OFFICE OF THE
City Auditor

City of Edmonton
Governance Review

February 28, 2007

Edmonton
THE CITY OF

The Office of the City Auditor conducted this project in accordance with the *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors (IIA)*.*

IIA Standard 2130 – *Governance* states:
The internal audit activity should assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization.
- Ensuring effective organizational performance management and accountability.
- Effectively communicating risk and control information to appropriate areas of the organization.
- Effectively coordinating the activities of and communicating information among the board, external and internal auditors, and management.

Governance Review

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Executive Summary

Introduction
The City of Edmonton Governance Review was approved in the Office of the City Auditor's 2006 work plan.

Edmonton is governed by an elected City Council comprised of a Mayor and twelve Councillors. Council serves the 700,000 citizens of Edmonton by fulfilling their responsibilities as set out in the Municipal Government Act (MGA); being responsible for developing and evaluating the policies and programs of the city; and making sure that the powers, duties and functions of the municipality are appropriately carried out.

The workload of Council and its Committees has steadily increased from 2003 to 2005 as the number of agenda items, issues discussed and number of hours spent in Council and Committee meetings has risen. In addition to these meetings, members of Council are required to fulfill responsibilities related to other agencies and community events that are often held during the evening and on weekends.

Governance Survey Results
To better understand how well the City's governance model is operating, we conducted individual interviews with members of City Council and Senior Members of the Administration using the 15 attributes of good governance that are incorporated into the *Governance Effectiveness 'Quick Check'* survey tool[1] as our interview guide.

Overall, the results of the individual Councillor's assessment indicated that Council believes they are doing most things well, but could improve in some areas in fulfilling its governance responsibilities. The strongest areas were identified as Council's Compliance with Legislation and the Management of Meetings.

The survey results identified three areas with potential to improve Council's effectiveness: 1) Commitment to Mission & Guiding Principles; 2) Roles and Responsibilities; 3) Decision-Making Process. In addition to these, we also undertook a review of the Councillor Orientation and Training program as this program is critical for each incoming Council to start with a solid foundation to understand and fulfill their governing responsibilities.

Mission and Guiding Principles
Members of Council told us that collectively Council does not have a common understanding of its Mission or Guiding Principles. Although there was clear commitment from each individual to the City of Edmonton, there was no cohesive view on what Council, as a whole, wanted to achieve.

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[1] A learning tool published by the Institute on Governance, Ottawa, ON and accessible at http://www.iog.ca/boardgovernance/html/ass.html.

Council Vision & Strategic Planning
Early in their current term Council participated in a series of planning meetings and documented their focus areas. The result was *Edmonton City Council Special Initiatives 2005-07.* This Council is commended for recognizing the need to develop a plan to accomplish their priorities. In our opinion, the Council Initiatives have helped Council communicate its priority focus areas to the Administration.

Leveraging on the success of the Initiatives, we believe it is vital that future Councils identify what is important to them by developing and maintaining a comprehensive Strategic Plan for the City of Edmonton. A comprehensive Strategic Plan should include not only special initiatives, but also strategic guidance regarding priorities and levels of service for all core programs offered by the City of Edmonton.

Every new Council must have time dedicated in their meeting calendar to articulate aspirations and then set priorities and direction, through the development of a strategic plan, for their upcoming term. Considering the full meeting schedule Councillors have immediately following the election, we believe that the development of a strategic plan should be done in two distinct phases: Phase 1 – October to December (election year); Phase 2 – January to March (Term year 1). The strategic plan should be reviewed annually to provide Council with a mechanism to adjust for changes in the municipal environment during their term.

We believe it is critical that the City Manager and Corporate Business Planning Department participate in the strategic planning process so that the City's business planning and reporting process are aligned with Council's direction. Council should establish timelines to review progress based on its own activities as well as receive performance reports from the Administration on the initiatives that the Administration is leading.

Roles and Responsibilities
Members of Council told us that there are times when Council moves from a governing role to micro-managing the Administration. Committee work was identified as duplicate work at times, especially when Committee recommendations are challenged and not accepted by Council. Councillors also expressed frustration that, in their view, their ability to give direction is restricted.

Council Responsibilities
The MGA identifies one of Council's principle duties as participating in development and evaluation of the municipality's policies and programs. To facilitate this, the MGA authorizes Council to establish and delegate responsibilities to Committees. This delegation is critical to distribute the workload of Council so that it may fulfill its responsibilities.   Standing Committees should be charged with the role and responsibility of policy development, review and interpretation. Council's role is to approve policies.

Another critical role of Council is to establish the priorities of the municipality, including monitoring the organization's performance. This requires Council to provide clear

direction to the City Manager and to hold him and Committees responsible for achieving their identified priorities.

Council should concentrate on the higher-level governance responsibilities such as:

- Identifying priority areas for the City of Edmonton
- Providing clear direction for the Council Committees and the Administration
- Hiring and monitoring the performance of the Chief Administrative Officer (City Manager). The organization's performance is a primary contributor to the City Manager's performance
- Monitoring the performance of Council Committees and itself to ensure the City's priorities and goals are achieved
- Appointing members and monitoring the activities of Council created Civic Agencies

Council Committees

The roles and responsibilities of Council's Committees are documented in Bylaw 12300, Procedures and Committees Bylaw. In our opinion, the duties of each Council Committee should be clearly identified and require specific terms of reference for each Committee. Their relationship to Council should be fully explained and understood by all parties.

Council as a whole should retain the role of policy-approver and place considerable reliance on the assigned Council Committee to bring forward policy recommendations that consider input from the Administration and other stakeholders. Standing Committees should be charged with the role and responsibility of policy development, review and interpretation. The benefits of dealing with a matter at the committee level are the in-depth discussion allowed by the more flexible procedural rules and the opportunity to hear from all stakeholders. Members of Council should be encouraged to participate at the Committee level even when not a member of the Committee to gain insight into the issues and minimize duplicate discussion at Council when a policy is brought forward for approval.

Annual Self-evaluation

Once Council has clarified the roles and responsibilities of Council and its Committees to achieve its vision and strategic plan, it is important to develop a mechanism to monitor progress. In addition to monitoring the performance of the Administration, Council and its Committees should also monitor their own achievements.

Audit Committee

Audit Committees present a unique challenge for municipalities and Council should be commended for establishing a Standing Audit Committee. Typical Audit Committee responsibilities include overseeing the processes around: a) the preparation of the Financial Statements, b) Risk Management and Internal Control, c) Compliance and Ethics, and d) Oversight of Management and Internal Audit. To fulfill these responsibilities, financial expertise is required. This can be particularly challenging in a municipal environment since there is no guarantee that elected Councillors have the level of financial expertise required of public company audit committee members. The

Committee should address this challenge by engaging an independent Financial Expert to provide financial advice as needed.

Decision-making
Members of Council told us that improvements could be made to the decision-making process. Their comments recognized that, in certain instances, the work completed by the Committees causes duplication of time and effort for the Administration and Councillors. Councillors conveyed that an open and transparent political process takes time and sometimes inefficiencies must be endured. We have identified four areas to improve the process to support Council's decision-making.

Committee Structure
As stated earlier, the MGA provides Council the ability to establish and delegate responsibilities to Committees. In our opinion, each Council, following their initial Strategic Planning Session, should assess the established Council Committees and determine if they are sufficient or still needed to help them achieve their objectives. This should also include reviewing whether the terms and membership of the committees meet Council's needs. We reviewed the committee structures of several Canadian cities with no particular trend standing out as best practice. We discuss the possibility of establishing a budget committee and challenge the need for the City Manager & City Auditor Performance Evaluation Committee, but the most significant change discussed is a change to the function and practice of the Agenda Review Committee (ARC).

Agenda Management
We attended ARC meetings held in the fall of 2006 and found them to be very informal with a short term focus. In our opinion, the function of the ARC is critical to the effectiveness of Council and Committee meetings since it manages the priority and coordination of issues dealt with by Council and its Committees. This requires an understanding and alignment of the strategic priorities of Council to ensure that the most important issues are brought forward to the appropriate body, considering Council's delegation to the Committees, and ensuring all available information is considered at one time.

We believe that a 3-year calendar should be prepared that proactively forecasts the timing of issues that are determined to be significant to Council. The ARC could then meet less frequently, possibly monthly or even quarterly, and determine what is appropriate to be before Council or Committee during the next set of meetings. Individual Councillors should be provided the ability to bring an item forward, with a clear Policy context, for ARC scheduling. This would provide an individual Councillor with an efficient way to bring issues forward. The risk of creating a "power committee" is addressed through an ARC mandate to organize agendas to support Council's strategic vision and priorities.

Reports
Reports are used to provide information for decision making, to answer inquiries, to obtain authority and to establish policy. In reviewing Council and Committee minutes and attached reports, we identified opportunities to redesign the report template to

facilitate a governance perspective through clear linkage to policy, providing a complete history of the issue, and ensure an appropriate level of detail.

<u>Administrative Inquiries Process</u>
Councillors use Administrative Inquiries to ask questions in a public forum. Administrative Inquiries are costly and time consuming on two fronts: a) the time for the Administration to respond and b) the time for the Administration to present its report and respond to Councillors' questions at a Council/Committee meeting. Administrative Inquiries consume Council and Administrative resources and shift the focus away from policy consideration at Council and Committee meetings. Members of Council however, continue to see value in requiring the Administration's responses to be brought forward at a Council/Committee meeting. One identified improvement is the creation of an Administrative Inquiries database to facilitate previous related inquiry searches so that inadvertent repeat inquiries would be minimized.

Orientation & Training
Orientation and Training is critical to any individual participating on a governing body so that their responsibilities are understood and can be fulfilled. With minimal basic requirements to be a Councillor (18 years old, Canadian citizen, and a 6-month resident of Edmonton) the orientation and training program must be designed to meet the separate needs of very inexperienced Councillors as well as those with years of experience in municipal governance.

In addition to the changes in governance practices discussed in this report, additional enhancements to the Council Orientation and Training program should include establishment of an Orientation and Training Policy and ensure that the department overview presentations better serve Council's strategic knowledge needs.

Conclusion
Our review of the City of Edmonton's Governance found that the current Council believes they are doing most things well, but could improve in some areas to better fulfill its governance responsibilities. With a view to continuous improvement, we have discussed opportunities in the areas of Strategic Planning and Direction, Council and Committee Roles & Responsibilities, Decision-making Process, and Orientation and Training.

We have directed seven recommendations to the Administration and they have provided a Management Response and Action Plan for each, with the understanding that their commitment is dependent on Council's acceptance of the recommended action and their subsequent direction to have the recommendations acted upon. In our opinion, these changes will enhance the City of Edmonton's governance structure so that citizens' expectations of open, transparent and responsive leadership from future Councils and future Administrations will continue to be met.

We thank all members of Council as well as members of the Administration for their participation throughout this review.

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City of Edmonton
Governance Review

1.   Introduction

The City of Edmonton is the Capital City of the Province of Alberta. Edmonton has a population of over 700,000 within an area of 700 square kilometers. Metropolitan Edmonton has a population of over 1 Million within an area of 9,537 square kilometers. The City has annual revenues of $1.6 billion, total assets of $5.2 billion, and employs 10,137 Full Time Equivalent staff.[2]

Given the size and significance of the City, the City of Edmonton Governance Review was approved in the Office of the City Auditor's 2006 work plan. Governance is defined as, "The combination of processes and structures implemented by the governing body in order to inform, direct, manage, and monitor the activities of an organization towards the achievement of its objectives."[3]

While the process and factors influencing governance in a municipal environment differ from those in a corporate environment, the need for sound governing practices remains critical to provide citizens with confidence that the City's priorities reflect their needs and that the provision of services and facilities are effectively overseen by their elected officials. The municipal structure brings unique challenges that must be balanced, such as a Councillor being elected in a Ward system, yet being required to make decisions that benefit the city as a whole; to balance efficiency with the need to protect political freedom so that constituent issues can be represented; as well as the requirement for public access, including transparency of information, discussion and decision-making.

1.1. Edmonton's Organizational Structure

Edmonton is governed by an elected City Council comprised of a Mayor and 12 Councillors. City Council fulfills its responsibilities as required under the Province of Alberta's Municipal Government Act (MGA) primarily through public Council meetings and Council Committee meetings.

City Council has established eight standing committees and operates on a two-employee model with the City Manager and the City Auditor as its employees (as
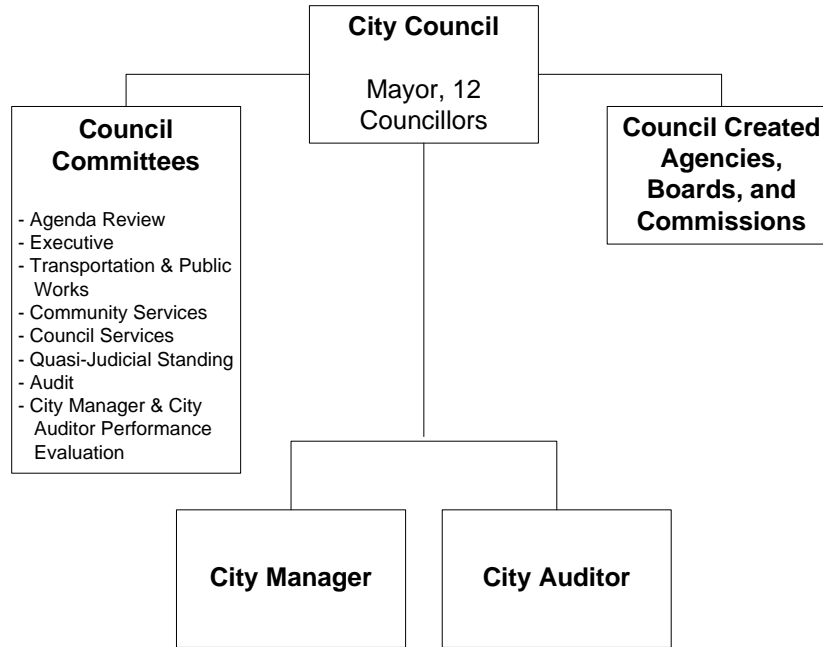
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[2] Source: City of Edmonton Annual Report – 2005

[3] Definition of Governance: Institute of Internal Auditors, The Professional Practices Framework, January 2004, p 28.

illustrated in Chart 1). In addition, City Council appoints citizens-at-large to over 25 Civic Agencies, Boards, and Commissions.

Chart 1
City of Edmonton Governance Structure

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                        ┌─────────────────┐
                        │  City Council   │
                        │                 │
                        │   Mayor, 12     │
                        │   Councillors   │
                        └─────────────────┘
┌──────────────────┐                        ┌──────────────────┐
│     Council      │                        │ Council Created  │
│    Committees    │                        │    Agencies,     │
│                  │                        │   Boards, and    │
│ - Agenda Review  │                        │   Commissions    │
│ - Executive      │                        └──────────────────┘
│ - Transportation & Public
│    Works
│ - Community Services
│ - Council Services
│ - Quasi-Judicial Standing
│ - Audit
│ - City Manager & City
│    Auditor Performance
│    Evaluation
└──────────────────┘
            ┌──────────────────┐   ┌──────────────────┐
            │   City Manager   │   │   City Auditor   │
            └──────────────────┘   └──────────────────┘
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The work of Council and its Committees has steadily increased from 2003 to 2005 as indicated in Table 1. The number of agenda items, issues discussed (exempted items) and number of hours spent in Council and Committee meetings has risen throughout this period.

Table 1 – Council and Committee Total Workload Patterns

Workload Indicators	2003	2004	2005
▪ Meeting Time (Hours)	437	482	578
▪ Count of Agenda Items	1,335	1,499	1,678
▪ Count of Agenda Pages	14,428	18,208	17,853
▪ Late Reports	89	105	154
▪ Exempted Items[†]	892	935	1073
▪ Postponed Items	105	113	93
▪ Referred Items	89	75	78

† These are items exempted for discussion at a Council or Committee meeting. Items that are not exempted are recorded in the minutes as "passed."

Source: Meeting Statistics Report - Office of the City Clerk

Overall, City Council (which includes Public Hearings) and the three main policy development Committees (Executive Committee, Transportation & Public Works Committee, and Community Services Committee) account for approximately 95% of the total agenda items.

In a survey conducted in 2006, members of Council indicated that, on average, only 42% of their work time is spent in Council or Committee meetings. The balance is spent fulfilling other responsibilities such as representing the City on outside organizations, dealing with constituency matters including developers and community groups, attending official social functions, and meeting with other levels of government. Members of Council indicated that 92% of them work more than 50 hours per week for the City, with one-half of them working greater than 60 hours. Many of their responsibilities are fulfilled in the evenings (two to three nights per week) and on weekends, with the majority indicating two to three weekends per month are spent on City business.

1.2. Edmonton's Legislative Framework

The primary governing legislation for the City of Edmonton (the City) is the Municipal Government Act of Alberta (MGA). The specific provisions of the MGA that provided the foundation for this review include:

Section 3
The purposes of a municipality are:
   (a)   to provide good government,
   (b)   to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality, and
   (c)   to develop and maintain safe and viable communities.

Section 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 and interests of the municipality;
   (b)   to participate generally in developing and evaluating the policies and programs of the municipality;
   (c)   to participate in council meetings and council committee meetings and meetings of other bodies to which they are appointed by the council;
   (d)   to obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer;
   (e)   to keep in confidence matters discussed in private at a council or council committee meeting until discussed at a meeting held in public;
   (f)   to perform any other duty or function imposed on councillors by this or any other enactment or by the council.

Section 201(1)
A council is responsible for:
   (a)   developing and evaluating the policies and programs of the municipality;

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

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

Section 201(2)
A council must not exercise a power or function or perform a duty that is by this
or another enactment or bylaw specifically assigned to the chief administration
officer or a designated officer.

Section 207
The chief administrative officer:

(a)   is the administrative head of the municipality;

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

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

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

City Council approved Bylaw 12300, *Procedures and Committees Bylaw* to establish the
rules to be followed in governing the City of Edmonton and to establish the Standing
Committees of City Council. It is important to note that the power and responsibility to
direct the Chief Administrative Officer lies with Council as a whole, and not with the
individual members of Council.

The MGA requires every council to establish and appoint a chief administrative officer.
The City of Edmonton gives this position the title of City Manager. The City Manager is
appointed by City Council and is responsible to implement City Council policies and
manage day-to-day operations. The City Manager leads six departments[4] plus the
Office of the City Clerk, the Office of Emergency Preparedness, and the Office of
Intergovernmental Affairs. Bylaw 12005, *City Administration Bylaw* - establishes the
position of the Chief Administrative Officer and delegates powers, duties and functions
to that position. The City Administration Bylaw confirms that the City Manager is
accountable to Council for the exercise of all powers, duties and functions delegated to
the City Manager. The Bylaw addresses the City Manager's General Powers, the
Relationship with Council, the Financial Powers and Functions, Contracts and
Agreements, and Other Responsibilities.

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[4] City of Edmonton Departments: Corporate Business Planning, Corporate Services, Asset Management
and Public Works, Transportation, Community Services, and Planning and Development.

2.   Observations and Analysis

This section describes the processes we used to complete this governance review and develop our resulting observations. Section 4 contains the seven recommendations made to improve the governance structure of the City of Edmonton based on our review and analysis. Action plans for implementing those recommendations are also provided.

2.1.   Council's Self-Assessment Results

To gain an understanding of how well the governance model is operating we conducted individual interviews with members of City Council, the City Manager, the Senior Management Team (present, recent past, and acting), and the City Clerk. Each interview was guided by the 15 attributes of good governance that are incorporated into the *Governance Effectiveness 'Quick Check'* survey tool published by the Institute on Governance.[5] The 15 attributes of good governance identified by the Institute on Governance are: Orientation and Training; Strategic Direction; City Manager's Performance; Financial Stability; Roles and Responsibilities; Efficient Use of Resources; Stakeholder Credibility; Commitment to Mission and Values; Compliance with Legislation; Teamwork; Communications/Working Relationship; Manage Risk; Meetings; Decision-Making Process; and Balance. We asked each interviewee to provide their perception of how well Edmonton City Council satisfies each attribute. The results of those interviews were used to identify the areas where additional fieldwork would be likely to add the greatest value. The summary responses are provided in Appendix A.

Overall, the results indicate that Council believes they are doing most things well, but could improve in some areas to better fulfill its governance responsibilities. On a Scale of 1 to 6,[6] assessments provided by members of Council resulted in an average rating of 4.3. This assessment is consistent with the average rating of 4.2 provided by members of the Administration.

The strongest areas were identified as Council's Compliance with Legislation (average rating of 5.3), and the Management of Meetings (average rating of 5.3 – this score was attributed to the meeting organization and protocols as supported by the Office of the City Clerk).

The survey results identified the following three governance attributes with potential to improve Council's effectiveness:

1. Commitment to Mission & Guiding Principles (average rating of 3.7)

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[5] A learning tool published by the Institute on Governance, Ottawa, ON and accessible at http://www.iog.ca/boardgovernance/html/ass.html. The Institute on Governance is a non-profit organization that explores, shares, and promotes the concept of good governance in Canada and abroad, and helps governments, the voluntary sector, communities and the private sector put it into practice for the well-being of citizens and society. See http://www.iog.ca for more information.

[6] The scale used to measure perception that Council fulfills its governing responsibility: 1-Strongly Disagree; 2-Disagree; 3-Disagree Somewhat; 4-Agree Somewhat; 5-Agree; 6-Strongly Agree.

2. Roles and Responsibilities (average rating of 3.7)
3. Decision-Making Process (average rating of 3.6)

In addition to reviewing the above three areas, we reviewed the Orientation and Training program as this program is critical to ensure that each incoming Council starts with a solid understanding of their governing responsibilities.

We relied on the input and perspective provided by members of Council and the Administration through the survey interviews to focus our review on the above four areas.

2.2.   Mission and Guiding Principles

During the Governance interviews, members of Council consistently told us that Council does not have a common Mission or Guiding Principles. Although there was clear commitment from each individual to the City of Edmonton, there was no cohesive view on what Council, as a whole, wanted to achieve.

2.2.1.   Council Vision & Strategic Planning

Early in their term, Council participated in a series of planning meetings and documented their focus areas. The resulting *Edmonton City Council Special Initiatives 2005-07* documented Council's special priorities and assigned Councillors to each initiative.

With this being the first Council to develop special initiatives, the Administration was challenged to respond as there was no established process to support Council's special priorities. Although Council reviewed progress on the initiatives in an ad hoc manner, a more formal process was required. In April 2006, Council passed City Policy C518, *Council Initiatives* to guide the Administration and Council regarding these initiatives.

This Council is commended for recognizing the need to develop a plan to accomplish its priorities. We believe the *Council Initiatives* have helped Council communicate the areas they wanted the Administration to provide special focus and attention.

Leveraging on the success of the initiatives, we believe it is vital that future Councils identify what is important to them by developing a comprehensive Strategic Plan for the City of Edmonton that includes the core programs offered by the City as well as areas in which Council wants to see specific focus.

A recent publication called "Cities of the Future"[7] looked at the challenges and opportunities facing modern cities. According to this study, rapidly changing modern societies and increasing competition are creating the need for strategic development and an interactive approach to strategic leadership in municipalities. Cities need not only a strong and interesting vision for the future, but also an effective process that

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[7] PriceWaterhouseCoopers. Cities of the Future: global competition, local leadership, 2005.

monitors risks, trends and performance management to ensure success of their strategic plans.

A new strategic plan should include not only special initiatives, but also strategic guidance regarding priorities and levels of service for all core programs offered by the City of Edmonton. Councillors stated during the survey interviews that they embraced the initiatives to varying degrees, with some describing them as the Mayor's initiatives, not Council's. In order for a strategic plan to be successful, it must be created and endorsed by the entire Council.

Development of a Strategic Plan is a challenging exercise, but it is critical that incoming Councils provide guidance and clarity to the Administration as to what they want to achieve throughout their term of office. The process to develop a Strategic Plan should include the following elements:

- Vision and Mission statement
- Consideration of corporate risks and trends
- Full awareness and understanding of all existing corporate plans and initiatives to leverage any potential linkages and ensure that the Administration's activities support Council's Strategic Plan
- Emphasis on the core business of the City in addition to "Special Initiatives"
- Processes to prioritize the goals and activities that support achievement of the strategic plan
- Additional planning for operating and capital investments to support achievement of the strategic plan
- An accountability and performance framework to measure the achievement of Council and the Administration towards achieving the goals of the Strategic Plan

Considering the full meeting schedule Councillors have immediately following the election, in our opinion, the development of a Strategic Plan should be done in two distinct phases:

Phase 1 – October to December (election year)
Strategic thinking sessions to provide the newly elected Council with the opportunity to document and communicate urgent issues or perform the research required to develop a Strategic Plan. This would enable Council to articulate what they hope to achieve during their upcoming term and to bring forward applicable citizen input they received during their election campaign.

Phase 2 – January to March (term year 1)
Strategic plan development sessions where Council considers all of the competing priorities and issues, and then produces a document that provides guidance to the Administration regarding Council's priorities for its term of office. The Administration would then be responsible for developing business plans and supporting budgets that are aligned with Council's direction.

Every new Council must have time dedicated in their meeting calendar to articulate aspirations and then set priorities and direction through the development of a strategic plan. Many councillors indicated that the success of a strategic planning exercise will be dependent on the will of the Mayor to embrace and champion the creation of their Council's vision and priorities. Council's vision may include priorities that the Council would initiate and lead (such as political activities with other levels of Government) as well as initiatives that the Administration would lead. Once Council articulates a vision for the future and a three-year strategic plan for their term, they should also establish timelines to review progress based on its own activities, as well as receive performance reports from the Administration on the initiatives that the Administration is leading. The vision should be revisited (annually, or at least mid-term) to evaluate progress and make mid-course direction changes if new priorities arise.

It is critical that the City Manager and Corporate Business Planning Department participate in the strategic planning process to ensure a common understanding between Council and the Administration and that the City's business planning and reporting process are aligned with Council's direction. This is consistent with previous Council expectations regarding a Corporate Business Planning Framework, as indicated in a motion from the April 25, 2006 Council meeting that states:

> That Administration when reporting on the new corporate Business Planning framework include the way in which social, cultural, economic, environmental and other important outcomes will be incorporated into the City's decision making, policy development and reporting systems.

A Corporate Business Planning framework has yet to be finalized. As a framework, it should outline the transition from Council Strategy, to priorities, implementation, and performance reporting. To ensure that the direction Council provides to the Administration is included in the business plans, we recommend that a Corporate Business Planning policy that incorporates this framework be approved by Council.

With completion of a clearly articulated Council Strategic Plan, each and every newly elected City Council is positioned to influence the direction of the City of Edmonton during its term of office.

OCA Opinion – Mission and Guiding Principles:

Each incoming Council should develop a 3-year Strategic Plan that articulates its Vision of the City of Edmonton. The content of the plan would provide direction and guidance to the Administration on existing and new priorities and move the organization towards the achievement of specific and defined goals and objectives (see Recommendation 1).

Time should be dedicated in Council's meeting calendar to develop Council's Strategic Plan and Priorities (see Recommendation 1).

The process to set direction, determine focus areas and priorities, develop and implement business plans, and report on progress should be formalized through Policy. This would serve as the basis to align Corporate Business Plans and Performance Reporting to demonstrate support of the Strategic Plan provided by Council (see Recommendation 2).

2.3.   Roles and Responsibilities

During the Governance interviews, some members of Council told us that there are times when Council moves from a governing role to one where they micro-manage the Administration, sometimes to the extent that they may be seen as inappropriately directing Administration staff. We were also told that the Councillor's role on the Council Initiatives is confusing but is being worked out. Committee work was identified as duplicate work at times, specifically when Committee recommendations are challenged and not accepted by Council. Councillors also expressed frustration that, in their view, their ability to give direction to the City Manager is restricted.

2.3.1.   Council Roles & Responsibilities

The MGA establishes Council's principal roles and sets out its general powers and duties.   One of Council's principle duties is to participate in developing and evaluating the municipality's policies and programs. The MGA provides Council the authority to establish and delegate responsibilities to Committees (with some limitations).[8] This delegation is critical to Council's ability to fulfill its complete responsibilities by distributing appropriate decision-making authority to Committees. Without effective delegation, Council would be seriously hampered in its ability to complete all its responsibilities.

Another of Council's critical roles is to establish the priorities of the municipality. Although this is not explicitly stated in the MGA, it is an inherent function of all governing bodies. Included in this responsibility is the duty to monitor the performance of the organization in achieving its goals and to reset priorities as the environment demands. This also involves providing clear direction to the City Manager and holding all departments and Committees responsible for achieving their identified priorities. It is important to note that individual members of Council have no authority to direct the City Manager, as this authority lies with Council as a whole. The City Manager should accept and consider the perspectives of individual members of Council, but it should not be viewed as specific direction. Interaction between Council and members of the Administration should always be in a professional, business-like manner with common respect for each other and their role in acting in the best interests of the City.

Members of Council have expressed different views on the appropriateness of going directly to Administration staff for information. Some view this as a violation of the independence a Councillor needs from the Administration, while others saw it as vital to ensuring they are equipped to make informed policy decisions. Section 153(d) of the MGA states it is a duty of Councillors to obtain information from the City Manager or a

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[8] Municipal Government Act, Sections 145, 203.

person delegated to provide that information. The City Manager has allowed members of Council access to his staff for efficiency purposes and to promote informed decision-making. Our view is that the level and frequency of "going into the organization" should be monitored and discussed between Council and the City Manager on an ongoing basis. The key is for both parties to understand the relationship and openly discuss any concerns as they arise.

Although the responsibility to establish priorities for the City is not a function that Council can delegate, there are other activities that should be entrusted to Committees in order to optimize efficient decision making. Council has the role of policy-approver and should charge the Standing Committees with the role and responsibility of policy development, review and interpretation. The benefits of dealing with a matter at the committee level are the in-depth discussion allowed by the more flexible procedural rules and the opportunity to hear from all stakeholders.[9]   This is consistent with the MGA, which states that only Council can approve bylaws, but it can delegate most other powers, duties or functions.[10]

During our review of Council and Committee minutes, we observed committees forwarding items to Council without recommendations and instances where Council got involved in the development of policy. This indicates a need to clarify and solidify the intertwining roles of Council, Council Committees and the Administration. It also indicates that Council is not fully entrusting and holding Committees responsible and accountable to interpret and develop policy.

In addition to Council Committees, Council relies on a number of Council created Civic Agencies to provide advice and counsel, and in some instances, apply quasi-judicial decision-making powers. The oversight of the activities of these Civic Agencies is a Council responsibility to ensure their individual mandates are being fulfilled.

Council must be clear on their role and embrace the opportunity to delegate certain powers and functions to Committees and the Administration. Council should concentrate on higher level governance responsibilities such as:

- Identifying priority areas for the City of Edmonton
- Providing clear direction for the Council Committees and the Administration
- Hiring and monitoring the performance of the Chief Administrative Officer (City Manager). The organization's performance is a primary contributor to the City Manager's performance.
- Monitoring the performance of Council Committees and itself to ensure the City's priorities and goals are achieved.
- Appointing members and monitoring the activities of Council created Civic Agencies

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[9] Council Member's Handbook, April 25, 2006, pg. II-6
[10] Municipal Government Act Part 6 – Municipal Organization & Administration, Section 202(2) & 203(1)

Strengthening Council and Committee roles and responsibilities will ensure that necessary clarity and accountability of purpose are achieved.

2.3.2.   Council Committees

As discussed earlier, the MGA provides Council the authority to establish and delegate responsibility to Council Committees (with some limitations).[11] Bylaw 12300, *Procedures and Committees Bylaw*, establishes the framework for governing the City of Edmonton and establishes the Standing Committees of Council.

An effective governance system requires the terms of reference of special purpose bodies and their relationship to Council to be fully explained and understood by all parties.[12] The powers, duties, and limitations of each Council Committee should be more clearly defined in the *Procedures and Committees Bylaw*.

During our review of Standing Committee activities, we observed apparent role confusion as illustrated by agenda items brought forward that focused on operations that required no policy consideration, as well as agenda items that moved from Committee to Council with no recommendation, and then being referred back to Committee. We view these examples as a result of a lack of clarity surrounding the roles and responsibilities of Council Committees, Council and the Administration.

The *Procedures and Committees Bylaw* does not articulate the terms of reference for each Standing Committee nor does it emphasize the Committee's vital role in policy review, interpretation, and development. In order to help resolve this concern, there must be a fundamental change in the understanding of Committee roles and this must be documented formally in the *Procedures and Committees Bylaw*. A clear and comprehensive Terms of Reference for each Committee needs to be developed so that its duties, limitations, and responsibilities are known and understood by all. Council would then hold each Committee accountable for ownership of applicable policy review, interpretation and development.

Council as a whole should retain the role of policy-approver and place considerable reliance on the assigned Council Committee to bring forward a policy recommendation that considers input from the Administration and other stakeholders. Members of Council should be encouraged to participate at the Committee level even when not a member of the Committee. This allows them to participate and gain firsthand insight into the issues and will serve to minimize the need for duplicate discussion at Council when a policy is brought forward for approval.

We reviewed how other Canadian cities create and define the roles and responsibilities of Committees. There is a continuum from general delegation to identifying very specific roles and responsibilities. Detailed Terms of Reference for Standing Committees were observed that included the committee's membership, authority,

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[11] Municipal Government Act – Sections 145, 203.
[12] George B. Cuff & Associates Ltd. – "City of Lethbridge Corporate Review - : Executive Summary" pg. 50.

mandate and specific responsibilities. The City of Toronto's website shows that each standing committee has a clear set of responsibilities as set out in its procedural bylaw. Our review of Toronto's bylaw found it to be clear, concise and comprehensive with each individual Standing Committee's roles and responsibilities listed separately.

Detailed Terms of Reference for each Committee will ensure that what needs to be accomplished is clearly understood by all parties involved.

2.3.3.   Council/Committee Annual Self-Evaluation

Once Council has clarified the roles and responsibilities of Council and its Committees to achieve its vision and strategic plan, it needs to develop a mechanism to monitor progress. In addition to monitoring the performance of the Administration, Council and its Committees should also monitor their own achievements.

Council Standing Committees have been delegated specific roles and responsibilities and are responsible to Council to discharge those responsibilities.   Annual reviews of Committee achievements and performance will enable Council to assess the degree to which each Committee has fulfilled its mandate or whether the mandate remains appropriate. Committee self-evaluations will also help Committee members in the hand off process as past members can provide new members with their learnings and alert them to difficult or unresolved issues facing the Committee.

Successful governance involves leading by example and setting the tone at the top. A successful Council will monitor its progress towards achieving its priorities and strategic plan and periodically assess whether course adjustments are required. This can be best accomplished through periodic self-evaluations at both the Council and Committee levels.

Annual self-evaluation will allow City Council and its Committees to identify ongoing opportunities to incorporate leading practices into the City's governance model.

2.3.4.   Audit Committee

Audit Committees present a unique challenge for municipalities and Council is commended for establishing a Standing Audit Committee, which is a well-recognized best practice in both private sector and government. Typical Audit Committee responsibilities include overseeing the processes around: a) the preparation of the Financial Statements, b) Risk Management and Internal Control, c) Compliance and Ethics, and d) Oversight of Management and Internal Audit. To be effective, the Audit Committee needs to develop open relationships with the Chief Financial Officer[13] and the External Auditor to understand the significant accounting policies and estimates of the City and discuss the impact they have on the City's financial statements.

The typical considerations to ensure that Audit Committees are able to fulfill their responsibilities include independence from the organization and sufficient financial expertise. In a municipal environment, independence is assured for all Standing

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[13] Currently the City of Edmonton does not have a position titled "Chief Financial Officer."

Committees, however the availability of financial expertise is dependent on the backgrounds of the Councillors appointed to the Committee. Some municipalities address this challenge by engaging one or more independent financial experts to serve as additional Committee members. Calgary, for example, includes two citizens as members of their Audit Committee, one of which must be a professional accountant.

By ensuring that appropriate independent financial expertise is readily available to Audit Committee, Council can avoid the risks associated with interpreting financial reports and statements.

OCA Opinion – Roles and Responsibilities:

Council needs to clarify the roles and responsibilities of Council and its Council Committees. This includes strengthening the emphasis on the Committees' duty to review, interpret and develop policy for Council approval. In order to accomplish this Council should:

a) Update the *Procedure and Committees Bylaw* to clarify the duties, limitations, and responsibilities of Standing Committees and separate their roles from those of Council and the Administration. The bylaw should ensure that there is appropriate emphasis on the policy function of the policy development committees (see Recommendation 3).

b) Develop a Terms of Reference for each Standing Committee that includes the committee's term, membership, authority, mandate and specific responsibilities (see Recommendation 3).

c) Conduct annual self-evaluations to provide the opportunity for a smoother transition of Committee members and allow Council to identify any mid-course adjustments to ensure they achieve their objectives (see Recommendation 3).

d) Ensure that appropriate independent financial expertise is readily available to Audit Committee to assist it in fulfilling its responsibilities (see Recommendation 3).

2.4.   Decision-Making

During the Governance interviews members of Council told us that improvements could be made to the decision-making process followed by Council. Their comments recognized that, in certain instances, the work completed by the Committees causes duplication of time and effort for both the Administration and Councillors. Councillors conveyed that an open and transparent political process takes time and sometimes inefficiencies must be endured. Councillors also stated that they are challenged to find adequate time to prepare and participate in discussion of all of the issues that come before them, prompting suggestions to improve the agenda management for Council and Committee meetings.

2.4.1.   Committee Structure

As stated earlier, the MGA states that one of Council's principle duties is to participate in developing and evaluating the policies and programs of the municipality. The MGA provides Council the ability to establish and delegate responsibilities to Committees (with some limitations) [14]. This delegation is critical to distribute the workload of Council so that it may fulfill its responsibilities.

The City of Edmonton's current governance model incorporates an extensive committee system to support decision-making. There are eight Standing Committees (see Chart 1 on page 2), some with very specialized portfolios. While this structure does allow the workload to be spread across more committees, it also results in more meetings with some committees having insignificant workloads.

In a structure such as Edmonton's where there are many Standing Committees, it is vital that decision-making power be delegated to the Committees to avoid having committee debates and discussion duplicated at Council. With eight Standing Committees, Councillors are required to attend a lot of meetings. In order to utilize Councillors' time more effectively, decisions must be made at the Committee level.

In order to determine best practice in municipal committee structure, we reviewed the committee structures of ten Canadian cities as well as governance literature including recent governance reviews of Toronto, Calgary and Lethbridge. A comparison of Council Committee structures is presented in Appendix B.

The cities reviewed, with the exception of Lethbridge, operate using a standing Committee structure similar to Edmonton. Lethbridge uses a Committee of the Whole structure instead of Standing Committees. This system may be applicable for a smaller city such as Lethbridge, but with the breadth and scope of issues and business in Edmonton, the ability to delegate to committees is vital to efficient decision making.

Each city reviewed had committees that reflected the priorities of that city with no particular trend standing out as a best practice. Edmonton has more Standing Committees than the other cities reviewed except Ottawa and Montreal, which have the same number as Edmonton. Edmonton was the only city with a separate Council Services Committee and a City Manager & City Auditor Performance Evaluation Committee. Some cities had established functional committees such as a Finance/Budget Committee (Calgary, Montreal and Vancouver) and an Environment Committee (Calgary, Ottawa, Montreal, and Vancouver).

In our opinion, the Committee structure should reflect the City's vision and priorities and should be determined by each new Council early in their term. We heard few overriding concerns around the current committee structure but feel a periodic review of whether the Committee structure supports Council's needs would validate their function and necessity. This periodic review should also include assessing whether the terms and

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[14] Municipal Government Act, Sections 145, 203.

membership of the committees meet Council's needs. For example, due to required expertise, certain committees may require terms longer than the typical one year. Although the specific structure should be decided by Council, we offer the following suggestions on changes to the Committee structure for the next Council to consider.

First, Councillors have expressed frustration with the budget process, where Councillors feel pressured to accomplish a lot in a short time frame and believe that the budget process should be improved. A review of the budget process would be worthy of a project unto itself, however we did review the possibility for Council to establish a Standing Budget Committee to assist their decision-making.

We looked at the use of standing budget committees in Calgary and Vancouver. In Calgary, the Standing Policy Committee on Finance and Corporate Services is made up of the Mayor (Ex-Officio) and 7 Members of Council. Vancouver's City Services and Budgets Committee is made up of all of Council. In both cities, the main responsibilities of these committees is formulating policy and making decisions on matters relating to revenues and expenditures of all city departments. In both cities the final City budget is still reviewed and approved at Council.

One of the main differences between the budget processes in these cities compared to Edmonton is that they approve their budget in the first quarter of the budget year. It seems that both cities allow for a more extended period of Council review and final approval than does Edmonton. The City of Calgary's Finance and Corporate Services Committee also utilizes three year business and budget plans and quarterly budget updates. This activity represents the most significant advantage of a standing Budget Committee, that is, the ability to monitor departmental budgets and keep Council up-to-date on financial performance.

Although there are some advantages of having a Budget or Finance Committee, we found no clear evidence that a committee of this type would resolve Council's concerns with the budget process. A more detailed review of the budget process is perhaps warranted to identify all contributing factors to Councillors' current sense of dissatisfaction and develop effective solutions, including the possibility of creating a Standing Budget Committee.

Additional changes to consider include revisiting the need for the Council Services and the City Manager & City Auditor Performance Evaluation Standing Committees. The Council Services Committee is comprised of all Councillors and does not meet very frequently. In our opinion, the administrative matters currently addressed by this committee could easily be addressed at Council meetings. The City Manager & City Auditor Performance Evaluation Committee is unique to Edmonton. In our opinion, since these two positions report directly to Council, it would be appropriate for the activities of this Committee to be performed by Council as a whole.

The final opportunity for consideration to evolve the Committee Structure to facilitate Council decision making relates to the function of the Agenda Review Committee as discussed below in section 2.4.2.

An effective committee structure is one that clearly supports Council's vision and priorities, shows a clear delegation of authority and responsibility to Committees, and optimizes Council's time and workload. Edmonton's current committee structure should be reviewed by each newly elected Council to ensure their needs are met to streamline decision-making and make efficient use of Council's time.

2.4.2.   Agenda Management

Bylaw 12300, *Procedures and Committees Bylaw* sets out the procedures followed to set Council and Council Committee meeting agendas (with the exception of Statutory Public Hearings, which are prescheduled and coordinated by the Administration). The bylaw establishes a Council Standing Committee titled the Agenda Review Committee (ARC) with the primary mandate to manage the agendas for Council and Standing Committees. The ARC members are the Mayor and the Chairs of the Transportation and Public Works Committee and the Community Services Committee. The City Manager must attend all ARC meetings and prepare a list of all reports and recommended routing for each. The bylaw also states that in the event that there is no quorum, the City Manager will determine the matters to be placed on the Council and Committee agendas.

We attended ARC meetings held in the fall of 2006 and found them to be very informal with a short term focus. Essentially, a list of reports was reviewed, with the City Manager and City Clerk advising the ARC members of the report content. Reports with the potential for controversy were identified and the ARC members estimated the time requirements and the order of the items on the agenda, including setting time-specific items. Largely because the City Manager prepares the list of reports that is considered by the ARC, ARC members have expressed the view that the meeting agendas are driven by the Administration.

In our opinion, the function of the ARC is critical to the effectiveness of Council and Committee meetings. The ARC manages the priority and coordination of issues dealt with by Council and its Committees. To be optimally effective, alignment between the issues being reported and Council's strategic priorities is required to ensure that the most important issues are brought forward to the appropriate body as delegated by Council and to ensure that all pertinent information is considered at one time. Many members of Council cautioned against the creation of a "power committee" that would drive their own agenda. We believe the controlling factor is that Council as a whole would hold the ARC members accountable to make decisions based on the strategic vision and priorities of Council.

In our opinion, a 3-year calendar should be prepared that proactively forecasts the timing of issues that are determined to be significant to Council. The ARC could then meet less frequently, possibly monthly or even quarterly, and determine what is

appropriate for presentation to Council or Committee during the next set of meetings. Individual Councillors should also be provided the ability to bring an item forward, within a clear Policy context, for ARC scheduling. This would provide individual Councillors with an efficient way to bring issues forward. It might also reduce the number of Administrative Inquiries by combining these requests into more comprehensive requests for information related to progress toward planned goals.

This change would allow the ARC to strategically plan and coordinate the preparation and presentation of various reports so that they are brought forward together to give Council/Committee a comprehensive picture of each issue.

2.4.3.   Reports

Reports are used to provide information for decision-making, to answer inquiries, to obtain authority and to establish policy. This is supplemented by input received verbally from stakeholders and the Administration at a Council/Committee meeting. To adequately prepare to make an informed decision on any given topic, individual Councillors must review reports prepared by the Administration and others.

Information of good quality and timeliness is vital to good governance because Council relies on this information to make decisions and must be assured that all key matters in question have been considered. Incomplete information could lead to delays and inefficiency as Council must ask for additional information or make decisions that have to be modified later. Both Council and Administration's time may be wasted in excessive debate and questioning in the absence of sufficiently focused reports.

To facilitate the sharing of information, the Administration has developed report templates so that consistency in format and content are included in the reports prepared for Council/Committee consideration. The template includes (but is not limited to) the following categories:

- Recommendation
- Report summary
- Previous Council/Committee minutes
- Report
- Justification of recommendation
- Background information attached
- Background information available on request

In reviewing Council/Committee minutes and attached reports, we saw opportunities to redesign the report template to facilitate a governance perspective by providing clear linkages to policy, providing a complete history of the issue, and ensuring an appropriate level of detail. In our opinion, the preparation of Council reports could be improved in the following ways to enhance Council decision-making:

Explicit Linkage to Policy
To support and reinforce Council/Committee's role in establishing Policy, all reports should include an explicit policy context so the relationship to the issue and Council/Committee's role is understood and the contribution of the information in the report to Council/Committee's decision-making is clear. The content of the report should clearly support the needs and role of Council to oversee policy, not to provide operational details that, while very interesting, are not relevant to Council and Committees' roles and responsibility.

A revised report template design should have a main title section upfront that is titled *"Policy Context."* This section of the report template would provide a brief overview of the relevant City Policy or legislative requirement applicable to the issue. An electronic link should be provided to the full Policy document.

Reports that are brought forward with no current policy context need to indicate why a policy is needed or the report should not be brought forward to Council/Committee. Explicit linkage to policy facilitates Council's review of policy relevance on a continual basis. The *Summary* portion of the template which automatically populates the agenda package should identify the applicable policy/legislative framework.

Life Cycle of Issue "Touch Points" - Origination
Councillors expressed frustration that they do not receive all relevant information from the Administration. One aspect of the information provided to Councillors should be a history of the topic and how it has, or is, contributing to Council's understanding and decision-making. Complete disclosure of the "life cycle" of an issue provides important context for considering the progress of an issue and allows Council/Committee to determine when they have received sufficient information to reach a decision on a topic. The issue's life cycle would include the stages from first bringing the issue to Council/Committee's attention through Council/Committee's disposition of the issue. This would also help address the ARC's perception regarding the Administration driving Council's agenda.

Appropriate Content
The human capacity of Council members should be considered when preparing reports to facilitate their preparation and understanding of the significant factors that relate to an issue. All reports should be written using a standard font and size in plain English to ensure that technical jargon is kept to a minimum. Comprehension and reading limits vary among people, but a maximum overall report length (i.e., including attachments) should be developed so that a Council member could reasonably be expected to prepare for an informed discussion of an issue within a given time period (e.g., maximum of ¾ to 1 hour per topic).

An effective report should also include multiple perspectives and a broad range of options for Council's consideration, including the status quo or do-nothing option. Analysis should include, but not be limited to: (a) advantages/disadvantages, (b) costs/benefits, (c) pros/cons, (e) comparison against established criteria, etc. to ensure

that Councillors consider and debate the most meaningful options on behalf of the citizens of Edmonton.

In addition to the above, some members of Council suggested that the current column format for reports is not conducive to easy reading and that more widespread use of electronic agendas and reports should be considered as an option to paper. Restructuring report templates to Council and Committees as described above will ensure that the governing bodies have the right information to make informed decisions on behalf of the citizens.

2.4.4.   Administrative Inquiry Process

Councillors use Administrative Inquiries to ask questions in a public forum. Bylaw 12300, *Procedures and Committees Bylaw* provides Councillors with the authority to make Administrative Inquiries. The bylaw provides individual Councillors with a method to obtain information that may help them decide whether to take further action (e.g., make a motion) on a matter that is not currently before Council.

Our review of other cities revealed that most used Notice of Motions supplemented with informal procedures, such as telephoning or writing memos to departments, to obtain information from their Administrations. Both of these methods are available to Edmonton Councillors, however, Administrative Inquiries remain a very common method to gather additional information.

Administrative Inquiries are costly and time consuming on two fronts: a) the time for the Administration to respond and b) the time for the Administration to present its report and the subsequent time consumed by Councillors at a Council/Committee meeting. Large numbers of Administrative Inquiries can consume Administrative resources and take Council/Committee focus away from policy consideration. Our review of a sample of Administrative Inquiries found that 50% of the Inquiries ended in the Administration's report being received for information. In our opinion, information gathering is an important part of the governing process and should continue to be supported, but consistent with the roles and responsibility discussion earlier, we don't believe that the response to an Administrative Inquiry should be considered at a Council/Committee meeting until it has a clear policy context. Members of Council however, continue to see value in requiring the Administration's responses to be brought forward at a Council/Committee meeting.

Members of Council felt that the Administrative Inquiry process could be improved by the creation of an Administrative Inquiry database. By providing a catalogue of Administrative Inquiries and the Administration's responses, Councillors could determine what related inquiries have been made in the past, and potentially eliminate some inadvertent repeat inquiries.

Councillors should continue to have the flexibility to make formal Administrative Inquiries. In our opinion, the response should be provided off-line[15] from a Council/Committee meeting until the item becomes relevant to policy matters. We recognize that this would be a significant change to the current Administrative Inquiry process but believe that it could reduce the workload of both Councillors and the Administration. We have not recommended a change to the existing process but believe that the next Council should revisit this matter.

OCA Opinion – Decision-making:

Council should enhance their decision making process by:

a) Establishing a Committee Structure that supports Council's vision and priorities (see Recommendation 3).

b) Clearly delegating authority, limitations, and responsibility to Council Committees (see Recommendation 3).

c) Improving agenda planning through consideration of strategic timing, coordination and routing of issues to Council or its Committees (see Recommendation 4).

d) Requiring report templates be updated so that reports explicitly link the issue to Policy, provide issue life-cycle information, and guide the writer as to appropriate content to support Council/Committee decision-making (see Recommendation 5).

e) Requiring that an Administrative Inquiries database be developed to facilitate the storage and retrieval of Administrative Inquiries as well as the Administration's response. (see Recommendation 6).

2.5.   Orientation & Training

Through the initial interviews, Councillors recognized the challenge that providing a meaningful and comprehensive Council Orientation and Training program presents for an organization the size of the City of Edmonton. Many Councillors credited the Office of the City Clerk for doing a good job and rated the Orientation and Training program positively (average rating of 4.2).

Orientation and Training is critical to any individual or governing body so that their responsibilities are understood and can be fulfilled. The Local Authorities Election Act sets out the following minimum qualifications for Council candidates:

a) is at least 18 years old,

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[15] Responses should remain in the public domain through posting to a database on the City of Edmonton website.

b) is a Canadian citizen, and
c) has resided in Edmonton for 6 months immediately preceding nomination day.

Each elected Council will be unique in the combination of knowledge and experience of its members. Given the above minimum qualifications, the orientation and training program must be designed to meet the needs of a very inexperienced Councillor as well as those with years of experience in municipal governance. As such, the program curriculum should be designed with mandatory and voluntary segments. Each elected Councillor could then assess their needs and attend sessions that will enable each of them to understand their responsibilities.

The Administration's practice has been that under the direction of the City Manager, the Office of the City Clerk revises and updates the Orientation and Training program for each newly-elected Council. We reviewed the 2004 New Council Members' Orientation Program and found it to be a comprehensive introduction to the City. In addition to the changes in governance practices discussed in this report, additional enhancements to the Council Orientation and Training program (O&T) should include:

Requirement for Policy Direction
While the Administration has taken the initiative to develop an O&T program for incoming Councils, the program however has limited authority as the Administration cannot direct members of Council. As such, due to the importance of continued good governance from one Council term to the next, we believe that the O&T program development and implementation needs to be formalized as a Council Policy.

The Policy should include a process that includes input from the current Council to capture the critical training aspects to fulfill their role. The program, materials and schedule should be set well in advance of an upcoming election.

Department Overviews Need To Be More Strategic
We reviewed the City Department briefing material provided to Councillors as part of the 2004 O&T program. In our opinion, the information provided to Councillors should be designed and coordinated to support the fulfillment of Council's Governance role, rather than describing how the departments fulfill their responsibilities. We observed varying levels of detail were provided which, while interesting, could lead Councillors from a perspective of providing governing oversight and understanding to an operational view.

In our opinion, Council would benefit from presentations of the key policies or strategic direction the City is operating under so that they understand what they "inherited" as a newly elected Council. This would include explaining The Plan Edmonton Umbrella (along with the 14 major plans that are included), the key policies that guide these plans and programs, the key business drivers, key business risks, and the corporate performance reporting program that enables Council to monitor progress toward implementation of those plans. The presentations should also provide Councillors with information on the budget process, including key cost drivers, and illustrate how strategic governance decisions impact the budget.

The Administration needs to coordinate preparation of this material. It is important that the departmental content and level of detail is consistent and enables Council to understand the City's existing programs and strategic frameworks.

A well-designed and thorough Orientation and Training program is critical to providing an incoming Council with the information and context it needs to govern effectively.

OCA Opinion – Council Orientation and Training:

Council can enhance the effectiveness of the Councillor Orientation and Training program by:

a) Developing a policy that formalizes the process for Council Orientation and Training (see Recommendation 7).

b) Requiring that department overviews be designed to support the Governing Role of Council (see Recommendation 7).

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3.   Conclusion

Our review of the City of Edmonton's Governance found that, overall, Council believes they are doing most things well, but could improve in some areas in fulfilling its governance responsibilities. With a view to continuous improvement, we have discussed improvement opportunities in the areas of Strategic Planning and Direction, Council and Committee Roles & Responsibilities, Decision-making Process, and Orientation and Training. As stated by the Institute on Governance, good governance leads to a number of positive outcomes including:

- People trust your organization
- You know where you are going
- Your board is connected to your membership and stakeholders
- You get good decisions, people value your work
- You have the ability to weather crises
- Financial stability

We have included seven recommendations that are directed to the Administration to assist Council in implementation. In our opinion, these changes will enhance the City of Edmonton's Governance Structure so that citizens' expectations of open, transparent and responsive leadership from future Councils and future Administrations will continue. We thank all members of Council and members of the Administration for their participation throughout this review.

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4.   Recommendations and Action Plans

We have directed the following recommendations to the Administration and they have provided a Management Response and Action Plan for each, with the understanding that their commitment is dependent on Council's acceptance of the recommended action and their subsequent direction to have the recommendations acted upon.

Recommendation 1	Management Response and Action Plan
The OCA recommends that the Office of the City Clerk include facilitated Strategic Planning sessions as part of the Council's First Year Meeting Schedule.	**Accepted (to be determined by Council)** **Office of the City Clerk Comments**: If Council accepts this recommendation, the 2007 Schedule will include at least 3 Council meeting days for Strategic Planning Sessions; 2 in the fall of 2007 and one in early 2008. **Responsible Party:** Council; Office of the City Clerk; Senior Management Team

Recommendation 2 addresses the need for a strategic planning process to be developed and approved by Council. The Administration has indicated that they will bring forward a full cycle (3-year term) strategic planning process as well as a "jump start" proposal for this Council for the balance of their current term.

Recommendation 2	Management Response and Action Plan
The OCA recommends that the Corporate Business Planning Department develop for Council approval a process for facilitating Council's strategic direction, determining focus areas and priorities, developing and implementing strategic plans, and reporting on progress and performance.	**Accepted** Comments: The planned implementation has been vetted against both government strategy academics and over 16 municipal practitioners. It has purposely been designed to be flexible so that Council(s) have opportunities to contribute to setting and resetting their areas of responsibility at the beginning and through out their term. In addition, it has SMT's full support. **Planned Implementation:** Executive Committee and Council report on February 28th and March 6th, 2007 respectively. **Responsible Party:** Branch Manager, Corporate Business Strategy and Performance Planning within Corporate Business Planning department.

Recommendation 3	Management Response and Action Plan
The OCA recommends that immediately following the Council Strategic Planning sessions, the Office of the City Clerk facilitate a "Committee Creation and Delegation" session at which Council creates its Standing Committees and delegates specific powers, duties, and functions, including annual self-evaluations, and establishes appropriate limitations for each Committee to assist Council to best fulfill its responsibilities. (The *Procedures and Committees Bylaw* will have to be revised to reflect these decisions.)	**Accepted (to be determined by Council)** **Office of the City Clerk Comments**: Depending on Council's direction, a change in the Committee structure may or may not be necessary. The Office of the City Clerk will provide a report to Council after the 2007/2008 Strategic Planning Sessions examining the Committee Structure and proposing changes or a method to determine the changes that may be appropriate. **Planned Implementation:** Spring, 2008 **Responsible Party:** Council; Office of the City Clerk

Recommendation 4	Management Response and Action Plan
The OCA recommends that the City Manager develop a 3-year calendar of issues as directed by Council's Strategic Plan to assist the Agenda Review Committee with coordinating and scheduling Council and Committee agenda items.	**Accepted** **Administration's Comments:** The Office of the City Manager is putting together a calendar of major issues coming before Council over the next year. After Council has developed a Strategic Plan, a 3 year calendar will be developed if it is feasible. **Planned Implementation:** Spring 2007 and ongoing **Responsible Party**: Office of the City Manager

Recommendation 5	Management Response and Action Plan
The OCA recommends that the Office of the City Clerk revise the Council/Committee report templates to explicitly link each issue to be presented to Council/Committee to Policy, provide more complete issue life cycle information, and guide the writer as to the appropriate level of content to support Council/Committee decision-making.	**Accepted (to be determined by Council)** **Office of the City Clerk Comments:** The report template will be revised to provide a section for the links to Council policy. **Planned Implementation:** Fall 2007 **Responsible Party:** Office of the City Clerk

Recommendation 6	Management Response and Action Plan
The OCA recommends that the Office of the City Clerk establish an Administrative Inquiries database. The database should provide easy retrieval of Administrative Inquiries as well as the Administration's response.	**Partially Accepted** **Office of the City Clerk Comments:** The Office of the City Clerk will continue to provide training to Councillor's staff on how to research Council and Committee minutes to retrieve background on issues. The creation of a new data base will only be explored if it is not possible to provide appropriate training. **Planned Implementation:** Training – part of staff orientation in fall, 2007 **Responsible Party:** Office of the City Clerk

Recommendation 7	Management Response and Action Plan
The OCA recommends that the Office of the City Clerk prepare a City Policy on Council Orientation and Training that includes the framework for an effective orientation program for Council approval.	**Accepted (to be determined by Council)** **Office of the City Clerk Comments:** The 2004 Orientation Program was approved by the Council Services Committee prior to the election. Administration has already commenced discussions on the 2007 Orientation and Training Program and it will be presented Council Services Committee or Council for approval prior to the Election. A general policy will be developed for Council's approval. **Planned Implementation:** 2007/2008 **Responsible Party**: Office of the City Clerk

5.   Timeline Overview

The sequence of actions the Administration has put forth to assist Council address our recommendations will occur throughout 2007, into 2008 and then into a regular cycle for future Council terms. As the City is currently in the last year of its 3-year term, many of the actions will focus on establishing the framework for the next elected Council. The following will describe the sequence of actions as proposed:

2007
Strategic Planning – Jump Start - March
The Corporate Business Planning department is bringing forward to Council a "jump start" strategic direction process that requires Council's direction in 2007. Their proposed process would then be followed by the implementation of a full term strategic cycle with the newly elected Council in the fall of 2007 through to 2010.

Three Year Corporate Calendar – Spring
The Office of the City Manager is developing a calendar of major issues coming before Council over the next year. Based on future Council's strategic plan, a 3-year calendar will be developed to facilitate agenda management.

Council Orientation & Training Program/Policy – Prior to election
The Office of the City Clerk is developing the 2007 Orientation & Training Program. The program and a general policy will be brought to Council for approval prior to the 2007 election.

Council Report Template update - Fall
The Office of the City Clerk will revise the report template to provide a section for the links to Council policy.

Council Orientation – after election
This is the implementation of the Council approved policy/program referred to earlier.

Administrative Inquiry database training – after election
The office of the City Clerk will train Councillor's staff.

Initial Strategic Planning Sessions (Start of Full Cycle) – after election
This is the beginning of a full cycle of Council Strategic Planning.

2008
Finalize Strategic Plan and Priorities – January/February
Council will set corporate direction.

Council Committee Creation & Delegation – February/March
Council will review and confirm the committee structure and responsibilities to support achievement of the strategic plan.

Council/Committee Self-evaluation - October
Committees will evaluate their ability to fulfill their mandate.
Council will evaluate its ability to achieve the strategic plan

Strategic Plan evaluation (term year 2) – November-January
Council will assess completeness and relevance of strategic plan and determine if mid-course adjustments are required.

APPENDIX A – Council Self-Assessment Results

Attributes of Effective Governance	City Administration Survey Results		City Councillor Survey Results	
Scoring Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Disagree Somewhat, 4 = Agree Somewhat, 5 = Agree, and 6 = Strongly Agree	Range of Responses	Average Response	Range of Responses	Average Response
Orientation & Training: Council orientation adequately prepared Councillors to fulfill their governance responsibilities.	2 - 5	4.0	1 - 6	4.2
Strategic Direction: City Council is actively involved in planning the direction and priorities of the City of Edmonton.	3 - 6	4.5	2 - 6	4.1
City Manager's Performance: City Council does a good job of evaluating the performance of the City Manager (measuring results against defined objectives).	1 - 5	3.3	1 - 5	4.2
Financial Stability: City Council is appropriately informed about the financial aspects of the City of Edmonton to ensure it is financially sound (viable and stable) in both the short and long term.	4 - 6	4.9	3 - 6	4.5
Roles & Responsibilities: City Councillors demonstrate clear understanding of the respective roles and responsibilities of City Council, Council Committees, the City Manager, and the Administration.	2 - 5	3.8	2 – 5	3.7
Efficient use of Resources: City Council obtains sufficient information to be satisfied that City of Edmonton resources are used efficiently (good value for money spent).	2 - 5	3.7	2 - 6	4.0
Stakeholder Credibility: City Council has high credibility with key stakeholders (Citizens, City Administration, Provincial and Federal counterparts).	4 - 6	4.7	2 - 6	4.4
Commitment to Mission and Values: City Councillors demonstrate commitment through their actions to the stated Mission and Guiding Principles.	2 - 5	3.6	1 - 6	3.7
Compliance with Legislation: City Councillors conduct themselves in accordance with key elements of the governance structure (Municipal Government Act, City Bylaws, Policy & Procedures, Code of Conduct, Oath).	4 - 6	5.0	5 - 6	5.3
Teamwork: City Council's capacity to govern effectively is not impaired by conflicts between Councillors.	2 - 5	4.4	2 - 6	4.4
Communications/Working Relationship: There is a productive working relationship between City Council and the City Manager (characterized by good communication and mutual respect) to ensure that each can fulfill their responsibilities.	3 - 6	4.3	3 - 6	4.8
Manage Risk: I am confident that the risk management practices of City Council would effectively allow it to manage any organizational crisis that could be reasonably anticipated.	3 - 6	4.7	4 - 6	4.9
Meetings: City Council meetings are well-managed.	3 – 6	4.9	5 - 6	5.3
Decision-Making Process: City Council uses sound decision-making processes (focus on Council responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation).	1 - 5	3.6	1 - 5	3.6
Balance: City Council has a good understanding of the need to balance organizational stability (current practice) with innovation (future practices) to meet citizen expectations.	2 - 5	3.9	3 - 5	4.0
Overall Averages For All Attributes	**N/A**	**4.2**	**N/A**	**4.3**

APPENDIX B – Canadian City Committee Structures*

CITY	POPULATION	DECISION-MAKING STRUCTURE	STANDING COMMITTEES
Edmonton	712,391	Council with 8 Standing Committees	1. Agenda Review 2. Executive 3. Transportation & Public Works 4. Community Services 5. Quasi-Judicial 6. Audit 7. City Managers & City Auditors Performance Evaluations 8. Council Services
Calgary	1,000,000	Council with 5 Standing Committees	1. Accountability Priorities Agenda 2. Utilities and Environment 3. Finance and Corporate Services 4. Land Use, Planning &Transportation 5. Community & Protective Services
Toronto**	2,481,494	Council with 7 Standing Committees	1. General Government 2. Community Development & Recreation 3. Licensing & Standards 4. Planning and Growth Management 5. Economic Development 6. Parks & Environment Committee 7. Public Works & Infrastructure
Ottawa**	774,072	Council with 6 Standing Committees	1. Agriculture & Rural Affairs 2. Corporate Services & Economic Development 3. Emergency & Protective Services 4. Planning & Environment 5. Health, Recreation & Social Services 6. Transportation
Montreal	1,584,400	Council with an executive Committee and 7 Standing Committees	1. President's Council 2. Transport Infrastructure & Environment 3. Value of Territory, Urban Management and Collective Transportation 4. Cultural Development & Quality of Life 5. Services to Citizens 6. Special Study of the Budget 2007 7. Finance, Human Resources and Administrative Services
Winnipeg	654,500	Council with 6 Standing Committees	1. Downtown Development 2. Property & Development 3. Infrastructure Renewal & Public Works 4. Protection & Community Issues 5. Finance 6. Executive
Vancouver**	545,671	Council with 3 Standing Committees	1. Transportation & Traffic 2. City Services & Budgets 3. Planning & Environment
Medicine Hat	56,048	Council with 4 Standing Committees	1. Corporate Services 2. Public Services 3. Energy 4. Development & Infrastructure
Lethbridge	78,713	Committee of the Whole	No Standing Committees
Red Deer	82,971	Council with 5 Standing Committees	1. Assessment Review Board 2. Drinking Establishment Licensing Bylaw Appeal 3. Mayor's Recognition Awards 4. Municipal Planning Commission 5. Subdivision & Development Appeal Board

* Appendix B was compiled from information obtained from city websites.

** Note: Population figures for these cities are from their websites which used Statistics Canada 2001 Census data. The results of the Statistics Canada 2006 Census for city populations were not available at the time of this review. Other city's had more updated population information on their websites derived from provincial or municipal censuses or estimations.

APPENDIX C – Project Objectives, Scope & Methodology

Objectives
The overriding objective of this review was to assess the effectiveness of the City of Edmonton's Governance model.

Specific Audit Objectives
The Office of the City Auditor's (OCA) preliminary assessment identified two areas where the effectiveness of the City of Edmonton's Governance model could be improved. The OCA then developed the following specific audit objectives for this review:

1. Assess the decision-making model used by Council and its Committees to determine whether Council's responsibilities can be fulfilled in a more efficient and effective manner.

2. Contribute to the Office of the City Clerk's ongoing development of the Councillor Orientation and Training program by sharing information gathered through the preliminary assessment, OCA research, and audit observations.

Scope
The scope of this review was restricted to the governance model in place in 2005/2006.

Council activities relating to the Council-created Agencies, Boards and Commissions as well as the City Auditor were not included in the scope of this project.

Methodology
The OCA's methodology for this review included three phases:

Planning Phase: This phase included confirmation of the City of Edmonton's operating governance model in comparison with the requirements of the Alberta Municipal Government Act and relevant City of Edmonton Bylaws. A preliminary assessment of how well the governance model is operating was based upon individual interviews with members of City Council, the City Manager, the Senior Management Team (present, recent past, and acting), and the City Clerk. Each interview was guided by the 15 attributes of good governance that are incorporated into the *Governance Effectiveness 'Quick Check'* survey tool published by the Institute on Governance.[16]

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[16] A learning tool published by the Institute on Governance, Ottawa, ON and accessible at http://www.iog.ca/boardgovernance/html/ass.html.The Institute on Governance is a non-profit organization that explores, shares, and promotes the concept of good governance in Canada and abroad, and helps governments, the voluntary sector, communities and the private sector put it into practice for the well-being of citizens and society. See http://www.iog.ca for more information.

Each interviewee was asked to provide their perception of how well Edmonton City Council satisfies each attribute.[17] The following rating scale was used when providing a response to each statement: 1 - strongly disagree, 2 - disagree, 3 - disagree somewhat, 4 - agree somewhat, 5 - agree, and 6 - strongly agree. The OCA used the results of those interviews to identify the areas where additional fieldwork would be most likely to add the greatest value.

Fieldwork Phase: In this phase, the OCA completed detailed audit steps designed to achieve the stated audit objectives. The fieldwork phase included more detailed audit testing of selected areas, benchmarking, and gathering evidence to support the development of observations and potential audit recommendations.

Reporting Phase: This phase included disclosure and discussion of the audit results with Council, Office of the City Manager, and the Office of the City Clerk along with any action plans developed in response to the OCA's recommendations.

The final report was issued to Council and placed in the public domain.

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[17] The 15 attributes of good governance identified by the Institute on Governance are: Orientation and Training; Strategic Direction; City Manager's Performance; Financial Stability; Roles and Responsibilities; Efficient Use of Resources; Stakeholder Credibility; Commitment to Mission and Values; Compliance with Legislation; Teamwork; Communications/Working Relationship; Manage Risk; Meetings; Decision-Making Process; and Balance.