are equally and concurrently advised of the issues as they develop.

While the Mayor can request that certain items be placed on the agenda, as can the rest of council, the Mayor ought not to be in the position of screening agenda packages and determining what can or cannot appear before council at the subsequent meeting. This is an obligation of the CAO whose job it is to ensure items that require the direction and resolution of council are placed before council in a comprehensive yet expedient fashion.

With regard to the appointment of council members to boards and committees, it is normally deemed to be a prerogative of the Mayor to recommend the appointment of council members on an annual basis. This prerogative needs to be limited by two caveats. First, the Mayor should consult with all members of council prior to any recommended appointments being placed before the full
council. Secondly, council as a whole should approve these appointments by a majority vote (unless as otherwise delegated to the Mayor by policy e.g. standing committees).

This can be perceived as a fairly significant and sometimes an emotionally charged issue given the desire by council members to serve on particular boards and organizations with which they have personally some degree of affinity. It is our bias, on the other hand, that all members of council should be considered to be generalists on all issues and thus should be eligible for appointment to all boards and committees. In this regard, we believe it is wise for the Mayor and council members to reconsider this list of appointments each year and ensure that some degree of rotation occurs during the course of a council term.

**Role of the Chief Administrative Officer**

We view the CAO’s position in the organization as second only to that of the Mayor and councillors in terms of potential impact on how things get done. The CAO represents council’s main link with the rest of the organization and is expected to act as the channel through which the other staff report. The role is also central to council in that the CAO is expected to be the principal policy advisor to council.

In order for this relationship of policy advisor to policy maker to work effectively, there must be a high level of trust between the two. Otherwise decisions which would as a matter of course be made by the CAO begin to flow upward to council which begins to become involved in a level of decision-making normally the purview of the administration.

It is our view that the CAO should:

- take forward to council any issues which he/she is not familiar with and which is not a matter which is subject to a current council policy or bylaw
● provide his/her advice to council in written form relative to any such issue, clearly outlining the key elements of the issue and including her recommendation as to the appropriate action by the council
● hearing the concerns of the residents and advising council as to the essence of any concerns and what he/she has been doing about them
● ensure that the services of the organization are clearly defined and are in concert with the expectations of the residents
● create position descriptions which reflect actual and current duties to be provided by each of the personnel
● empower staff to take action on their areas of responsibility
● provide support for staff in the face of any criticism from the public or from the council; take corrective action vis-à-vis poor performance where that is justified; provide confidential performance feedback to staff on an annual basis
● coordinate the efforts of the staff through regular (preferably at least once bi-weekly) meetings
● encourage ongoing and relevant training for staff; advise council which courses are available and which are applicable and appropriate to which member of staff
● ensure that the compensation plan and personnel policies are appropriate and fair for all employees.

We have studied this relationship in well over 300 municipalities across Canada. It is apparent to us that there must be mutual confidence between the council and the CAO or this system simply does not work very well. This confidence is based on a clear understanding of roles; a desire by both parties to not interfere unduly in the role of the other; and a belief that the CAO can competently fulfill all of the key aspects of the position.

**Legislated Requirements of the CAO**

The basis of the role of a CAO should flow from the following documents:
The authority of a CAO is as delegated through bylaw and as specified in the MGA. These duties, as listed in the Act, are as follows:

207 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 exercises the powers and functions assigned to a chief administrative officer by this and other enactment’s or assigned by council.

208 (1) The chief administrative officer must ensure that
(a) all minutes of council meetings are recorded in the English language, without note or comment;
(b) the names of the councillors present at council meetings are recorded;
(c) the minutes of each council meeting are given to council for adoption at a subsequent council meeting;
(d) the bylaws and minutes of council meetings and all other records and documents of the municipality are kept safe;
(e) the Minister is sent a list of the councillors and any other information the Minister requires within 5 days after the term of the councillors begins;
(f) the corporate seal, if any, is kept in the custody of the chief administrative officer;
(g) the revenues of the municipality are collected and controlled and receipts are issued in the manner directed by council;
(h) all money belonging to or held by the municipality is deposited in a bank, credit union, loan corporation, treasury branch or trust corporation designated by council;

(i) the accounts for authorized expenditures referred to in section 248 are paid;

(j) accurate records and accounts are kept of the financial affairs of the municipality, including the things on which a municipality's debt limit is based and the things included in the definition of debt for that municipality;

(k) the actual revenues and expenditures of the municipality compared with the estimates in the operating or capital budget approved by council are reported to council as often as council directs;

(l) money invested by the municipality is invested in accordance with section 250;

(m) assessments, assessment rolls and tax rolls for the purposes of Parts 9 and 10 are prepared;

(n) public auctions held to recover taxes are carried out in accordance with Part 10;

(o) the council is advised in writing of its legislative responsibilities under this Act.

(2) Subsection (1)(a) to (d) and (o) apply to the chief administrative officer in respect of council committees that are carrying out powers, duties or functions delegated to them by the council.

The role of the CAO must also be established by bylaw (see Section 205.1).

**Relationship To Council as a Whole**

It needs to be made clear that the role of a CAO is set out in legislation as being subservient to the council as a whole. These respective roles are important to note because both the CAO and members of council can presume that the CAO and Mayor will begin to establish a particularly close relationship due in large
measure to their more frequent contact in the office. Thus, it is clear in the legislation that while the CAO may receive guidance by the Mayor, this should only be as per the policy direction of the council and not simply what the Mayor thinks the council may decide to do. Unfortunately, the notion that the CAO will meet more frequently with the Mayor due to the ongoing need for coordination of the administrative and political agenda is sometimes mistaken as direction to the CAO to assume that the primary relationship is to be with the chief elected official.

If the CAO is to be accountable to council as a whole, then certain basic rules of governance need to be established. Among these should be a statement of protocol vis-à-vis members of council contacting staff for information. Where a councillor is contacted by the public on a particular matter requiring clarification of an existing policy, the councillor should refer the matter to the CAO for a response. The CAO should be able to determine the degree of urgency of the request. The information should then be provided to the councillor, or at his (or her) request, directly to the ratepayer. If it is the opinion of the CAO that the request will result in a change in priorities, the council should be apprised of the request before any action takes place.

It is important to remember that the administration is to report through the CAO to the council as a whole. That is, the fact that one councillor requests a certain action does not mean that the administration should respond as requested. Where the CAO has any uncertainty as to whether the request reflects present council policy, it should be referred to a regular meeting of council.

Respectfully submitted,

George B. Cuff, CMC