



ORGANIZATIONAL AUDIT FINAL REPORT

The contents of this report were created for Lamont County Council in autumn 2021,
with long-term betterment of the community in mind.

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1 Executive Summary

In Summer 2021, Strategic Steps Inc. was engaged to provide insight into Lamont County's internal organizational and governance structures, as well as internal operations, as part of a formal organizational audit.

This is an audit rather than a full organizational review. Essentially, this means the process looks for the proverbial smoke to indicate where there might be fire. In those cases, the audit would recommend a deeper review of the particular areas where more attention would provide value, should that be the case.

This process was entered without preconceived notions, assumptions, or bias, and was completed with the intention of improving community and municipal operations, where necessary and where possible. This process aligned with the timing of a new Council term, concurrent with the October 18, 2021 municipal election, and this Final Report therefore aids in preparing the municipality for success for this new term of 2021–2025, and beyond.

Overall, Lamont County operations appear to be conducted with the best of intentions, and service levels seem to meet stakeholder needs. However, as with any municipal audit of this sort, there are areas in which we recommend spending more time and placing more focus, with the consideration for changes to be made. This report is also inclusive of recommendations to improve both short-term and long-term municipal operations.

Lamont County's current vision, as outlined in the County's 2020–2030 Strategic Plan, is: *We are a resilient community where citizens, agriculture and industry grow together for each other's mutual benefit.* We interpreted this to be the ultimate expression of success for the County and conducted this audit with that vision as the desired end point, while acknowledging the statement to be both realistic and aspirational. All efforts should be focused on achieving this vision; simultaneously, efforts that do not work towards this vision should be stopped, or at the very least thoughtfully reconsidered. The latter applies not only to direct service delivery, but also to municipal culture that contributes to benefitting local stakeholders relating to areas of focus within the municipal vision.

It became evident through the audit process that problematic municipal culture, relating specifically to governance and organizational structures, has contributed to contra-visionary work at a significant scale within Lamont County. This process has resulted in the identification of some issues that ought to be addressed. Council can consider whether they agree with this independent assessment, and whether it is worth applying resources to these areas of potential gaps.

The gaps identified through the organizational audit process are largely internal-facing, and can roughly be divided into three main areas:

- **Role Clarity and Governance:** Does every member of Council, Administration and staff understand how they can best contribute to the County's success? Do they understand the scope of their role in reaching municipal success?

- **Organizational Structure:** Is the County set up with the right lines of accountability? Have internal structures been effective in completing work and achieving successful results?
- **Legislative Comprehensiveness:** Do Council's levers of bylaw, policy and budget reflect the current will of Council and direction for the County?

These areas have largely been reviewed within the scope of a Current State Analysis and Gap Analysis, relating to the ensuing recommendations being crafted for Council's consideration.

Certain trends became clear throughout the organizational audit process, including issues such as inappropriate Council interference in day-to-day operations; some changes required to the organization's structure and reporting; and room for culture improvement within the organization. High levels of turnover within the organization are of particular concern, with the County having retained four Chief Administrative Officers over a six-year span, and eight Public Works Directors over the course of five years; to date this year, there has been a turnover rate of 35% of permanent full-time municipal staff.

If Lamont County chooses not to act on this report, and therefore to make no changes, it will still be operating in accordance with provincial legislative requirements for the most part, but there is room for improvement that should not be overlooked or discounted. At this time, Council should be mindful that some of its actions have bordered — or are perceived to have bordered — on being in conflict of the MGA, in areas outlined within the report. There have been instances, as well, in which the actions of Council Members have been in direct conflict of the MGA, and of local bylaws and policies; these areas have also been outlined within the report.

Starting at the top, Council can work gradually to ensure that Lamont County continue to serve its local and regional stakeholders, while achieving organizational sustainability and stability.

2 Background

Through the summer and autumn of 2021, Strategic Steps Inc. was engaged by Lamont County to engage in an organizational audit. This process was designed to provide a high-level and external review of governance and organizational structures; management; and service delivery of the County, in lieu of completing a full-scale organizational review. The antecedent to the engagement was desire expressed by County Council to determine areas of improvement for the County to be able to deliver services to, and provide support to, its internal and external stakeholders; in addition to ensuring County operations are functioning efficiently and with optimal efficacy, where possible. This process further identifies whether the County, as a corporation, is designed to deliver what citizens, businesses, community organizations, and other local and regional stakeholders require. This aligns with the County's goals outlined in the 2020–2030 Strategic Plan, inclusive of short-term plans relating to this Council's four-year term and beyond.

Conducting an organizational audit involves the identification of potential issues within the County which may be addressed through actions taken in response to the recommendations presented in this final report; through a future full or focused organizational review process, if deemed necessary by County Council; or through a deeper review of specific issues. Taking the approach of conducting an organizational audit rather than an organizational review process allows for the identification of issues, providing the County with the opportunity to rectify gaps identified in municipal operations. This further prevents a wholesale review exercise that would be both quite disruptive to the operations of the County and fairly expensive.

The results of this organizational audit are outlined in the pages that follow. The Project Team has conducted extensive interviews with Lamont County Council Members, and members of Senior Administration and staff to identify trends in concerns relating to how the County organization operates and serves its stakeholders. We have further reviewed County documents of pertinence, including but not limited to those relating to local strategies, operations, bylaws, and policies and procedures. Through this final report, we have outlined the optimal state of operations for a well-functioning municipality in Alberta, in comparison to the County's current operations.

2.1 Process

Through a series of approximately 20 interviews, prior to the most recent municipal election, that comprised almost all elected officials, with the exception of one who chose not to be interviewed — and most County Administration and some County staff — the organizational audit Project Team has gained insights into what each individual interviewed believes currently works well in Lamont County, as well as where there could be improvements.

Each person was asked an identical set of questions (with the potential of differing follow-up questions) to identify themes across the organization, and to provide some

anonymity to any individual's comments. The list of interview questions is included as Appendix A.

With the organizational audit conducted during the COVID-19 pandemic, all efforts were provided virtually and remotely. The Project Team, however, did visit County facilities, and hosted an open house for County Administration and staff to be able to learn more about the purpose of the organizational audit, and the process and methodology the Project Team would apply to completing the audit, as well as to ask questions of the Project Team. While further time spent at Lamont County facilities would have been helpful, it is not critical at this stage. Should Council choose to engage in a deeper organizational review in one or more areas of County operations, some in-person work would most likely be required.

The interviews were augmented with a review of County documentation, particularly governance-type documents that included bylaws and policies. A cross-section of these documents was reviewed in depth, and the full registers of bylaws and list of policies were also reviewed.

An organizational review process would dig deeper into more operational documentation required to safely and effectively run municipal operations, while remaining in compliance with provincial and federal regulatory authority.

The bulk of this audit report is divided into three sections over the following pages:

- **The Well-Functioning Local Government** (Section 3): This identifies what we would expect to see in a local government in Alberta that is providing what is required to the people of the community, while abiding by external and internal legislative requirements.
- **Lamont County's Situation** (Section 4): This is what the Project Team encountered through the organizational audit process with Lamont County. This is the audit Project Team's picture of how well the County operates in a variety of areas, based on the outcomes of the audit process in full.
- **Recommendations** (Section 5): In some functions, there is a gap between the ideal situation and Lamont County's situation. A set of recommendations is provided to address those gaps. Some of the recommendations are significant, while most are a way of tweaking structures and performance to narrow any gaps between the ideal state and Lamont County's reality.

In most instances, the gap between the well-functioning local government and what is encountered in Lamont County is not great and it can be addressed over time with the conscious effort and encouragement of Council and individual members of County Council. With that said, there are still some significant issues that need to be addressed for the County's future success and long-term sustainability.

Next steps relating to this report largely lie on Council's shoulders, though there is a need for improved relations between Council and Administration that can stem from this organizational audit process. Numerous trends unearthed through this audit — as well as many of the resulting recommendations — include both Council and

Administration. As such, it is crucial that both work collaboratively towards improving the County's current state with a focus on a long-term common goal of achieving Council's vision of a successful Lamont County.

While it is up to Council to determine the merit of this report and whether to adopt associated recommendations, we strongly urge Council Members to consider this final report objectively for the betterment of the County as a whole, with significant impacts on the organization's operations and structures, Council Members' roles, and service to municipal stakeholders.

3 The Well-Functioning Local Government

3.1 Legislation

Local governments in Alberta have oversight provided from the Government of Alberta through several Acts and many Regulations. Since local government is the exclusive domain of the provinces and territories under the Canadian Constitution, it is the provinces that have created municipal institutions across the country.

While there are nuanced differences from jurisdiction to jurisdiction, the general purposes of local governments — whether they be cities, towns, villages, counties, municipal districts, or other entities in Alberta — are stated in Section 3 of Alberta's *Municipal Government Act (MGA)*. That statute defines the purposes of a local government in Alberta.

Municipal purposes

3 The purposes of a municipality are

- (a) to provide good government,
 - (a.1) to foster the well-being of the environment,
- (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,
- (c) to develop and maintain safe and viable communities, and
- (d) to work collaboratively with neighbouring municipalities to plan, deliver and fund intermunicipal services.¹

Everything any municipal government provides in Alberta must ultimately lead to fulfilling one of the mandates expressed in these municipal purposes.

All municipalities are expected to have a series of publicly available bylaws and policies. These two instruments, along with budgets, are required to meet obligations put on local governments by the Province, or to indicate local desire to deal with issues in a specific, predictable way. The MGA speaks to the powers associated with bylaws as follows:

Guides to interpreting power to pass bylaws

9 The power to pass bylaws under this Division is stated in general terms to

- (a) give broad authority to councils and to respect their right to govern municipalities in whatever way the councils consider appropriate, within the jurisdiction given to them under this or any other enactment, and
- (b) enhance the ability of councils to respond to present and future issues in their municipalities²

¹ Government of Alberta *Municipal Government Act*, RSA 2000 Chapter M-26, September 1, 2020, section 3

² *Ibid*, section 9

Policies are designed to provide predictability to local government and can be updated as required by Council. Whereas it takes three readings to enact, change, or repeal a bylaw; a policy can be changed with a single majority vote of Council, making them somewhat easier to keep current than bylaws are.

Bylaws and policies are public documents and must be made available to the public with reasonable effort.

Policies can be either related to the municipality's governance or to organizational operations. To that end, a local Council may have a register of governance policies, and the municipal administrator may oversee a suite of administrative policies (or 'directives'). The latter set of documents are not Council's to change; however, they must not contradict any statute or legislation enacted by a higher order of government, including the municipality's Council.

Under the concept of legislative paramountcy, no municipal bylaw or policy may contradict any provincial or federal legislation. If it does, the municipal statute is considered null and void, but only to the extent of the contradiction. The rest of the bylaw or policy will remain in effect. In such cases, it is incumbent on the local government to alter its bylaw or policy so that it comes into compliance with the provincial or federal statute.

3.2 Governance

3.2.1 Bylaws and Policy

A well-functioning local government operating under Alberta's MGA would be expected to have a full suite of bylaws and policies that both meet statutory requirements and anticipate the needs of the community.

These documents would be generated as required, modified as necessary, and rescinded or repealed when no longer needed. They would be listed in one or more registers or lists of bylaws or policies.

These documents must be securely stored, yet publicly available. As more and more local government documents are digitized, and moved online, it is conceivable that all bylaws and policies might also eventually all reside online.

A wise practice is for the local government to review all the policies that pertain to governance at least once per electoral term, acknowledging that municipalities could conceivably have more policies than can reasonably be expected to be reviewed every four years.

While some bylaws and policies are required by statute, not all are. Most policies, for example, are created in anticipation of — or in reaction to — local needs or events, or as a way to define how municipal staff carry out particular duties and municipal operations.

Bylaws

Bylaws are the strongest tool that the local government has. Bylaws are reserved for, as is stated in the MGA, providing “*broad authority to councils and to respect their right to govern municipalities in whatever way the councils consider appropriate...*”

Some bylaws, such as a CAO Bylaw, are required by provincial statute, while many others are generated because of local needs, such as bylaws that create terms of reference for Council’s standing committees.

Bylaws need to be written clearly, as future Council Members, as well as members of the community, will be bound by them until such a time that they are amended or rescinded.

Policies

Ideally, all policies should be structured in a similar fashion, with a header that includes the name of the policy; a unique number assigned to that policy; the date when it was initially created; any dates when it was reviewed and perhaps updated; and when it is to be next reviewed.

Policies have three fundamental purposes:

- a) Identify the municipal position on a topic of relevance so municipal management does not have to pose the same question to Council over and over. An example of this could be a policy on recognizing staff for long-term service. Staff will regularly pass five-year increments of employment, for example, with the municipality.

Council could be asked each time how that person should be recognized by the municipality, or Council could pass a policy that states how the recognition for five years’ service will be done.

- b) Anticipate action that could be taken if a particular circumstance or situation comes to pass. Training on emergency management or crisis communications is such a policy topic. In this case, the municipality hopes that the topic is never needed, but it is prepared nonetheless.

- c) Policies may minimize exposure to liability. For example, if a policy states that all stop signs will be inspected twice a year, and repaired or replaced as required, then it may be more difficult to successfully sue the municipality for damages incurred in an accident that occurred when a driver didn’t stop at an intersection where a stop sign wasn’t visible or had been stolen.

If records indicated that the sign was in place, in good repair, and clearly visible at the last inspection, then the municipality could demonstrate that they weren’t aware of the deficiency and might therefore avoid being held liable for the damages incurred.

3.2.2 Council

A municipal Council is a group of people elected to represent the breadth and depth of their municipality of residence. They are the 'minders' of the County on behalf of the residents who live there. Their job is to act as overseers and caretakers, while the rest of those operating within the municipal contribute in their own ways.

The individuals on Council are each other's 'first team.' The voters brought them together, and provide them with resources to make the best decisions possible. By the nature of their work, they will often have access to more information than other people, and therefore know more about the goings on within the municipality, and actions which impact the municipality, than anyone else does — including those in their personal lives (i.e., their life partners, family members, etc.). They are entrusted with confidential information that is used to make decisions, and which is intended to remain confidential.

Councils need to think strategically, and to focus on both short-term success and long-term sustainability for the municipality overall. To that end, they will identify what success looks like for their community a generation from now, and they will generate a path to get there. While no Council may bind a future Council, prudent groups of elected officials will create a Strategic Plan for the course of their terms and beyond. This plan will outline what Council wants to have done in terms of outcomes it wants to generate that will leave the community better off than when it was inherited. This plan will focus on an achievable number of priorities every year, knowing that Council cannot be all things to all people, and do everything that everybody wants. The plan and the priorities are then provided to the municipal management to carry out and report on from time to time.

Under Canada's Council-Manager system of government, and within Alberta's MGA, the elected representatives must hire an individual to manage the affairs of the County on a daily basis. That person, the Chief Administrative Officer (CAO), in turn hires other experts to manage various aspects of the municipal government. In this way, Council can focus on governing, while Management can focus on managing the municipality, and providing services that citizens, businesses and community organizations need (along with any other municipal stakeholders).

Council Members are colleagues, but not necessarily friends. They govern through tools including bylaws, policies, and budgets, and they individually have their own ideas on how to make the community better. Votes are taken on changes that are to be made. Every decision, whether to add, modify, or remove a service is a 'political' decision, in that Council must make a choice from between competing options.

A Council will rarely have 'all' the information, so it makes the best decisions it can based on the information available at the time. It is inevitable that at some point, a Council decision that seemed sound when it was adopted by Council, may seem questionable at a later date if circumstances have changed or if more information arises that wasn't available when the decision was made.

This doesn't necessarily mean that Council made a mistake at the time, only that they now have a new situation to consider. If things have changed, Council can always revisit the matter and may have opportunities to either change an earlier decision or make new ones to address the new situation. This, then, becomes a new Council decision, and can be evaluated on its own merit or lack thereof.

3.2.3 Committees

It is common for a Council to ask a smaller group, or a more diverse group, to assist with the governing of the County by providing advice to Council. In cases such as this, standing or *ad hoc* agencies, boards, or committees (ABCs) are established and provided with a terms of reference that includes direction, and resources to carry out the job.

Committees can be made up of Council Members, members of the public, or combinations of the two. Sometimes these committees will be asked to recruit or consult with outside representatives to assist with the work if it requires a breadth of experience or expertise that may not be present on Council or amongst other committee members

Typically, Council committees do not have decision-making ability, but may often make recommendations, and must refer the final decision to Council itself. Standing committees are typically enacted through a municipal bylaw, whereas *ad hoc* committees or task forces are only created to exist until the accomplishment of a specific task or for a defined period of time. They are generally expected to be shorter-term in duration, or to have less authority, and may be established by policy.

3.2.4 Intermunicipal Relationships

Within the municipal purposes outlined in the MGA, there is a reference to "*working collaboratively with neighbouring municipalities.*" This is a relatively new purpose under the MGA, and it is intended to outline that no municipality is an island; each is adjacent to at least one other municipality and must, by default, interact with that municipality.

As the leaders of the community, the responsibility to manage intermunicipal relationships falls to Council. This may mean the provision of services that are of benefit to more than one community may be considered collaboratively, and it may mean that elected officials from those municipalities share common views that can be advocated to other orders of government.

By communicating with neighbouring municipalities, either Council-to-Council or Administration-to-Administration, municipalities can learn from each other and may find ways to improve their operations. Furthermore, by working collaboratively, alternative models for service delivery may be found where facilities, equipment, staff, or other resources could be shared. This is especially true for relatively smaller municipalities that may not have a large enough staff to justify having some specialized types of expertise or skills available in-house.

In some other provinces in Canada, the provincial governments have mandated a minimum population for a municipality to exist at all. This has led to former independent

municipalities being consolidated into one until the minimum threshold is reached. This has not happened in Alberta; however, the province has mandated that local governments collaborate — or provide valid reasons for why they can't collaborate — on the delivery of a range of services. The variety of municipal services that are collaboratively or individually delivered by a municipality should be described in the relevant Intermunicipal Collaboration Framework(s) and may be considered in Municipal Development Plans (MDP).

3.3 Management

3.3.1 Structure

If the governance aspects of a municipality are the head of the beast, the body is the management of the local government. To function effectively, the management and administration of any municipality must be connected and work together seamlessly. While there are core responsibilities that any organization must carry out — such as meeting payroll, ensuring insurance is current, and keeping bills paid — the administration of the County is designed to fulfill the wishes of Council.

The CAO is ultimately responsible to Council. That person is the narrow point in the hourglass, with citizens and Council above, and Managers and staff below. To best determine how to carry out the will of Council, the CAO retains a series of subject matter experts. Typical practice is for the CAO to have between two and four direct reports. Any more than that and the business of managing people takes away from the business of managing the municipality.

As goes the CAO, so goes the next layer of Management. Referred to as 'Directors,' the people who manage specific functional areas typically have between three and five direct reports. That enables these Directors to collaborate with the CAO and think strategically, while their direct reports often carry out the business of the municipality. Inefficiencies begin to creep in when there are too many direct reports.

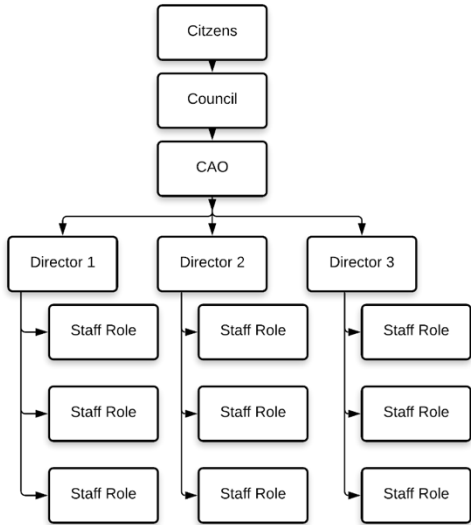


Figure 1 - Theoretical Typical Organizational Structure

3.3.2 Reporting

It is important that a municipality maintain a clear line of communication, and formal organizational structure, known to all Directors and Managers, and that those managers then communicate such reporting structures to their staff. If a formalized organizational structure is not well-established or is being subverted, there is a danger that frontline staff could be getting directions from multiple sources, with related direction potentially proving inconsistent or contradictory. At the very least, such an informal structure can make it difficult for frontline staff's immediate supervisor to manage their time and workloads, if they are also responding to direction from multiple people, which might keep them from addressing their assigned tasks and duties, or acting upon established municipal priorities.

Job titles and brief role statements need to be indicative of the role or responsibilities assigned to the position and must be applied consistently. Additionally, positions of equivalent responsibility and comparable compensation, such as two middle managers, should not report to one-another, and it may be more appropriate for managers to report to a director, or a manager of higher standing. If it is determined that these hypothetical positions' responsibility and compensation levels are not, in fact, similar, then it would be more appropriate to rename either one or both of the positions to better reflect that.

It is important to remember the CAO is the only employee of Council, and is therefore the only member of Administration that receives supervisory direction from Council.

3.3.3 Human Resource Management

The management of people is an important consideration for organizations of any size. There are specific laws that must be followed, and practical considerations and precedents that define best and wise practices in this field. Certainly, as an organization grows in size or scope, the organizational structure may become more complex; when there are more people, inevitably, there are more interpersonal interactions that lead to added complexity in how efficiently the organization runs. The way that a municipality manages its Human Resources can either help or hinder the achievement of organizational goals.

Leading Human Resource practices for municipalities include the implementation and monitoring of systems to deal with these five categories: staffing, development, compensation, health and safety, employee/employer and labour relations. This could include some, or all, of the following:

- A suite of policies to define expectations for staff behaviour and relationships;
- Defined benefits and privileges, and procedures for accessing them;
- Defined classification levels and associated levels of compensation within each classification level (a salary grid);
- A system of annual performance reviews that include:
 - individual plans that establish expectations for the upcoming year;

- may include a personal plan for professional development and training.
 - an evaluation of the past year's performance based on the plan made the previous year.
- Succession planning;
- A code of conduct for staff;
- A defined process for dealing with Human Resource complaints;
- A defined process for appeals;
- Definitions for what actions warrant disciplinary action, and the types of discipline that may be applied; and,
- Policies and procedures for recruitment, training, development, discipline, and termination of staff.

As Human Resource management is a complex area of expertise, it is important that a municipality has access to somebody with specific training, knowledge and expertise in or directly related to Human Resources. That person (or persons) could be somebody already within Administration, who either devotes all of their time to HR matters, or does this in addition to other areas of responsibility. Alternatively, this expertise could be provided by an outside expert via contract, or addressed collaboratively with one or more other municipalities.

Due to the nature of Human Resources, and the confidentiality requirements inherent to the role, additional consideration must be given to reporting for Human Resources personnel. Staff should report directly to the HR Director, or the person occupying a role that carries that capacity, while the HR Director (or equivalent) should report directly to the highest authority within Administration, being the CAO for Lamont County.

3.4 Service Delivery

It is common in relatively smaller municipalities for one person to be responsible for the delivery of more than one type of service. As organizations become larger, usually more people will specialize on fewer, or perhaps only one, type of service. For example, in some of the smallest municipalities in Alberta, there may only three employees: the CAO, the 'inside person,' and the 'outside person,' while mid-sized municipalities will see a middle ground to the service structures of large and small municipalities.

Regardless of municipality, the CAO is typically responsible for such things as budgeting, Council agendas, policy and bylaw development, contract management, and management of all other staff.

Because it is so common for so few people to be responsible for so many things, each of them is a generalist that needs to be competent in many things but doesn't have the time available to become an expert in all of them. As a municipality grows, so too does the volume of work to be done to deliver all the same services. When more staff are hired to address the increased service demand, staff will tend to be less generalists and have a greater focus on a smaller scope of responsibility. This becomes an opportunity to increase the level of expertise within the municipal organization.

In which areas a growing municipality develops specialization can be decided by many factors, such as existing in-house expertise, availability of certain types of expertise in the local labour market, or strategic decisions about which services to expand based on either resident desires or Council priorities.

3.4.1 Review of Services

It is prudent for a municipality to conduct a regular review of the services that it provides to its residents, businesses, visitors, and any other internal and external stakeholders. Reviews should include not only the services provided, but should also identify the gaps in which services ought to be provided but may currently not be. The former includes whether services are being delivered in a way that meets expectations (both internal and external), and whether service levels require improvements.

Should areas of necessary requirements be identified, that process should include consideration of whether additional resources might be required to get to the desired level of services, and what those resources might be (ie. staff, equipment, facilities, funding, etc.). Additional resources required could include a combination of many resources.

The review might also result in a decision to intentionally increase a service level — whether that means doing something more frequently, or simply doing it better — or it might lead to a decision to either reduce a service level or discontinue the provision of a particular service in its totality. If there is a desire to introduce a new service to the community, the service level review might be a good time to add this to the conversation, as well.

Ideally, a service review will be consistent with Council's established priorities, and will be used to subsequently guide Administration's development of the annual budget and their own management business plan.

Any such service level reviews will be reflected in the municipality's annual budget cycle, and should be included as part of municipal Strategic Planning and Operational/Business Plans.

3.4.2 Service Types

The business of running a municipality includes a number of different programs and services. There are different ways to categorize or group together those individual services, and those groupings are often reflected in how the municipal organization is structured, and who is responsible for the delivery of each service.

One common way to group services is into the broad categories of 'hard services,' 'soft services,' and 'corporate services.' Hard services (sometimes called Municipal Services) typically include such areas as public works, engineering, utilities, facilities, and fleet services, whereas soft services (or Community Services) often include services that are generally provided to people, such as FCSS, recreation, library, community events, and municipal enforcement. Corporate services usually include those provided to municipal staff or to keep the municipal corporation going. These include such areas as finance, assessment, taxation, information technology, Human Resources, legislative services,

legal services, corporate strategic planning, insurance and risk management, and purchasing and communications, among others. Some services such as Planning and Development, and Economic Development have been included in either the hard or soft service areas, or in some cases, they have been separated into their own category altogether.

If a municipality assigns responsibilities for service delivery based on the groupings of Municipal Services, Community Services, and Corporate Services, it would generally follow that there would be one person responsible for each of those service areas. Each of these positions would have a job title of Director (or Manager in some communities) and would report to the CAO.

The Director, or Manager, responsible for the delivery of a particular service would either supervise the municipal staff whose job it is to provide that service, or else would be responsible for managing the contract for the acquisition of that service from a third party and to maintain the relationship with that party. The third-party service provider could be a professional (individual or company) such as outside legal counsel, or an assessment services provider, or could be a Regional Services Commission, or a different sort of partnership that has been formed with one or more other municipalities to provide one or more services. In much the same way as a municipality might contract a third-party consultant to provide an external view on internal issues, including in developing Strategic Plans or Corporate Business Plans, it is not uncommon for a municipality to secure ongoing support from a third-party consultant to support municipal operations. This is a realistic solution to operating under existing organizational capacity levels, while optimizing budget lines.

In a smaller municipality, the delegation of responsibilities to Directors or Managers will often also include decisions about which of those responsibilities will be retained by the CAO. Keep in mind that the more service delivery areas a CAO is directly responsible for, the less time and capacity they will have to devote to organizational strategic matters.

3.4.3 Service Levels

Establishing service levels is within the authority of Council. When Council has well-defined service levels, their expectations are clearer for Administration. Those service levels can then guide decisions on service delivery and become the basis for the draft budget that is presented to Council, showing what funding and resources would be required to deliver services in a way that meets the established service levels.

If Council is not comfortable with the level of funding required by the draft budget in relation to service levels, they would typically revisit and modify service levels to achieve a funding amount they deem to be more appropriate. If, however, the funding required to meet the established service levels is lower than expected by Council, they would then have the opportunity to consider adding a new service, increasing a service level for an existing service, increasing transfers to reserves for planned future expenditures, or reducing the upcoming tax rate. If Council has already established a

set of priorities, based on a plan for the envisioned future of the community, this could be used as guidance for these decisions.

Conducting consistent, formal 'Citizen Satisfaction Surveys,' as they are often called, would provide the County with the opportunity to evaluate existing service levels in comparison with how well those programs, services, facilities, and amenities meet residents' needs and wants. The results of such surveys are commonly used to help guide decision making, and as inputs in prioritizing municipal services and therefore budget deliberations.

It is important that Senior Administration be included in the budgeting process, and that all department leads engage with Council throughout budget deliberations. Council must recognize the role of Administration and staff in helping to gauge what level of service can be achieved, based on existing budgets, capacity, and resources. If increased or altered service levels are desired, Administration can provide insight for Council on what additional (or reallocation of existing) resources might be required to achieve different level of service.

Service level policies and bylaws are becoming more prominent in Alberta, with one of the more recent ones excerpted below. This is policy GOV-020-C from the City of Fort Saskatchewan, as adopted in early 2021. The excerpt here outlines the reason for having a service level policy, and then provides the policy statement. This policy speaks to why there are service levels and the criteria by which these levels are set and reviewed.

1. PURPOSE

1.1 To put in place a consistent and transparent approach for establishing, documenting and reviewing Service Levels for potential adjustment of relevant service areas offered by the City.

2. POLICY

2.1 The City establishes Service Levels to effectively plan for and prioritize resource needs, help manage costs, and improve communication to assist with aligning expectations between the municipality and the community on level of service and cost of service.

2.2 Service Level identification and review informs corporate and departmental planning and budgeting, fosters continuous improvement of service processes and delivery methods and enhances decision making.

2.3 Service Level documentation and review supports sustainable service delivery and resource management ensuring that municipal services are delivered in a socially, economically and environmentally responsible way, meet regulatory requirements and that decisions today do not compromise the ability of future generations to meet their own service needs.

Figure 2 – City of Fort Saskatchewan Service Level Policy

While Fort Saskatchewan is much larger than Lamont County, the purpose and the policy statement would likely be very similar.

4 Lamont County's Situation

4.1 Legislation

All municipalities have three levers that Council can use to move their community in their preferred direction. These levers flow through the authority provided to municipalities by the *Municipal Government Act*. The levers are:

- **Bylaws:** The most impactful tool that local governments have. Bylaws provide authority to act within a wide scope.
- **Policies:** Less impactful than bylaws, policies are easier to change and represent a way for a municipal Council to be predictable and to be transparent in both action and intent to the community and beyond
- **Budget:** Ultimately, a Council will put its scarce resources where they will deliver the highest priorities. The budget is a combination of what must be done (i.e. pay employees, keep insurance up to date) and what Council wants to be done (i.e. rehabilitate roads, provide recreation facilities).

When looking at both bylaws and policies, all bylaws are the purview of Council to create, amend and rescind. Within the realm of policy; many of them are owned by Council, and there is another set of internal administrative policies owned by the CAO.

Looking regularly at Council's bylaws and policies is important for any Council. In this way, Council can be sure the municipality is delivering what it ought to be to maintain legislative compliance, and so that the municipality is able to focus resources where they have the most impact. The latter is sometimes achieved from a financial perspective through processes such as Priority-Based Budgeting.

The County's portfolio of existing bylaws indicates which are currently in force, while noting others which have been rescinded. Some bylaws change very regularly — such as fees and charges bylaws, or tax rate bylaws — while others remain consistent almost in perpetuity. A prudent Council will at least look at all their bylaws and governance policies on a regular cycle. One year, Council may review legislative bylaws; the next, they may review Human Resource bylaws; the next, service delivery bylaws.

When reviewing bylaws and policies, Council has three choices:

- **Leave** them the way they are, unchanged;
- **Update** them to fit a changed circumstance; or
- **Rescind** them because they are no longer relevant or required.

Each of these decisions is, in itself, a policy choice.

4.2 Governance

Having conducted extensive interviews relating to County operations and governance as a whole, there are numerous issues that emerged as trends, relating specifically to governance. In these, there are opportunities for improvement in terms of structure and

behaviours, which should be considered by Council and acted upon by both elected officials and members of Administration.

4.2.1 Role Clarity

There is an obvious cascading of roles from Council right through to service delivery to residents, businesses, and other stakeholders internal and external to the municipal organization. The most efficient and transparent way for a municipality to operate is for everybody to know who is responsible for what, and for both elected officials and staff to stick to the protocols, roles and procedures relevant to them.

Council Members act as the municipality's policy makers, and operate from a governance role, in comparison to Administration's service delivery role. Elected officials must be careful to keep their focus within the scope of governance, knowing that Administration will work on sub-governance level plans (i.e., business plans, operational plans, etc.) to enact the will of Council.

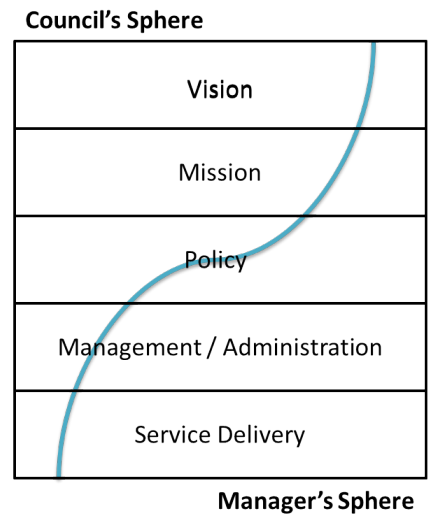


Figure 3 – Roles and responsibilities of Council and Administration

In Lamont County, the audit of the cascade of operational functions from Council, through the CAO, to senior and supervisory managers, and on to frontline staff, shows a significant lack of clarity. It became increasingly evident through the Organizational Audit process that Council has extended its reach beyond its governance role, and has been known to consistently undermine the municipality's organizational structure by providing direction at levels of Administration and service delivery in which members of Council ought not to be involved, including at the Director and staff levels. In Alberta's local government structure, as noted in the MGA, municipal Councils have but one employee, the municipality's administrator. In the case of Lamont County, Council's only employee — and therefore the only member of Administration to whom Council is able to provide direction — is the CAO.

Council directs the CAO through resolutions or bylaws passed at a duly convened Council meeting. Individual members of Council, or a group of Council Members, may not direct the CAO to act unless they have been authorized to do so by Council resolution. In reality, some purely administrative questions from Council Members to the CAO are acceptable, if they are not policy-changing actions, and if they do not interfere with operational duties. For example, requests for copies of materials are taken as legitimate, within normal municipal operational hours.

It is concerning that Lamont County has seen significant turnover in the position of CAO, with four administrators holding the role over the span of six years.

It is worth noting that one practical downside of heavy Council involvement in the activities of the CAO, Directors or Managers, or frontline staff, is that micromanagement occurs and impacts workloads and staff morale. If not corrected, the result can be

negative culture, including high levels of staff turnover, decreased work efficiency and planning processes, and finally, negative impacts on the municipal budget, among others.

There are numerous areas in which inappropriate Council Member involvement commonly occurs at the level of local government, including:

- Involvement in Human Resource management, whether through administrative policy development or review, supervising or directing staff other than the CAO, or participating in staffing matters such as hiring, evaluations, and termination.
- Involvement in service delivery, such as directing Public Works staff on where and when to conduct their work. This has come up specifically in instances where Council direction is provided to frontline staff, and Directors or Managers, while bypassing the CAO to do so. This includes specific scenarios relating to work such as dust control, drainage, and other such services.
- Providing volunteer effort to the community based on personal expertise a Council Member may possess. For example, a Council Member with a financial services background, such as accounting, may offer to review monthly financials; a Council Member who is a plumber may offer to fix a broken faucet at a local government facility; or a member who was once a firefighter may involve themselves in equipment purchasing decisions. Each of these examples provides an example of inappropriate involvement by a Council Member, taken from situations seen in other municipalities, but which apply to all local governments equally.
- Council (or Council Members) directing the activities of anyone within the organization other than the CAO. When such inappropriate conduct does occur, it can have numerous negative repercussions, including either contradictory or inconsistent instructions being given to staff. This further places frontline staff, as well as Directors or Managers, in an untenable situation. It is the responsibility of Council to encourage and lead change from this negative organizational culture to a positive one. This is done through ongoing efforts to respect the lines of authority, where employees can report to, and complete work duties assigned by, their designated supervisor. It is also sensible for the CAO be empowered and equipped to address organizational culture through such tools as training and professional development.

Specific to the issue of Council involvement in staffing matters — such as hiring and termination decisions — in Lamont County, these matters have been assigned to the County CAO by way of CAO *Bylaw 828.20*. Any discipline or direction relating to staff performance or behaviour is to be addressed by that staff member's direct superior, Human Resources personnel, or the CAO, if and when necessary; Council Members are not to evaluate staff performance or discipline frontline staff, or any members of Administration, for any reason whatsoever, at any time. Through the audit, it became

clear there is a belief that Council behaviour has been a major contributing factor to the County's high turnover rate of permanent full-time staff, at a rate of 35% in 2021.

Issues of transparency and accountability often develop through elected officials' interference, whether deliberate or not. If Council Members are providing direction to staff, lines of communication are then effectively blurred, causing misinformation, confusion, and stress. In these circumstances, it can be difficult to hold the CAO, Directors or Managers responsible for any results that may or may not be achieved.

Furthermore, if Council, or individual Council Members, are directing the activities or operations of County staff, or other functions or duties that are under the purview of the CAO, how can the CAO then be held accountable for any shortcomings, delays, or failures in the delivery of services or completion of projects?

Another significant downside to Council involvement in the activities of the CAO is that it is not legal, as outlined in the MGA:

Council's principal role in municipal organization

153 Councillors have the following duties:

- (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.

An issue with accountability can also develop in this situation. If Council Members are providing direction to staff, it is hard to hold the CAO or Directors responsible for any results that may or may not be achieved.

Once Council has approved Lamont County's municipal budget, Council Members are required to let Administration and municipal staff put the operational directions of the budget into action. This may very well mean that not all areas of the municipality, including on a division-level basis, will receive equal attention when it comes to specific municipal services, both in project scope and deliverable timelines. While this is likely to hold true in numerous areas, examples include dust control and road maintenance.

It is not Council's job to undermine municipal Administration's schedule in executing this work, which has been assigned to the CAO, through CAO Bylaw 824.20. As such, Council Member involvement in such areas is in violation of the County's bylaw, and the MGA.

Alternatively, if municipal operations do not align with stated goals set in the municipality's Strategic Plan, and moved forward within the municipal budget, there is a larger conversation to be had with the CAO, by Council as a whole, in a formalized meeting.

The proper pathway for Council to determine priorities is through the budget, not on the roadside or in the Public Works shop. Arguing with operations staff, and directing more resources to one specific area or Division within the municipality is counterproductive,

and negatively impacts the budget, municipal staff morale, and the capacity to achieve goals on a short- and long-term basis. It should further be noted that such behaviour stresses intra-Council relationships, and creates a negative impact on local governance. Respect and understanding are crucial for increasing a positive culture throughout the organization and achieving Council goals.

Any member of Council that directs the CAO, without Council having authorized that Council Member to do so, is acting outside of their authority, and in direct violation of Lamont County's *Code of Conduct Bylaw 814.20*. Generally speaking, the MGA provides a great deal of authority to Council, but virtually none to an individual member of Council, other than to participate in the decisions and actions of Council.

In addition, redirecting resources to one specific division — outside of Council's priorities, policies and goals decided upon by Council as a whole and in a public setting — is in conflict with Section 153 of the MGA:

General duties of councillors

153 Councillors have the following duties:

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

Remembering that Council Members serve the "municipality as a whole," it is worth acknowledging that conflict on Council, based on services provided to Council Members' individual electoral divisions, is inappropriate and counterproductive to progress in achieving positive results for the entire County. Further, Council must be fully aware that Administration, too — Directors, Managers, and frontline staff inclusive — serves the County as a whole, and not each division on an individual basis.

Council's communications and directions to staff seem to be pervasive, especially with regards to the Public Works department. Council roles need to be better defined, and Council Members must act with an eye to accountability. Interference in municipal operations by elected officials further destroys accountability at the operational level.

It is also worth noting that Council must work together as a team to achieve the goals that they have set out and approved. This includes team building, and an improved culture amongst Council Members as elected leaders of the municipal organization.

In all, Council is not to undermine the necessary and clear lines drawn between governance and management. Council's role is clearly defined within the MGA, and the constraints of that role must be respected and adhered to.

4.2.2 In-Camera Meetings

Policy on closed (in-camera) sessions could be reviewed, strengthened, and adhered to in order to ensure compliance with the MGA, under which Council may only go in-camera for discussions involving information that would be protected under the

Freedom of Information and Protection of Privacy (FOIP) Act. Discussion of any other matter is a violation of the MGA.

Some types of information that would be protected under *FOIP* include personal information of a third party; ongoing negotiations; information protected by solicitor-client privilege; information subject to a non-disclosure clause in a legally-executed contract; or information that is an early draft of a document that will be released to the public when finalized. In summary, these areas of *FOIP* inclusion typically fall into the areas of 'land, labour and legal.' Inappropriately holding meetings or Council discussions in-camera is in potential conflict with the MGA:

Public presence at meetings

197 (1) Councils and council committees must conduct their meetings in public unless subsection (2) or (2.1) applies.

(2) Councils and council committees may close all or part of their meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 2 of Part 1 of the *Freedom of Information and Protection of Privacy Act*.

(2.1) A municipal planning commission, subdivision authority, development authority, or subdivision and development appeal board established under Part 17 may deliberate and make its decisions in meetings closed to the public.

The added benefit of limiting in-camera discussions to only those topics that qualify for discussion in a confidential session will be shortened time spent in sessions that the public often deems 'secret' meetings of Council. This increases municipal transparency and public understanding of municipal processes.

4.2.3 Fiscal Management

Council must have access to more than just annual audited financial statements. Information such as quarterly reports, budgets, and consolidated statements are necessary for Council to be aware of the current financial situation, monitor expenditures versus budget, or plan for the future. However, line-by-line inquiries and 'deep diving' into departmental budgets and monthly financial statements remain the duties of the CAO, Directors and Managers.

4.2.4 Code of Conduct

A Code of Conduct must carry with it both accountability, and a process by which Council Members, Administration, staff, and members of the public can challenge conduct without fear of retribution. Awareness is necessary, compliance is critical.

It is not uncommon for smaller municipalities to find that issues amongst members of Council are problems that exist only at 'face value.' Because of the deep connections to the broader community that Council Members in such municipalities commonly hold, it is not unusual that longstanding issues are created in Council division, often resulting in 'voting blocs.' Because related breaches of the Code of Conduct are then reviewed by Council, with any repercussions or sanctions resulting from a Council vote, it is commonly recommended that an independent, non-partisan adjudicator is tasked

with handling such Council-related concerns under circumstances such as more than half of Council being named in a complaint, or if the reeve is named in a complaint.

Oftentimes, this results in the appointment of an Integrity Commissioner, with the associated person either existing currently within the municipal organization, such as the Legislative Services Officer, or by way of hiring an external advisor to take on the role in a retainer capacity until such an issue arises that requires their direct involvement. Taking this approach ensures that 'voting blocs' do not impact the outcome of such potential instances.

Council should further review its existing Code of Conduct to ensure the current policy is relevant, and that any sanctions for breaching the Code of Conduct are clearly defined and outlined within the policy.

4.2.5 Council Resolve

On two previous occasions, Lamont County Council has received and accepted reports from consultants who conducted reviews similar to this, and which were directed by Council. Some of the issues outlined in those reports seem to continue to plague Lamont County. Council should evaluate the level at which these previous review reports were acted upon by Council and by the County organization as a whole.

This includes identifying whether Council passed any resolutions directing specific actions as a result of these previous review reports; and if they did, whether those actions were carried out. Council must show determination and a willingness to act on those recommendations that it accepts as necessary in the best interests of the municipality.

If Council does take these steps, such lack of action will send a message to staff and County residents that Council is not serious about correcting the identified problems that are harming the effectiveness and efficiency of County operations, contributing to poor staff morale, high rates of staff turnover, and organizational instability. Such a situation also has the potential of creating a negative reputation for the County amongst other municipalities, suppliers and contractors, and possible candidates for future staff recruitments.

4.3 Management

In the typical Canadian municipal structure, Council hires the CAO, who — in turn — is responsible for hiring all other municipal staff. There are numerous claims that emerged throughout the organizational audit process that would suggest this has not always been the case in Lamont County in the recent past. Issues of lack of transparency and accountability often develop through elected officials' interference in the responsibilities of Administration. If Council Members are hiring — or directing the CAO to hire — staff, then communication and accountability lines are blurred, broken, or rendered ineffective.

Lamont County has seen significant new hiring in the recent month, with a high level of staff turnover. This turnover has resulted in changes being made on the fly, and has led

to uncertainty among staff members who have adopted a 'revolving door' mentality. Trends emerged throughout the organizational audit that suggest this high rate of turnover stems from Council involvement in operations, and in staffing decisions, where it ought not to be involved. Additionally, there appears to be a lack of succession planning in Lamont County, leading to the organization starting from scratch with each new hire, thereby also lacking long-term organizational knowledge in many areas.

This high staff turnover rate has had a negative impact on staff morale for both short-term and long-term County employees. At this point, the time required to orient and train new employees; the lack of a complete set of comprehensive documentation of procedures for new staff to learn existing systems and expectations; and an attitude that pits the 'new way of doing things' against the old (or more traditional) ways of doing things, has created pressures that negatively impact the organization's ability to get work done. All of these conflicts have resulted in a negative culture and a sometimes combative work environment.

The COVID-19 pandemic, as well as other factors, has had additional negative impacts on employees from a communications standpoint and in expectations. Further, there is a lack of understanding in how individual projects or staff's work is moving the municipal organization forward, with conflicting direction from multiple superiors creating confusion among frontline workers. It is probable that staff currently lack knowledge relating to where they are going, and why they are going in that direction, both for the short and long term. Operational meetings seem few and far between (possibly as a result of the COVID-19 pandemic and related restrictions), and communications can seem short-sighted to frontline staff when not enough advanced warning is provided, despite potential long-term plans driving operational work.

There is a general feeling that staff are not appreciated or recognized for their work, which worsened over the last number of years, with staff feeling fatigue relating to the burden of change that accompanies consistent staff turnover and a lack of clarity. Further, there is an expressed desire for more communications, and a more defined or documented processes and procedures have been requested in more than one department.

Strategic and effective communications on a regular basis between Directors and Managers, or Managers and staff will lead to all within the organization being more apt to buy into the goals and priorities of the municipality, as well as the policies approved by Council. Such an approach will further ensure that staff have a better understanding of the "big picture." This can lead to a sense of how their efforts help to achieve Council's objectives, which can, in turn, lead to higher levels of motivation and create a sense of purpose, amounting to potential efficiency in time use and therefore greater cost benefits.

At this time, there appears to be a concern over a lack of organization, of systems in place, and of reporting structure that is pervasive across the entire Lamont County organization. Examples included the *Aggregate Pulling Levy System* which seems to lack payment accountability.

As for higher-order planning, observations included that the most recent Strategic Plan has largely been shelved, and there is an evident desire by Managers and staff to act upon that plan. Across the board, members of Lamont County Council were complimentary of the most recently-completed plan, and believe that it will help the municipality move forward, with proper implementation and execution. More consideration should be given to this new Strategic Plan on an ongoing basis, and corporate business plans ought to be created in line with that Strategic Plan.

While this organizational audit process, by nature, seeks to identify potential gaps in organizational operations, there are significant positives to be found in how some operations are currently executed. This was true to departments such as Agriculture Services, which seems to have a strong sense of direction and an understanding of accountability for their role; and to regional efforts such as regional fire services, which has seen positive outcomes from regional planning; among others. Still, there are significant improvements to be found for the long-term sustainability of the Lamont County municipal organization, with the potential for effective operations.

4.3.1 Organizational Structure

Amongst Alberta municipalities, it is almost universal for the CAO to be responsible for establishing the organizational structure and lines of supervision that will best enable staff to achieve the objectives set by Council, within any constraints that may exist via the approved operational budget. This is true, too, for Lamont County, as outlined in *CAO Bylaw 824.20*.

A CAO is generally hired based on their level of expertise and experience in a wide range of areas of expertise, one of which is their understanding of organizational effectiveness, and how to address potential weaknesses in the organization at any given time. While it is possible that one or more members of Council may have experience or expertise in this area, there is no guarantee that will be the case. As such, it is generally more appropriate for the CAO to be responsible for changes to the organizational structure, with a requirement that Council be informed of any changes, without being in charge of those changes. This stated requirement of disclosure creates a system in which Council retains the ability to monitor changes to organizational structure, and to evaluate whether they have achieved their intended outcomes.

To the end of aligning the organization to Council's desired outcomes and wise practice in local government, we would propose some changes to the County's organizational structure. The main goal in implementing such changes would be to create consistency in municipal operations, while finding efficiencies in capitalizing on current County capacity.

We suggest a large-scale review of Lamont County's current organizational structure (included as Appendix B) that follows what's presented in Figure 1, creating clearly-defined departments with a structure that relieves the CAO of direct reports, to an extent. Currently, the CAO has several direct reports from managers. A move of these

managers to direct report to a Director could create efficiencies and better time management for all concerned.

In addition, there seems to be a functional anomaly in the Human Resources Manager reporting to the Chief Financial Officer. We suggest the HR Manager report directly to the CAO, or to a superior designated a Director, or someone filling a 'General Manager' role, who is able to discuss matters of confidentiality inherent to the HR role, and which cannot currently be discussed with the HR Manager's current superior in the CFO.

We suggest Directors functioning in three umbrella capacities, directly reporting to the CAO:

- Director of Operations
- Director of Corporate Services
- Director of Community Services

Under the above-outlined structure, the HR Manager could report to the Director of Corporate Services.

There is also opportunity for streamlining, such as the Regional Fire Chief and the Community Peace Officer falling into a portfolio of 'Emergency Services,' under the Director of Corporate Services, rather than reporting directly to the CAO. The Director of Operations would oversee departments such as Public Works and Agriculture; while the Director of Community Services would tend to such departments as Family and Community Support Services (FCSS) and Community Adult Learning Council (CALC), rather than those areas of importance being grouped in with the County's Economic Development and Planning endeavours (both of which would fall under Corporate Services).

Alternatively, through the course of interviews conducted as part of the organizational audit process, there was a desire expressed for a Deputy CAO, which would alleviate the CAO's workload and number of direct reports, while also helping with organizational Succession Planning.

It's important to remember, at this time, that Council is not to undermine the County's organizational structure under any circumstance. There is no reason for Council Members to direct any Directors, Managers, or frontline staff at any time. The CAO is Council's only employee and, therefore, its only direct report. This includes that — other than for the purposes of touring County facilities, while accompanied by the CAO — Council Members have no business stepping foot into the Public Works space, for example, or stopping frontline staff as they complete their work out in the community.

4.3.2 Decision Making

Another aspect of management to consider is the level of decision making. There are three levels of decision-making present. Each type of decision making must be understood and properly exercised for the eventual delivery of services and programs for which the County is responsible.

The County has internal resources that primarily comprise of people with skills, and an allocated budget and time. Using these resources effectively is critical for the long-term sustainability of the organization. This list does not include elected officials; their role is substantially different from staff roles.

| Type of Decisions | Example Roles | Type of Decisions Required | Impact |
|------------------------------|---|--|--|
| Executive Decisions | <ul style="list-style-type: none"> ▪ CAO | Ensure that the right skills are available in the correct management roles. | Concentrate on skills rather than people. Must separate people and roles. |
| Management Decisions | <ul style="list-style-type: none"> ▪ Directors ▪ Managers | Ensure that the people available are in the roles that suit them best and which will provide the best chance of success. | Concentrate on people. Use individuals' skills to the greatest advantage. |
| Operational Decisions | <ul style="list-style-type: none"> ▪ First-level managers ▪ Frontline staff | Internal: Provide services to County staff and volunteers. External: Provide services to County residents, businesses, and organizations. | Attitude is very important. These are often the individuals seen by those outside the organization. They represent the County in how they serve. |

Not having clarity in this type of decision making is bound to lead to strife and pull between what is expected and what is done, particularly in terms of management.

There can be difficult decisions to make if the necessary skills are not present at each of these levels. Required skills need to be separated from the person, and decisions made accordingly. A person who 'fits' the organization, but who needs skill building, is more likely to be successful than someone who chafes against organizational culture. Similarly, a person with an attitude that does not allow them to accept change or reach out for training and improvement will likely not improve themselves or the organization.

Our observation is that Lamont County has seen situations in which the fit of the individuals is not optimal, even though the skill set seemed present. Steps have been taken to address this, though further succession planning will help create an environment in which this is unlikely to reoccur in the future, as well.

4.3.3 Role Clarity

The issues of role clarity mentioned in the Governance section of this report is just as relevant to Administration as it is to elected officials. While there are no clear issues of Administration stepping outside of its roles, there are numerous examples in which staff members have sought direction from Council Members for a number of reasons, including that high levels of turnover have resulted in a lack of organizational knowledge, and unclear expectations from staff as Council Members reportedly involve themselves in staffing decisions beyond the scope of effective governance.

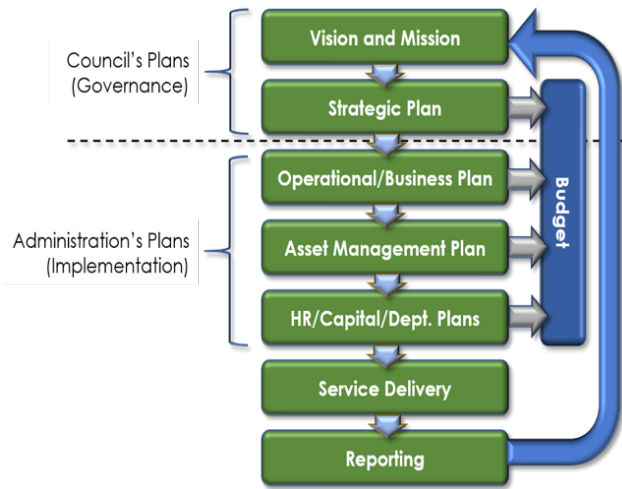


Figure 4 – Governance versus implementation

4.4 Records Retention

On numerous occasions throughout the organizational audit, concerns were brought forward over how the County maintains and files its records, including those relating to policies and procedures.

A Records Retention policy, and a thorough review of record keeping practices, should be undertaken. Modern municipalities are now ensuring that old records are digitized, and stored on a central server or network, in addition to physical copies being stored, and a backup of files being stored on external hard drives for safekeeping. Documents and information should be made easily accessible to all staff, with consistent naming conventions and numbering that is easy to search.

Similarly, old policies, procedures, and bylaws need to be reviewed at regular intervals to avoid gaps and conflicts with current and new bylaws, as well as to ensure that all documents are still relevant and up to date. A rotation should be created for document review, with a “Next Review” date appended to each document to ensure not only internal accountability, but also to cement staff, Administration and Council expectations.

4.5 Service Delivery

Often, when an organizational audit such as this process has been requested, it is because the service delivery aspect is not meeting stakeholders' needs. That appears not to be the issue in this case. By accounts from those interviewed, the actual service delivery from the County to residents and businesses — as well as other internal and external stakeholders — appears to meet the needs of those groups. The one area that was consistently mentioned as housing significant turbulence was in the Public Works Department, where the Director position has been held by eight different people in five years.

At the staff level, there were numerous reports of Council Members creating and filing service requests on day-to-day issues such as drainage, road maintenance, etc. Comments were also made that referenced at least some level of confusion amongst staff between Council Member service requests and official work orders. While acknowledgment was made that recent changes in Public Works have begun to result in positive departmental change and an improvement in work culture, that optimism is based on a short time span.

4.5.1 Service Review

This analysis and insight is based on interviews rather than on broader public engagement. Such an exercise would likely be valuable for the municipality in achieving short-term success and long-term sustainability, and would therefore be a largely worthwhile endeavour; however, it is not being recommended as a direct result of this audit process. Council should consider regular public engagement, such as a 'Citizen Satisfaction Survey' or a 'Stakeholder Satisfaction Survey,' on an ongoing basis, on its own merit.

A regular review of what the County provides and how well that responds to community needs could eliminate spending in areas that are no longer in high demand, and could help to free up resources to spend in potentially new areas of demand. A current example of this within Alberta communities is the repurposing of some tennis courts to become pickleball courts. When they were built, the tennis courts met a growing demand, and that demand has gradually waned over time. Concurrently, the popularity of pickleball has grown and demand for courts has grown along with it. Should a municipality not understand the process that has occurred, it is possible that new pickleball courts would be built while current tennis courts go underutilized. In this scenario, the prudent move is to convert some of those tennis courts for use as pickleball courts.

This is one example, but there are many examples of how service demands change over time. Gaining insight into these types of changes will allow Council to align what and how services are delivered to make best use of limited municipal income.

Often, these changes are based on a 'gut feeling' rather than specific evidence. Service level reviews based on a related policy can help bring the municipal government into alignment to understanding that they cannot be all things to all people. There are dollars to be saved with minimal political capital being spent.

A full, in-depth service review will take time and it can be spread out over time – for example, this could be established by examining Public Works this year, Recreation next, Social Services the following year, and so on. Should Council adopt a service level review policy, these types of details can be set out in that document.

There is a note to be added about how politics play into service delivery. Everything the County does now was originally created because it was either directly or indirectly added based on a decision of Council. Changing or removing that service type or service level is also a political choice. The amount of political capital required will

change over time, but removing or changing anything that is currently in place will have at least a minimum amount of political consideration.

4.5.2 Regional Service Delivery

When travel took time and communication was slow or awkward, the idea of municipalities was that they would be more or less self-contained. That is no longer the case. The definition of ‘community’ has changed from a purely geographical one where we all interacted with our neighbours, to more of an interest-based community that may include members who do not live within geographical proximity to one-another.

The same reduction in impediments caused by the cost of travel or the speed of communication can be brought to bear for local governments. When Lamont County began, it had to provide all services to all people without the benefit of outside assistance. Now, there is nothing stopping the County from providing service in a multitude of ways, so long as they meet the needs of citizens.

Throughout the audit process, there was widespread support for the regional fire services operating out of five stations in Bruderheim, Lamont, Mundare, Andrew, and Chipman. Efforts related to this regional service were notably discussed in a positive light, and are an example of how to effectively deliver services on a regional level, as well as how to work collaboratively with other municipalities in areas of shared benefit.

There are three fundamental ways of delivering services as a local government now. These are listed by frequency of common practice:

| Type of Service Delivery | Advantages | Disadvantages |
|--------------------------|--|---|
| In-house | <ul style="list-style-type: none"> ▪ County has first-call on the time of the service delivery person. ▪ Can be quick response time. ▪ Pride of County ownership. | <ul style="list-style-type: none"> ▪ Opportunity cost if service is not commonly required. ▪ Specialized staff and training can be expensive. |
| Contracted | <ul style="list-style-type: none"> ▪ Typically lower cost. ▪ Easy to add or remove service types or levels of services. | <ul style="list-style-type: none"> ▪ Response time will often be slower than in-house. ▪ Service or equipment is not owned by the County. ▪ Can become more expensive if the service is frequently used. |

| Type of Service Delivery | Advantages | Disadvantages |
|--------------------------|---|---|
| Regionalized | <ul style="list-style-type: none"> ▪ Specialized expertise from other municipalities. ▪ Regional understanding. | <ul style="list-style-type: none"> ▪ Some equipment may be needed in other municipalities at the same time. ▪ Limited direct control of timing of service delivery or specifics of the service available. |
| No Delivery | <ul style="list-style-type: none"> ▪ Lowest short-term cost. | <ul style="list-style-type: none"> ▪ Service may still be desired by some. |

Where time is not of the essence, looking towards regional service delivery has become more common in recent years, spurred on by regional service commissions, Intermunicipal Collaboration Frameworks, and alliances. Some services make sense to look at regionally, while others do not.

An example of a place where regional service delivery makes sense would include those services which are expensive to offer because they require dedicated professionals if they are to be done comprehensively. This includes internal functions like human resource management, communications, permitting, etc. While Lamont County provides these services, they are not under the management of related dedicated professionals. As a thought experiment, a group of municipalities could hire a Director of Human Resources, and also retain HR clerks within each partner municipality. The Director could provide oversight, while direct delivery happens at the local level. A similar experiment could be done for other departments which currently exist as one-person areas of focus at this time.

There are places where regional service delivery does not make sense, such as where there is competition between the potential partners. For example, every municipality needs the snow plow at the same time, so sharing that type of equipment could be unsuccessful.

Similarly, topics like business attraction or economic development may not be ideal for regional sharing, unless there is an understanding among partners about how to determine whether the inherent competition can be overcome to the benefit of all. Oftentimes, municipalities will take part in regional economic development efforts, while maintaining a local focus on economic development efforts through internal work being conducted. An example of this would be that Lamont County is a member of Alberta's Industrial Heartland Association, which seeks to attract and maintain industry investment in the Industrial Heartland region as a whole; meanwhile, Lamont County efforts continue for specifically local industrial investment attraction. Both can coincide and be effective towards long-term sustainability efforts.

Lamont County is a member of numerous Intermunicipal Collaboration Frameworks, as mandated by the province. It is important for the County to not only maintain these ICFs moving forward, but also to ensure such frameworks are reviewed on a consistent basis to ensure optimal benefit to all parties involved. A regular schedule for internal reviews of these agreements should be set at consistent intervals, to consider whether partnerships made in ICFs remain relevant to the County, or if changes are required.

There is certainly strength in numbers, as Lamont County's participation in regional service commissions and mutual aid agreements illustrates, including through regional fire services, which have been effective in serving local and regional residents alike.

5 Recommendations

Based on the pages above and the gaps identified between the ideal state of local government in Alberta and what was found through the organizational audit of Lamont County's situation, the Project Team has developed a series of recommendations for Council to consider. Some of these are significant, while others comprise minor mid-course corrections.

Council and Administration can begin to take actions relating to these recommendations immediately, but should do so with the knowledge that in many instances, change will not occur overnight. Following through on these recommendations requires a lengthy dedication to excellence, with some likely to require years of commitment before desired outcomes are achieved. This is particularly true in efforts to improve the County's internal culture.

Organizational excellence is a goal that must be embraced throughout the organization — cascading from Council, through to Senior Administration, and eventually to frontline staff.

Following through on these recommendations will admittedly compete with day-to-day operations, and may require contingent resourcing. Still, the long-term benefits of committing to improving upon the County's current state are undeniable, and will contribute to the eventual stability and sustainability of local government.

5.1 Governance

We recommend that:

- a) County Council formally receives this report, and refers it to Administration for review and recommendation about implementation.
- b) The Executive Summary, and possibly the entire report, be released publicly once reviewed and redacted as necessary.
- c) Council undergoes an orientation on governance roles and responsibilities at the beginning of each Council term, and again as a refresher midway through the term.
- d) Council reviews its Code of Conduct to ensure it is relevant to the County's current state.
 - a. A portion be drafted and added to the Code of Conduct that addresses elected officials inappropriately communicating with and/or directing Administration and staff members other than the CAO.
 - b. More weight be added to Section 7 of the Code of Conduct, relating specifically to Council Members' behaviour outside Council Chambers and in the community, including an expected level of professionalism in discussing County operational and staffing matters.
 - c. Council reviews sanctions relating to the existing Code of Conduct, creating higher levels of accountability where necessary, and where possible.

- e) County Council review all County governance policies through the course of each four-year Council term, and renew, revise, or rescind policies as necessary.
- f) Council identifies whether it is delivering on its priority programs and services through ongoing formal consultation efforts, such as the implementation of Citizen Satisfaction Surveys.
- g) Council adopt Priority-Based Budgeting as a means to ensure that programs and services are being effectively prioritized within the municipal budget.
- h) The County budget includes resources that build capacity in management and staff to help improve municipal organizational culture and increase staff retention rates. This may include leadership coaching and professional development.
- i) Council direct Administration to look outwards for examples of best practices in other local governments and adapt them to Lamont County's experience as wise practices.
- j) Council create and adopt a Service Level policy or bylaw.
- k) Council Members schedule and take part in training/workshops specific to team building, to be conducted on a semi-annual basis.
- l) Council requests information relating to actions taken on the two previous Organizational Review processes conducted for Lamont County, and how those reports compare to this one.
- m) Council directs the CAO to provide reporting on specific recommendations that Council approves from this report, outlining actions taken and the result of those actions, approximately three times per year.
 - a. Council directs that these reports be provided in public sessions.
- n) Senior Administration be included in future Strategic Planning processes so that Council goals and priorities are better understood and bought into throughout the organization, and so that members of Administration feel a sense of ownership in the County's future success. This does not change that the final product is owned by Council.

Additionally, there are certain recommendations which cannot necessarily be tracked, but should be adopted by Council and the CAO, alike, and enforced through such measures as the Code of Conduct.

We recommend that:

- a) Aside from taking part in bi-annual Council Orientations, Council remains aware of its governance role vs. the role of Management and Administration that is led by the CAO.
- b) Council Members work collaboratively as a team to achieve the goals that they, themselves, have set out and approved.
- c) Council Members work collaboratively and respectfully with Administration towards a mutual desire for the betterment of the County.
- d) Council seeks renewed organizational stability through effective governance and reduced staff turnover.

- e) Strategic Plans be comprehensive and for the benefit of all residents, and that the plan guides the municipality into the future.
- f) Council shows leadership through determination and a willingness to act on recommendations from reports that it accepts as necessary in the best interests of the municipality.

5.2 Management

We recommend that:

- a) The CAO alter the County's organizational structure to include a Director of Operations, Director of Corporate Services, and Director of Community Services that report directly to the CAO; and alter some reporting relationships to streamline the County's reporting structure.
 - i. Particular attention be given to the Human Resources reporting relationship, and restructure to better handle issues concerning employee confidentiality.
 - ii. Reduce CAO direct reports to between three and four roles.
- b) The CAO develops a Succession Plan for staffing of senior leadership within the municipality.
- c) Human Resources staff develops and disseminates a Staff Satisfaction Survey on an annual basis to be able to recognize long-term trends, and obtain new ideas to improve organizational culture and staff retention rates.
- d) Human Resources personnel review existing benefits and employee acknowledgement programs in comparison to other municipalities, to determine whether improvements can be made.
- e) Human Resources develop an organization-wide strategy for training and onboarding of new staff members that seeks to strengthen internal culture, and knowledge of proper reporting and lines of communication, from the outset.
- f) The CAO and Senior Administration work collaboratively to create and disseminate Citizen Satisfaction Surveys on an annual or bi-annual basis to ensure the County is meeting the needs and expectations of local residents, businesses, and other potential stakeholders.
- g) Any outstanding work related to the County's corporate plans (i.e., business plan, operational plan) be completed, ensuring alignment to the most recent Strategic Plan to ensure the will of Council is executed through administrative plans.
- h) Any corporate plans include Key Performance Indicators to ensure that progress can be tracked for purposes of efficiency, and to ensure that efforts align with organizational goals and priorities.
- i) Corporate business plans, Strategic Plans, bylaws, and municipal planning documents be easily accessible on the County website.
- j) Corporate business plans, Strategic Plans, bylaws, and municipal planning documents be reported on by department heads at regular intervals, as part of public Council meetings.

- k) A Records Retention policy be created, and a review of current record keeping practices be undertaken.
 - i. All records be digitized.
 - ii. Records management be more robust, with information management systems used conscientiously.
- l) All bylaws be reviewed at regular intervals to avoid gaps and conflicts with current and new bylaws.
 - i. Any inconsistencies or conflicting bylaws be presented to Council for consideration.
- m) Implement Priority-Based Budgeting to County budgeting processes.
- n) The CAO concentrate on high-level management and delegate service delivery matters to managers and staff wherever possible.
- o) Communication and engagement be upgraded with the goal of all staff being aware of pending County activities.
 - i. Department Managers be made aware of their departmental budgets, relevant to them and to their position, on a regular basis.

5.3 Service Delivery

We recommend that:

- a) The County consider embarking on a regular review of the number, type, and intensity of services provided.
- b) Lamont County identify which, if any, Hard, Soft and Corporate services could be delivered jointly with other municipal partners as a way to engage required expertise while retaining capacity within the County.

6 Conclusion

When we are asked to provide an organizational audit such as this, there are main areas of focus we look at. We look within the organization to identify whether the County is providing efficient service to the community; we look at the history and structure of the organization; and we look at how relationships between and among Council, Administration and staff are either helping or hindering the work of the County. When we look outwards, we try to determine, to the best of our ability, whether the County is providing the right services to the right people, at the right time, in the right quantity.

As this is an organizational audit, our process in reviewing municipal operations was to look for places in which improvements can be made, and perhaps places in which a more in-depth review is required. We have provided some insights in this report between what we see in a well-governed municipality, and what is witnessed to be happening in Lamont County. The results of that provide us with a Gap Analysis, which we then address through a series of recommendations. No matter the municipality in question, an organizational audit will identify room for improvement.

Fundamentally, it appears as though service delivery levels are meeting expectations, though they are, at times, disrupted by a misunderstanding of governance roles and responsibilities.

There are changes to make, as outlined in the recommendations included in this report. Operational fires must be addressed immediately, including the need for organizational stability. This can be partially achieved through an end to the high rates of turnover seen over the past number of years — particularly that seen amongst permanent full-time positions in 2021. Numerous internal issues can be addressed through improved culture, with the knowledge that such a change is one that requires long-term dedication and attention.

It is important to increase staff retention rates, and to end the cycle of high turnover rates within Lamont County in order to establish high-functioning departmental activities and processes, and to build organizational knowledge. Succession planning should be part of this process, ensuring long-term organizational sustainability.

There are many additional issues that should be addressed, and that are at risk of quickly becoming much larger problems. Where there is smoke, there's fire — or at least a risk that a fire is about to break out. There are issues that could soon run out of control, and some with the potential to spread to areas not already being impacted.

Lamont County runs fairly efficiently from an inwards-facing perspective. According to interviewees, the County delivers — by and large — what citizens and others require of their County. There seems to be a consensus throughout the organization that the municipality prioritizes and delivers services that are needed and appreciated by the public. Public Works services, specifically, such as roads and drainage, as well as community-focused services such as FCSS, were acclaimed by Directors, Managers,

staff, and Council Members alike. This should be a point of pride in Lamont County, where commonality has been found through effectively serving local stakeholders.

Additionally, there was an expressed satisfaction with recent management hires who seem to be making changes in pointing the organization in the right direction.

If there is one major suggestion coming out of this audit, we would recommend that Council Members do not interfere in County operations, or involve themselves at the operational level. There are clear lines of roles and responsibilities that must be drawn, and which must be respected by elected officials, Directors, Managers, and staff alike.

The review team thanks County Council, Directors and Staff for their insights and candor as participants in the Organizational Review process. We understand this type of process can be disruptive, and County staff were very pleasant to deal with.

7 Appendices

Appendix A: Interview Questions

These are the theme areas that were explored with each interviewee, which have been summarized as part of this Organizational Audit Report.

1. What do you love best about living in/working for Lamont County?
 - (a) If you don't live in Lamont County, why not?
2. What do you believe are the best or most important services and programs the County delivers for local residents and businesses?
 - (a) What services are the least important or the least used?
3. In your own words, what are the key issues impacting Lamont County as you see them?
4. What precipitated these issues in the first place?
5. Why do you think this analysis came about? Key reasons.
6. What do you see as a potential outcome from this audit?
7. Do you have an opinion on the financial condition of the County?
8. If you could change one thing with the way the municipality is organized, what would it be?
9. Is there anything about the way the organization is structured that is an impediment to improvement/growth/development?
10. Have you ever suggested organizational changes to anybody in the organization?
 - (a) Was your suggestion seriously considered?
 - (b) Was it implemented?
11. Who else do you feel we should be interviewing as part of this process?
12. Have we covered the major issues that we need to consider? Are there any areas we are missing?

Please provide us with additional comments by email if something comes to mind after this interview.

Appendix B: Current Organizational Chart



Lamont County 2021 Organizational Chart

