



Council

Jubilee Centre Council Chamber
9909 Franklin Avenue, Fort McMurray, AB T9H 2K4

Tuesday, October 9, 2018
6:00 PM

Agenda

1. **Call to Order**
2. **In-Camera Session (starting at 3:00 p.m. in Boardroom 7)**
 - 2.1. Advice from Officials/Privilege Information
(in camera pursuant to sections 24(1) and 27 of the *Freedom of Information and Protection of Privacy Act*)
 - 2.2. Disclosure Harmful to Business Interest/Privilege Information
(in camera pursuant to sections 16(1) and 27 of the *Freedom of Information and Protection of Privacy Act*)
 - 2.3. Privilege Information
(in camera pursuant to section 27 of the *Freedom of Information and Protection of Privacy Act*)
 - 2.4. Advice from Officials
(in camera pursuant to section 24(1) of the *Freedom of Information and Protection of Privacy Act*)
3. **Adoption of Agenda (at 6:00 p.m. in Council Chamber)**
4. **Minutes of Previous Meetings**
 - 4.1. Council Meeting - October 1, 2018
5. **New Business**
 - 5.1. Competitive Procurement Audit Action Plan – Third Quarter 2018 Update
THAT the Competitive Procurement Audit Action Plan – Third Quarter 2018 Update, Attachment 1, be accepted as information.
 - 5.2. Elected Officials Compensation, Travel, and Expenses Policy (LEG-050) Revisions

Adjournment

Minutes of a Meeting of the Council of the Regional Municipality of Wood Buffalo held in the Council Chamber at the Municipal Offices in Fort McMurray, Alberta, on Monday, October 1, 2018, commencing at 6:00 PM.

Present: Don Scott, Mayor
Mike Allen, Councillor
Krista Balsom, Councillor
Bruce Inglis, Councillor
Sheila Lalonde, Councillor
Keith McGrath, Councillor
Verna Murphy, Councillor
Jeff Peddle, Councillor
Jane Stroud, Councillor
Claris Voyageur, Councillor

Absent: Phil Meagher, Councillor

Administration: Annette Antoniak, Chief Administrative Officer
Jamie Doyle, Deputy Chief Administrative Officer
Elsie Hutton, Chief Financial Officer
Jade Brown, Chief Legislative Officer
Marc Fortais, Director, Public Works
Matthew Hough, Director, Engineering
Brad McMurdo, Director, Planning and Development
Susan Trylinski, A/Director, Legal Services
Theresa Wells, A/Director, Communications and Stakeholder Relations
Heather Fredeen, Legislative Officer

1. Call to Order

Mayor D. Scott called the meeting to order at 3:40 p.m.

MOTION:

THAT the meeting move in camera pursuant to section 24(1) of the *Freedom of Information and Protection of Privacy Act*.

RESULT: CARRIED [UNANIMOUS]
MOVER: Mike Allen, Councillor
SECONDER: Jane Stroud, Councillor
FOR: Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT: Meagher

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)

2. In-Camera Session

2.1. Advice from Officials

(in camera pursuant to section 24(1) of the *Freedom of Information and Protection of Privacy Act*)

2.2. Advice from Officials

(in camera pursuant to section 24(1) of the *Freedom of Information and Protection of Privacy Act*)

2.3. Advice from Officials and Disclosure Harmful to Economic and Other Interests of a Public Body

(in camera pursuant to sections 24(1) and 25(1) of the *Freedom of Information and Protection of Privacy Act*)

2.4. Disclosure Harmful to the Business Interests of a Third Party and Privileged Information

(in camera pursuant to sections 16(1) and 27(1) of the *Freedom of Information and Protection of Privacy Act*)

Recess

A recess occurred from 5:30 p.m. to 6:00 p.m., at which time the meeting was reconvened in the Council Chamber.

MOTION:

THAT the meeting reconvene in public.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Mike Allen, Councillor
SECONDER:	Jeff Peddle, Councillor
FOR:	Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT:	Meagher

3.0 Adoption of Agenda

MOTION:

THAT the agenda be amended by adding item 7.2 - Request for Information, removing item 4.4. Scheduling of Special Council Meeting – October 20, 2018 from the Consent Agenda and renumbering it as item 7.3, and that the agenda be adopted as amended.

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)

RESULT: CARRIED [UNANIMOUS]
MOVER: Krista Balsom, Councillor
SECONDER: Claris Voyageur, Councillor
FOR: Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT: Meagher

4.0 Consent Agenda

MOTION:

THAT the recommendations contained in items, 4.1, 4.2, and 4.3 be approved.

4.1. Council Meeting – September 11, 2018

MOTION:

THAT the Minutes of the Regular Council Meeting held on September 11, 2018 be approved as presented.

4.2. Cannabis Bylaws in the Regional Municipality of Wood Buffalo

MOTION:

1. THAT Bylaw No. 18/022, being a bylaw to repeal and replace the Smoking and Vaping Bylaw, Bylaw No. 18/015, be read a first time.
2. THAT Bylaw No. 18/023, being an amendment to the Land Use Bylaw, be read a first time.
3. THAT a public hearing for Bylaw No. 18/022 and 18/023 be scheduled to occur on October 23, 2018.

4.3. Appointment of External Auditor

MOTION:

THAT Deloitte LLP be appointed as external auditor for the Regional Municipality of Wood Buffalo, the Regional Municipality of Wood Buffalo Public Library, Regional Recreation Corporation of Wood Buffalo and Wood Buffalo Housing & Development Corporation; and

THAT Administration be authorized to enter into a five-year contract renewable for a maximum of two one-year terms renewed annually (seven years in total) for the provision of external audit services by Deloitte LLP.

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)

RESULT: CARRIED [UNANIMOUS]
MOVER: Jeff Peddle, Councillor
SECONDER: Claris Voyageur, Councillor
FOR: Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT: Meagher

5.0 Recognition

5.1. Proclamations

Mayor D. Scott recognized October 1, 2018 as National Seniors Day, which celebrates contributions made by seniors to better their communities, families and workplaces and acknowledged Pam Burns, Advisory Committee on Aging.

Mayor D. Scott recognized October 2018 as Library Month and noted the vital role libraries play in our community by supporting lifelong learning and helping people of all ages access information and tools they need to live and work. Mayor D. Scott welcomed Corinna Pirie Vice-Chairperson, Regional Municipality of Wood Buffalo Library Board, and Melissa Flett, Director, Wood Buffalo Regional Library.

Recess

A short recess took place between 6:08 p.m. and 6:10 p.m.

6.0 Unfinished Business

6.1. Tax Relief Request for Years 2011 - 2018 at 185 Northland Drive, Conklin

Philip Schofield, Regional Assessor, provided an overview of the tax relief request for the years 2011-2018 for the property located at 185 Northland Drive, Conklin.

MOTION:

THAT the request for tax relief, in the amount of \$22,565.58, for the property located at 185 Northland Drive in Conklin, be denied.

Tanis Robillard, property owner, 185 Northland Drive, and Jeffery O'Donnell, resident, spoke in opposition of the proposed motion and provided additional information on the property.

RESULT: DEFEATED [5 TO 5]
MOVER: Mike Allen, Councillor
SECONDER: Verna Murphy, Councillor
FOR: Scott, Allen, Lalonde, Murphy, Peddle
AGAINST: Balsom, Inglis, McGrath, Stroud, Voyageur
ABSENT: Meagher

Councillor C. Voyageur then put forward the following motion:

MOTION:

THAT the request for tax relief, in the amount of \$22,565.58 for the property located at 185 Northland Drive be approved.

RESULT: DEFEATED [5 TO 5]
MOVER: Claris Voyageur, Councillor
SECONDER: Krista Balsom, Councillor
FOR: Balsom, Inglis, McGrath, Stroud, Voyageur
AGAINST: Scott, Allen, Lalonde, Murphy, Peddle
ABSENT: Meagher

Council did not make a decision to deny or approve the request, as a result, the matter will be deferred and brought before Council at a future meeting for consideration.

7.0 New Business

7.1. Community Investment Program Policy FIN-220 – Amendment

Toni Elliot, Manager, Community Investment Program, presented the proposed amendments to the Community Investment Program which are intended to improve accountability, fairness and impact, as well as support the long-term sustainability of the funded organizations.

Councillor J. Stroud put forward the following motion for consideration:

“THAT amended Community Investment Policy - FIN-220, dated October 1, 2018, be approved.”

Mayor D. Scott vacated the Chair to make a motion, during which time Deputy Mayor S. Lalonde assumed the chair.

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)

Mayor D. Scott then put forward the following amending motion for consideration:

“THAT the policy be amended to specifically permit a request that exceeds the amount identified in this amended policy for “Some other Solutions”, “Wood Buffalo Community Association” and the “Janvier Dene Wood Buffalo Community Association; and

THAT such a request will be made directly to Council in the event that they should make such a request.”

Recess

A short recess took place between 7:21 p.m. and 7:39 p.m.

Mayor D. Scott withdrew the above motion with the consent of Council and put forward the following amending motion:

MOTION:

THAT Community Investment Program Policy FIN-220 be amended by:

- Adding “and Grant Program maximums” to the end of Section 2.1.3;
- Adding as Section 2.1.4 “Council may review and approve grant requests, in excess of the maximums stated in the guidelines, by any grant applicant.”; and.
- Deleting the current Section 2.2.3 and replacing with new Section 2.2.3 “Support and recommend to Council any amendments to this Policy and Grant Program maximums.”

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Don Scott, Mayor
SECONDER:	Mike Allen, Councillor
FOR:	Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT:	Meagher

Mayor D. Scott assumed the chair.

Voting then occurred on the original motion as amended.

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)

MOTION:

THAT amended Community Investment Policy - FIN-220, dated October 1, 2018, be approved as amended.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Jane Stroud, Councillor
SECONDER:	Krista Balsom, Councillor
FOR:	Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT:	Meagher

7.2. Request for Information

MOTION:

THAT Administration provide Council information specific to QU 4692 redacted so that minimal personal and business information is disclosed and further that all those viewing the information shall sign a non-disclosure agreement in compliance with governing FOIP legislation and the municipality's contractual obligations.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Keith McGrath, Councillor
SECONDER:	Claris Voyageur, Councillor
FOR:	Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT:	Meagher

7.3. Scheduling of Special Council Meeting - October 20, 2018

MOTION:

THAT a Special Council meeting be held on October 20, 2018 at 3:00 p.m. at the Anzac Recreation Centre.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Krista Balsom, Councillor
SECONDER:	Jane Stroud, Councillor
FOR:	Scott, Allen, Balsom, Inglis, Lalonde, McGrath, Murphy, Peddle, Stroud, Voyageur
ABSENT:	Meagher

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)

Adjournment

The meeting adjourned at 7:50 p.m.

Mayor

Chief Legislative Officer

Minutes Acceptance: Minutes of Oct 1, 2018 6:00 PM (Minutes of Previous Meetings)



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

COUNCIL REPORT

Meeting Date: October 9, 2018

Subject: Competitive Procurement Audit Action Plan – Third Quarter 2018 Update

APPROVALS:

Annette Antoniak

Director

Chief Administrative Officer

Recommended Motion:

THAT the Competitive Procurement Audit Action Plan – Third Quarter 2018 Update, Attachment 1, be accepted as information.

Summary:

Based on the Competitive Procurement Audit Recommendations presented to Council by MNP LLP (MNP) on June 12, 2018 and, in an effort, to close the gap to leading practice, Administration developed an Action Plan to address improvements to the process with proposed completion dates ranging from Q2 2018 through Q2 2019. The Action Plan was also approved by Council at the June 12, 2018 meeting. The Third Quarter 2018 Update represents the first update to Council since presentation of the audit results and approval of the Action Plan. Of the 38 recommendations, 6 had target dates for completion of Q2 2018, 4 recommendations have been implemented/completed and 2 are in progress. In addition, 3 recommendations were completed that did not have a specific target date assigned or had a Q4 target date. In summary, 7 recommendations have been completed and 2 are in progress.

Background:

MNP was contracted to conduct internal audits of the competitive procurement evaluation process as well as capital projects and single source (non-competitive) procurements. In addition, MNP assessed the Municipality's processes against leading practice criteria for each phase of the audit.

As a public-sector entity, the Municipality must adhere to applicable legislation, including the *New West Partnership Trade Agreement* (NWPTA), the *Canadian Free Trade Agreement* (CFTA) and the *Canada-European Union Comprehensive Economic and Trade Agreement* (CETA) when conducting procurement activities. Although the

procurement thresholds may differ, the similarities remain in requiring open, transparent and non-discriminatory treatment to all suppliers.

The four key findings that became a theme throughout the audit included:

- Standard operating procedures (SOP) and training
- Mandatory requirements and evaluation criteria
- Increased transparency with contractors
- Capital project management processes

Although MNP concluded that the Municipality currently has leading practice standard operating procedures, those procedures are not consistently being followed. Training of all employees involved in procurement processes along with annual refresher training would close the current gap. A process to address non-compliance was also required along with formal training to Council on procurement-related obligations under trade agreements. Training for Council was completed in June 2018 and training of employees is in progress. With finalization of updated Standard Operating Procedures (SOPs), staff training will commence in October 2018.

Mandatory requirements and evaluation criteria needed to be consistently updated to reflect any unique characteristics for each procurement. As part of the Action Plan, a checklist will be implemented to align with procedures, software will be implemented to improve centralization of documentation and reporting. Elements that were originally intended to be included in a procurement evaluation handbook have since been incorporated in the updated SOPs. Training will commence in October to ensure that all individuals involved in evaluation of procurement opportunities understand and execute their responsibilities consistently.

Increased transparency with contractors can be fostered by providing enhanced information and resources regarding procurement opportunities and municipal processes. This can be achieved with a coordinated effort to provide training to contractors to ensure their bids include sufficient information to compete for municipal contracts, enhanced municipal website resources, and dialogue with the Fort McMurray Construction Association, Fort McMurray Chamber of Commerce and the Northeastern Alberta Aboriginal Business Association. In collaboration with Economic Development, the first training session was held on October 3, 2018. The *Preparing Bids and Proposals: A Supplier's Competitive Edge* course had a full class registered. In addition, preliminary planning is underway for tri-party workshops involving consultants, contractors and municipal staff.

The Action Plan also includes improvements to capital project management processes. The project management manual will be updated to serve as a resource for project managers. There will be a focus on improving documentation and record keeping. As well, training for project managers is required to ensure that capital project management processes focus on safety, quality and documentation. The Engineering department is organizing a lessons learned retreat to take place in October 2018.

Rationale for Recommendation:

The Competitive Procurement Audit Action Plan - Third Quarter 2018 Update, Attachment 1, identifies the progress made in the last quarter to bridge the gap between existing municipal procurement processes and execution to leading practice.

Strategic Priorities:

Responsible Government

Attachments:**1. Competitive Procurement Audit Action Plan - Q3 Update**

Third Quarter 2018 Competitive Procurement Internal Audit Action Plan Update

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date	
Mandatory Requirements	1	SCM should work closely with RMWB departments and branches (e.g. insurance and legal) to develop mandatory requirements specific to each project. The mandatory requirements should reflect the requirements that are truly essential to the completion of the services or goods being procured. The number of mandatory requirements should be minimized, truly relevant and appropriate to the goods / services being procured in order to increase the probability of receiving compliant and qualified submissions. RMWB should consider including business or technical mandatory requirements that will support the efficient and objective assessment of proponent qualification and experience (e.g. minimum qualifications or experience of proposed personnel).	Supply Chain Management (SCM) is provided the scope of work from the department(s). Any technical mandatory requirements would be presented by the department who are the experts in the field. If there is any misunderstanding SCM will ask questions for clarity to be sure it is presented properly in the RFX.	<ul style="list-style-type: none"> • SCM will continue to work with the appropriate departments on technical and mandatory requirements where applicable. • SCM is currently researching software packages for submission and evaluation. The software will include a checklist for mandatory requirements and assist with centralized documentation and reporting. 	In progress. SCM will continue to work with the appropriate departments on technical and mandatory requirements, where applicable. Staff training is also underway to support a consistent approach.	Q1 2018
	2	SCM and the procuring department should document discussions surrounding the development and approval of the mandatory requirements. Evidence of the approval prior to issuing the RFX should be maintained on file through completion of the Procurement File Checklist. (Also see recommendation #7 - Procurement File Checklist.)	SCM currently communicates with departments via email, telephone and face-to-face in developing criteria's for RFXs. Specific documentation relating to anomalies are currently saved, however, not all communications are consistently documented and saved.	<ul style="list-style-type: none"> • SCM will continue to work with the appropriate departments on technical and mandatory requirements where applicable. • SCM is currently researching software packages for submissions and evaluation. The software will provide a checklist for mandatory requirements, assist with centralized documentation and reporting. 	In progress. SCM will continue to work with the appropriate departments on technical and mandatory requires where applicable. Staff training is also underway to support a consistent approach.	Q1 2018
	3	The RFX document should clearly state whether information required to assess compliance with mandatory requirements needs to be provided upfront (i.e. upon submission of the bid) or upon award as a single mandatory requirement cannot later be waived by the RMWB when faced with an otherwise strong bid submission.	Mandatory requirements are currently specified in the RFX documents and must be presented upon opening or before award.	<ul style="list-style-type: none"> • Wording will be adjusted to reflect when mandatory requirements are due. 	In progress. SCM will continue to work with the appropriate departments on technical and mandatory requirements, where applicable. Staff training is also underway to support a consistent approach.	Q2 2018

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date	
	4	SCM should ensure that the assessment of bids against the mandatory requirements is documented, as well as reviewed by an appropriate authority, and, where a proponent does not meet the mandatory requirements, the proponent is disqualified, and the submission is not further evaluated.	SCM currently reviews submissions for mandatory documentation and does disqualify based on non-compliance.	<ul style="list-style-type: none"> Standard Operating Procedures (SOP's) will be reviewed and updated. Forms will be updated to ensure that the assessment of bids against the mandatory requirement is documented. 	SOPs have been reviewed and updated and Procurement Department training to commence first week of October.	Q4 2018
				<ul style="list-style-type: none"> SCM is currently researching software packages for submissions and evaluation. The software will provide a checklist for mandatory requirements, assist with centralized documentation and reporting. 	In progress	Q1 2019
	5	SCM should update the RFT template to allow for the summary of all mandatory requirements in one area of the document.	Appendix A "Acknowledgement Form" of the Request for Tender states the mandatory requirements within the documentation checklist for bid compliance section. The specific words "mandatory requirement" are not stated, therefore this could lead to misinterpretation.	<ul style="list-style-type: none"> The Acknowledgement Form template will be updated to clearly state mandatory requirements. 	In progress. SCM will continue to work with the appropriate departments on technical and mandatory requirements, where applicable. Staff training is also underway to support a consistent approach.	Q2 2019
Addenda	6	SCM should conduct a review of its SOPs to determine if revisions are required to better reflect actual processes and controls that are in place, while aligning them with leading practices.	SCM has a Council Policy that is due for review in 2018, Administrative Procedure which was last reviewed in 2015 and SOP's are typically reviewed and updated every 3 years.	<ul style="list-style-type: none"> SCM will develop a work plan and allocate resources to review and update Council Policy, Administrative Procedure and SOP's. 	With finalization of the SOP's, Council Policy and Administrative Procedure will be updated.	Q1 2019
	7	To improve consistency and accountability of the competitive procurement process, SCM should develop a procurement file checklist aligned with the SOPs listing information that must be maintained on file along with key steps that must be completed in the procurement process. Buyers should complete the Procurement File Checklist, noting dates of key activities and maintaining supporting documentation, to evidence the completion of the required procurement steps, including the documentation of the coordination of responses to	SCM currently utilizes OpenText - an information management software, Alberta Purchasing Connection (APC) – tool for posting RFX documentation including posting dates, closing dates, addendums, etc., Microsoft Outlook – email documentation, and etc.	<ul style="list-style-type: none"> SCM will implement a checklist to align with RMWB processes, ensuring consistency in files. 	In progress	Q4 2018

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
	<p>questions received from proponents and the posting of responses to APC. By doing this, SCM will ensure key processes are being followed and control activities are taking place and evidenced. A sample checklist was provided in the Procurement - Capital Projects and Single Source Internal Audit.</p>		<ul style="list-style-type: none"> • SCM is currently researching software packages for submissions and evaluation. The software will provide a checklist for mandatory requirements, assist with centralized documentation and reporting. 	<p>In progress</p>	<p>Q1 2019</p>
<p>Evaluation Plan</p>	<p>8 As recommended in the Procurement – Capital Projects and Single Source Internal Audit, RMWB should develop proposal evaluation plans for competitive procurements that include evaluation of criteria other than price / cost. This requirement is aligned with leading practice and SOP 6: Competitive Bid and will ensure the evaluation of proposals is thorough, complete, documented and defensible.</p>	<p>Upon RFX creation, SCM staff work with departments to create evaluation criteria, scoring and weighting. These are provided in the RFP / RFQ package and a panel of evaluators are provided by the department for evaluation of the submissions upon receipt.</p>	<p>SCM is finalizing a Procurement Evaluation Handbook, which outlines:</p> <ul style="list-style-type: none"> • Role of the Evaluation Committee, Committee Leader, Evaluators, and Buyers • Guiding Principles (Such as consistency, confidentiality, conflict of interest, etc.) • Suggested timeline for completion of tasks • Detailed step by step descriptions of the evaluation steps and roles • Evaluating responses guidelines, criteria, and sample of scoring submissions • Technical submission scoring with rankings • Examples of evaluation templates <p>A training plan will be developed.</p>	<p>Updated SOP's will incorporate the elements of the handbook, therefore the handbook will no longer be necessary. SOPs have been reviewed and updated and Procurement Department training to commence first week of October.</p>	<p>Q4 2018</p>
<p>Evaluation Committees</p>	<p>9 Evaluation Committee members should formally confirm and document that they are conflict free in relation to the assessment of submissions to ensure the evaluation is unbiased.</p>	<p>SCM does have a conflict of interest form; however, it is currently only signed if there is a conflict identified.</p>	<ul style="list-style-type: none"> • SCM will make this a requirement for all evaluators. 	<p>Completed</p>	<p>Q2 2018</p>

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
			<ul style="list-style-type: none"> • SCM is currently researching software packages for submissions and evaluation process which will require completion of the conflict form upon committee selection, prior to receiving the tender package. 	In progress	Q1 2019
<p>Evaluation Criteria</p>	<p>10 SCM and the procuring department should document discussions surrounding the development and approval of the evaluation criteria. Evidence of the procuring department's approval should be maintained on file through completion of the Procurement File Checklist.</p>	<p>SCM works with departments to create evaluation criteria, scoring and weighting. These are provided in the RFP / RFQ package and a panel of evaluators are provided by the department for evaluation of the submissions upon receipt. A final review of the RFX is required by the department, approvals are obtained through email.</p>	<p>SCM will implement a checklist to align with RMWB processes, ensuring consistency in files.</p>	In progress	Q4 2018
			<p>In addition, research is underway to implement software to enhance the consolidation of documentation and streamline the process.</p>	In progress	Q1 2019

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
11	RMWB should consider weighting evaluation criteria in terms of procurement type, complexity and size. For example, a proposed procurement with a simple, clearly defined scope of work include evaluation criteria more heavily weighted towards price. Proposed procurement with highly complex or vaguely defined scopes of work should include evaluation criteria weighted toward business requirements (e.g. project understanding, methodology, similar experience, etc.).	SCM provides a standard template and adjusts the weighting and criteria based on discussions with the departments who play a critical role in providing documentation and technical expertise.	SCM is finalizing a Procurement Evaluation Handbook, which outlines: <ul style="list-style-type: none"> • Role of the Evaluation Committee, Committee Leader, Evaluators, and Buyers • Guiding Principles (Such as consistency, confidentiality, conflict of interest, etc.) • Suggested timeline for completion of tasks • Detailed step by step descriptions of the evaluation steps and roles • Evaluating responses guidelines, criteria, and sample of scoring submissions • Technical submission scoring with rankings • Examples of evaluation templates A training plan will be developed.	Updated SOP's will incorporate the components of the handbook, therefore the handbook will no longer be necessary. SOPs have been reviewed and updated and Procurement Department training to commence first week of October.	Q4 2018

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
12	RMWB should include the evaluation criteria, the weighting thereof and the scoring methodology within the RFX to provide proponents with information on how submissions will be evaluated.	As of September 2017, a breakdown of evaluation criteria and weighting is provided in all Request for Proposals and Request for Quotations. SCM staff work with departments to create evaluation criteria, scoring and weighting.	SCM is finalizing a Procurement Evaluation Handbook, which outlines: <ul style="list-style-type: none"> • Role of the Evaluation Committee, Committee Leader, Evaluators, and Buyers • Guiding Principles (Such as consistency, confidentiality, conflict of interest, etc.) • Suggested timeline for completion of tasks • Detailed step by step descriptions of the evaluation steps and roles • Evaluating responses guidelines, criteria, and sample of scoring submissions • Technical submission scoring with rankings • Examples of evaluation templates A training plan will be developed. SCM will research best practices from a Public Procurement perspective to ensure all vendors have a competitive opportunity to participate	Updated SOP's will incorporate the components of the handbook, therefore the handbook will no longer be necessary. SOPs have been reviewed and updated and Procurement Department training to commence first week of October.	Q4 2018
13	RMWB should request proponents provide at least three references for previous, similar work completed. SCM should contact the references, confirm the details contained in the proponent's submission and validate the quality of the project and vendor for which / whom the reference was provided. When required (i.e. SCM intends to ask questions pertaining to technical aspects of previous projects), SCM should include a representative from the procuring department to assist in the reference checks. SCM should forward the results of the reference checks to the Evaluation Committee for consideration in the overall evaluation.	Request for Proposals require three references in most incidences and reference checks are performed. SCM sends packages to departments for evaluation and if the department is not familiar with the work of the proponents, they will contact SCM to perform reference checks. The procuring department will provide a list of questions to ask the proponents. Upon completion the results are forwarded to the evaluation committee for review through email.	Continue performing reference checks when required.	Completed. Incorporated as part of updated SOP's.	n/a

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
	<p>14 The results of the reference checks should be documented through completion of the Procurement File Checklist.</p>	<p>Request for Proposals require three references in most incidences and reference checks are performed. SCM sends packages to departments for evaluation and if the department is not familiar with the work of the proponents, they will contact SCM to performs reference checks. The procuring department will provide a list of questions to ask the proponents. Upon completion the results are forwarded to the evaluation committee for review through email and then uploaded to OpenText.</p>	<p>SCM will continue performing reference checks when required and save documents in a centralized location.</p>	<p>Completed. The checklist for documentation has been updated and embedded into the SOP.</p>	<p>Q2 2018</p>
<p>Evaluation of Submissions</p>	<p>15 SCM should consider establishing minimum targets for expected number of responses to RFX to help ensure the most qualified firms are selected to complete projects at optimal value for the Municipality. (Also See recommendation #7 above for the recommendation pertaining to the Procurement File Checklist.</p>	<p>When bid opportunities are posted on the Alberta Purchasing Connection (APC), they are open to any company wishing to submit a bid. SCM has no control over the number of bids received and is unaware of how many responses will be received until the posted opportunity is closed. To re-open the opportunity after closing because a minimum number of bids have not been received could be perceived as bid shopping; which contravenes public procurement / contract law.</p>	<p>The criteria outlined in the Municipality's Request for Proposal / Information / Quote (RFX) templates today will continue to be used as the "flexible" mechanism allowing the Municipality the right to eliminate vendors that do not meet minimum expected thresholds, based on both the individual and overall criteria levels which are "Project Specific". For example, one RFX may have a high weighting on the specific qualifications of individuals assigned to a project, but a lower weighting on price. Another RFX may be more of a commodity purchase and have a high weighting on price, with a lower weighting on qualifications. The Municipality has elected not to include a minimum number of bids; the existing internal control structure at the Municipality is appropriately designed and a minimum bid requirement cannot be applied based on the reasons summarized.</p>	<p>Completed. Following the existing trade agreements will ensure that the most qualified firms are selected to complete projects at optimal value for the Municipality.</p>	<p>n/a</p>

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
Training and Awareness	16 SCM should work closely with the LEARN branch at RMWB to determine the best way to disseminate training to impacted employees. Options for training include working with SCM to develop the course content and then training individual(s) from SCM to deliver the courses to employees (i.e. "train the trainer"), engaging external consultants to develop and deliver training, developing on-line training tools such as webinars, etc. As noted above, the training should include information on key processes including required documentation and approvals (along with timing of those approvals). Training should be provided to all new employees along with annual "refresher training" to remind employees of procurement-related responsibilities.	SCM staff currently attend webinars presented by external professionals and utilize internal training offered by Learn. SCM professional staff hold SCM formal education and are aware of their procurement-related responsibilities. SOP's are accessible to all staff on SCM processes. The LEARN Branch offers online or class training on CORE Portal SCM to everyone involved in obtaining goods or services on behalf of RMWB. Presentations have been provided to the Senior Leadership Team, Managers and departments on legislation and Trade Agreements.	SCM will work with the LEARN Branch to develop and deliver training on SCM processes and procedures, this will include refresher training.	In progress. SOPs have been reviewed and updated and Procurement Department training to commence first week of October.	Q1 2019
	17 Council Members should be provided detailed training on RMWB procurement obligations under trade agreements and the requirement for the Municipality to adhere to the principles of public procurement. As with employees, the training to Council Members should be provided as part of the orientation process and on an as needed basis.	Council currently receives an orientation at the beginning of their term of office by internal staff.	A high-level overview of the foundational laws behind Public Procurement with emphasis on competitive contracting, identifying key risk areas in the procurement process and outlining the critical role of Council in Public Procurement will be delivered by an external training resource.	Completed. Training was provided to Council on June 19, 2018.	Q2 2018
Contractors' Perspective	18 SCM should develop online guides to competitive procurement at the Municipality for contractors that provide information on trade agreement obligations of RMWB, key steps in the competitive procurement process, how to obtain a vendor debriefing, process for reporting concerns (e.g. whistleblower complaint), guidance on how to prepare a successful bid submission, etc. The guides should be brief (e.g. one to two pages), written in plain language, posted to the RMWB website and contain links to more detailed information and contacts, where applicable.	RMWB currently posts the Annual Capital Budget and Plan on the RMWB website. There are annual budget workshops held to discuss the capital needs. The public are invited to attend and provide feedback.	Once the annual Capital Budget and Plan is approved by Council, a list of capital projects will continue to be posted on the RMWB website for information purposes. In addition, contact information will be provided if further clarification is required. SCM will continually post opportunities on APC with the appropriate timelines in relation to the scope of work. In collaboration with Economic Development, a training program for contractors will be developed and delivered.	A better defined procurement planning process is being introduced as part of 2019 budget development. This process to better inform timing of bid opportunities. In collaboration with Economic Development, a training session is scheduled for October 3, 2018, <i>Preparing Bids and Proposals: A Supplier's Competitive Advantage</i> . As of September 27th, 34 people have registered to attend.	Q1 annual

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
19	SCM should consult with its Legal Department on its procurement related obligations under domestic and international trade agreements to determine if there are restrictions to implementing procurement strategies that, where appropriate, favour local and Indigenous vendors. Upon further clarify being provided, RMWB should communicate the restrictions in the online guides recommended above to assist in managing expectations of local businesses and Indigenous vendors.	As in Management Observation #6, the Council Policy is due for review and alignment with updated legislation and best practice.	• SCM will develop a work plan and allocate resources to review and update Council Policy, Administrative Procedure and SOP's.	With finalization of the SOP's, Council Policy and Administrative Procedure will be updated.	Q1 2018
20	SCM should conduct an annual briefing session with contractors to present and discuss the current capital plan and obtain industry input on project delivery, procurement / contracting strategy and estimated timing for each project. Contractors should be provided with the opportunity to provide comments and feedback at the briefing session or in writing for a specified time after the session. Where applicable, SCM and Engineering can use the information provided by the contractors in the development/finalization of its project delivery, procurement/contracting strategy and RfX documents while also ensuring and balancing the requirements of an independent procurement process. SCM should issue public invitations to the briefing session using APC.	Documentation of lessons learned and seeking input for continuous improvement are critical.	Enhance current process.	Increase rapport with various external vendor organizations to solicit feedback. A meeting with representatives of the Fort McMurray Construction Association was held as an initial step in understanding the issues from the vendor perspective.	Q1 2018
21	RMWB should publish the names of successful bidders and the subsequent contract value to APC, on a timely basis following the award of the contract (e.g. within 1 to 2 days of awarding the contract).	SCM post results within three to five days of receipt of a signed contract award letter from the successful proponent. It would be difficult to reduce the timeline. Until an award letter is signed, we are unable to notify any successful proponents.	Continue with current process.	Completed. Successful bidders will continue to be posted on APC within three to five days of receipt of a signed contract award letter from the successful proponent.	Q2 2018

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
22	If RMWB receives a submission with a price that is significantly lower than the prices in other submissions, the Evaluation Committee should verify with the proponent that it is capable of delivering the project as described in the RFX document. This may involve checking references, meeting with the proponent and discussing in more detail how the project will be delivered, obtaining more information such as previous work experience, etc. All steps taken to verify the capability of the proponent should be documented. If the Evaluation Committee determines the proponent is not able to complete the work at the price included in the proponent's submission, consideration should be given to other compliant bids received.	SCM currently reviews any substantial variances between lowest price and next price. The review includes experience, references where applicable, pricing model, and etc. In partnership the department and SCM conduct this review.	SCM will define and document the process as part of Policy and Procedures to ensure consistency.	Completed. Incorporated as part of updated SOP's.	Q4 2018
23	SCM should stagger the posting of opportunities, where possible, to provide proponents with sufficient time to prepare submissions. SCM should also consider establishing minimum timelines for the length of time between opening date of the RFX and the closing date depending on the type and complexity of the proposed procurement.	Determining the RFX opening and closing dates prior to issuing the RFX is taken into consideration on an ongoing basis. The Trade Agreements give a minimum amount of days that an RFX must be opened. SCM works with the applicable departments to determine if the Municipality should post longer due to technical requirements and overall complexity.	Continue with current process.	In progress. Situation will be monitored and incorporated as part of the procurement planning process with departments commencing with the 2019 budget development process.	n/a
24	Through completion of the Procurement File Checklist, SCM, in consultation with the procuring department, should document the rationale for the RFX opening and closing dates prior to issuing the RFX.		SCM will research best practices from a Public Procurement perspective to ensure all vendors have a competitive opportunity to participate.		Q2 2019

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
	<p>25 To reduce the amount of time and effort associated with the competitive procurement process, RMWB should pre-qualify contractors for Municipal projects from various fields (e.g. water and sewer, bridges, roads, etc.). Pre-qualification would have to adhere to trade agreements and SCM should consult with its Legal Department to ensure any trade agreement restrictions are applied. Once the Municipality has a list of pre-qualified contractors, opportunities should be forwarded to the applicable contractors. Contractors can then provide the Municipality with an estimate of price and other required information such as WCB coverage, insurance, performance bonds, etc.</p>	<p>In the past SCM has performed prequalification for specific types of work, such as directional drilling and engineering consulting.</p>	<p>SCM will research best practices from a Public Procurement perspective to ensure all vendors have a competitive opportunity to participate.</p>		Q2 2018
<p>Results of Phase 2 Project Reviews</p>	<p>26 The Engineering Department filing system on the internal H drive needs to be fully utilized by all stakeholders who have access. Before a project is closed by RMWB, a review of the project files should occur by the Project Manager to ensure all required documentation is in the files. On this project, documentation on safety, quality, RFIs, final contractor evaluation report and daily field construction reports were missing.</p>	<p>Project Managers are required to file documentation.</p>	<p>Engineering will work with the LEARN Branch to develop and deliver training on processes and procedures. Project close-out reviews will be undertaken. Update the Project Management Manual to include a file checklist.</p>	<p>In progress</p>	Q1 2019
<p>27 Although we believe the quality of the finished project was acceptable, there should be more emphasis placed on ensuring that the RMWB Project Manager was monitoring the quality of the work on an ongoing basis. The fact that there was no quality documentation in the project files may be interpreted as an indicator that quality is not a high priority for the RMWB project team.</p>	<p>Quality checklists, control and assurance related items are dispersed amongst existing contract specifications. In addition, commissioning plans are created and reviewed. Warranty period provides time to monitor an asset's performance.</p>	<p>Quality Assurance and Quality Control plans for contracts will be reviewed. Update the Project Management Manual to include a file checklist.</p>	<p>In progress</p>	Q1 2019	

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
28	The RMWB filing system on the internal Engineering Department H drive needs to be fully utilized by all stakeholders who have access. Before a project is closed by RMWB, a review of the project files should occur by the Project Manager to ensure all required documentation is in the files. On this project, documentation on safety, quality, RFIs, final contractor evaluation report and daily field construction reports is missing. Safety information located in various files on the H drive should be consolidated in one place to enable easy reference as required.	Project Managers are required to file documentation.	Engineering will work with the LEARN Branch to develop and deliver training on processes and procedures. Project close-out reviews will be undertaken. Update the Project Management Manual to include a file checklist.	In progress	Q1 2019
29	A more serious focus needs to be put on safety. Safety accountability should be made a key part of every RFT contractor package and every RFP consultant package.	Quality checklists, control and assurance related items are dispersed amongst existing contract specifications. In addition, commissioning plans are created and reviewed. Warranty period provides time to monitor an asset's performance.	Quality Assurance and Quality Control plans for contracts will be reviewed. Update the Project Management Manual to include a file checklist.	In progress	Q1 2019
30	Engineering should provide training to its employees to ensure they are aware of all key safety requirements such as the authority to shut down a construction project due to safety concerns.	Staff have the authority to shut down construction projects due to safety concerns; they have done so when needed.	Project Managers will be reminded of authority to halt unsafe work. Engineering will work with the LEARN Branch to develop and deliver specialized training to the Engineering Department.	In progress	Q1 2019
31	RMWB should update its Project Manager Handbook and SOPs to include the need for RFIs to support change order requests.	A robust process for change order review and approval is in place. A Request for Information (RFI) is not the only communicate that may trigger a change order. Contemplated Change Notices (CCN), Change Notices (CN), Site Instructions (SI) and Change Directives (CD) may also be utilized.	The Project Management Manual will be reviewed and updated. Use and tracking of RFI, CCN, CN, SI, and CD will be included.	In progress	Q1 2019
32	There should be more emphasis placed on ensuring that the RMWB Project Manager is monitoring the quality of the work on an ongoing basis. The fact that there was no quality documentation in the project files may be seen as an indicator that quality was not a high priority for the RMWB project team.	Quality checklists, control and assurance related items are dispersed amongst existing contract specifications. In addition, commissioning plans are created and reviewed. Warranty period provides time to monitor an asset's performance.	Quality Assurance and Quality Control plans for contracts will be reviewed. Engineering will review the benefit of accepting as-builts (record drawings) through and from consultants to determine if they should be validated in-house.	In progress	Q1 2019

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
33	The addition of an ITP for future projects would be of value. This plan would summarize all the required testing required by the project specifications and detail who was responsible for ensuring that accurate testing and documentation was done. The ITP, once completed, would provide a record of all the quality tests and documentation for a project in one place. The system currently in use by RMWB does not provide that, and it is difficult to determine if the required testing has taken place.	Inspection and Testing Plan (ITP) requirements are already in place and dispersed amongst existing contract specifications.	Inspection and Testing Plan (ITP) requirements for contracts will be reviewed for consistency.		Q1 2018
34	"Lessons Learned" meetings should be held at the completion of each project. Minutes should be documented, maintained on file and circulated to Engineering Department employees as required. Project Managers should ensure the Lessons Learned are incorporated into the project management processes of subsequent projects.	Lessons Learned are shared in regular meetings. Vibration Monitoring is a recent example; this was not included in contracts in the past and, as of 2017, is now a requirement.	Lessons Learned will be documented and circulated.	Engineering department is organizing a lessons learned retreat for October 18, 2018. Project Management manual will include section on Lessons learned which is to be retained on file. Preliminary planning for tri-party workshops involving consultants, contractors and rmwb staff.	ongoing
35	Prior to recommending the payment of a claim to a contractor, the Project Manager should consult with the Engineering Consultant and the RMWB Legal Department to ensure the claim is valid and not covered under warranty. Subject matter advice should also be obtained if necessary.	Project Managers contemplate the validity of claims and work with RMWB colleagues, including those from Finance, Procurement and Legal Services, to approve or deny.	Continue current practice of working with RMWB colleagues on all claims.	Validity of claims are being verified by project managers; Engineering staff engaging claims branch and legal counsel as needed.	ongoing
36	For projects that involve specialized areas of construction, such as fusion welding, the RFP package to the bidding consultants should request details on the experience of the proposed project manager in the specialty areas involved. In addition, RMWB should consider developing a bidder recommendation template for use by Engineering Consultants to document their assessment of bids and rationale for their award recommendation.	Prequalification for consultants is currently undertaken. Detailed bid analysis and recommendations are received by RMWB following bid evaluations.	Develop a bid recommendation template.	In progress	Q4 2018

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
37	RMWB qualifies contractors for each project on a project by project basis. Although this can be effective, a more efficient method would be to use 'discipline based' qualification. This would involve qualifying a group of contractors for various scopes of work, such as road construction, underground utilities, structural steel, etc. This would reduce the time spent on each project deciding if the bidders were all qualified. New contractors could apply at any time (or a certain time of year annually) to be added to the list for their particular specialty or specialties.	The number of contractors available to qualify is limited and contractors' personnel changes frequently which may put the RMWB at risk of prequalifying a vendor who may not have the necessary skills year over year.	Engineering will consult with Procurement.	Further review of pros and cons of creating a best practice on prequalifying vendors to be done. Further research on IS Network prequalification software to be done to evaluate possibilities.	Q4 2018
38	Recommendations for improving the change order process were also included in our Previous Report as follows:	Change Orders require written approval, and approval through SAP, before going to SCM. Variability of projects and emergent needs sometimes requires timely action.	Review and revise the change order process to ensure oversight and timely decision making; train staff accordingly.	Updated SOP in place. Engineering - Project Management Manual will undergo revisions which will include the Change Order process.	Q4 2018
38a	- Appropriate RMWB personnel should approve change orders using the Supply Change Management – Non-competitive Selection / Change Order Approval Form prior to the vendor commencing the work related to the change.	Change Orders require written approval, and approval through SAP, before going to SCM. Variability of projects and emergent needs sometimes requires timely action.	Review and revise the change order process to ensure oversight and timely decision making; train staff accordingly.	Updated SOP in place. Engineering - Project Management Manual will undergo revisions which will include the Change Order process.	Q4 2018

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

COMPETITIVE PROCUREMENT AUDIT ACTION PLAN - THIRD QUARTER 2018 UPDATE

Observations	Recommendations	Management Observations	Management Response	Current Update - Q3 2018	Target Date
38b	<p>- SCM and/or other authorities should not approve change orders if the work has already been completed. If the contractor completed the work prior to approval, SCM should return the Supply Change Management – Non-competitive Selection / Change Order Approval Form to the employee who initiated the change order request. The employee should be required to complete a request for approval for non-compliance with policies and SOPs (e.g. email or newly developed form) to facilitate payment of the contractor invoice related to the change order. This request should be forwarded for approval to an official with sufficient authority to approve payment and authorize non-compliance with policies and SOPs, while also addressing the non-compliance directly with the appropriate employee(s). RMWB may also want to consider whether disciplinary actions against employees who do not comply with RMWB SOPs is appropriate in addressing the concern over change orders not being approved prior to the work being completed by the contractor.</p>	<p>Change Orders require written approval, and approval through SAP, before going to SCM. Variability of projects and emergent needs sometimes requires timely action.</p>	<p>Review and revise the change order process to ensure oversight and timely decision making; train staff accordingly.</p>	<p>Updated SOP in place.</p>	<p>Q4 2018</p>
38c	<p>- SCM should document instances of non-compliance to determine their causes and undertake further root-cause analyses, while also providing regular summary reporting to the RMWB executive team for transparency and support in reducing the frequency of change orders being authorized after the work has been completed.</p>	<p>Change Orders require written approval and approval through SAP before going to SCM. Emergent issues sometimes require timelier turnaround. Therefore, charges can occur outside the process. By having a review of metrics by SCM, these occurrences will be monitored to ensure they do not become common practice.</p>	<p>Continuous review of metrics and change order process to ensure oversight and timely decision making; train staff accordingly.</p>		<p>Q1 2019</p>
38d	<p>- SCM should then develop and deliver formal training to RMWB employees on the change order process. The training should include information on key processes including required approvals and documentation.</p>	<p>Change Orders require written approval and approval through SAP before going to SCM. Emergent issues sometimes require timelier turnaround. Therefore, charges can occur outside the process. By having a review of metrics by SCM, these occurrences will be monitored to ensure they do not become common practice.</p>	<p>Continuous review of metrics and change order process to ensure oversight and timely decision making; train staff accordingly.</p>		<p>Q1 2019</p>

Attachment: 1. Competitive Procurement Audit Action Plan - Q3 Update (Procurement Audit - 3rd Quarter

Competitive Procurement Internal Audit Action Plan – Q3 2018 Update

Presenters: Elsie Hutton, Chief Financial Officer
Matthew Hough, Director of Engineering

Meeting Date: October 9, 2018



Audit Action Plan – Third Quarter 2018 Update

- 38 recommendations identified in Action Plan
- 6 recommendations with Q2 2018 target date
 - 4 completed
 - 2 in progress
- 1 recommendation completed with Q4 2018 target date
- 2 recommendations completed with N/A target dates
- In summary, 7 recommendations completed, 2 in progress

Focus on Four Key Findings

- Standard Operating Procedures (SOP) and training
- Mandatory requirements and evaluation criteria
- Increased transparency with contractors
- Capital project management processes

Standard Operating Procedures (SOP) and Training

- Develop work plan and allocate resources to review and update Council Policy, Administrative Procedure and SOP
- Provide training to all employees involved in process with annual refresher training
- Establish process for compliance
- Provide formal training to Council on procurement related obligations under trade agreements

Proposed Target Date: Completion Q2 2018 – Q2 2019

Q3 2018 Update - SOP and Training

- Recruitment of Senior Manager – Procurement
- SOPs are updated and staff training of employees in progress
- Annual review with all internal stakeholders responsible for SOPs
- Procurement Essentials for Elected Officials training provided to Council

Mandatory requirements and evaluation criteria

- Checklist implementation to align with procedures
- Currently reviewing software packages for submissions and evaluation – supports centralized documentation and reporting
- Finalize Procurement Evaluation Handbook with training

Proposed Target Date: Completion Q4 2018 – Q1 2019

Q3 2018 Update - Mandatory requirements and evaluation criteria

- Checklist has been reviewed and is in use
- Elements of Procurement Evaluation Handbook consolidated in SOPs
- Training on SOPs commenced in October

Increased Transparency with Contractors

- Enhance information and resources available to contractors regarding opportunities and process
 - In collaboration with Economic Development to offer training for contractors and updated information on website
- Continue to post bids and awards on Alberta Purchasing Connection in a timely manner
- Increased dialogue with FMCA, Chamber of Commerce, NAABA

Proposed Target Date: Completion Q2 2018 – Q1 2019

Q3 2018 Update - Increased Transparency with Contractors

- Training for Contractors was held on October 3rd
 - *Preparing Bids and Proposals: A Supplier's Competitive Edge*
- Bids and awards will continue to be posted on Alberta Purchasing Connection
- Continue to build rapport with construction association and other organizations

Capital Project Management Processes

- Update the Project Management Manual
- Improve documentation and record keeping
- Provide training

Proposed Target Date: Completion Q1 2019

Q3 2018 Update - Capital Project Management Processes

- Project Management Manual review and update in progress
- Documentation recommendations in place
- One day training session completed, two more planned

Social Procurement Update

- Revisit social procurement in relationship to new trade agreements in effect since 2017
- Benchmark with other municipalities
- Update Policies and Procedures to include social procurement based on new trade agreement legislation, where applicable
- Train staff on updated social procurement opportunities
- Incorporate social value opportunities in Request for Proposals and Request for Quotes, where applicable

Questions?



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

COUNCIL REPORT

Meeting Date: October 9, 2018

Subject: Elected Officials Compensation, Travel, and Expenses Policy (LEG-050) Revisions

APPROVALS:

Annette Antoniak

Director

Chief Administrative Officer

Recommended Motion:

Options for Council's consideration are noted in the body of the report.

Summary:

Section 3.2.7. of the current Elected Officials Compensation, Travel and Expenses Policy (LEG-050), the Policy, states that one-third of the salary for Elected Officials will be treated as tax exempt under the regulations of the Canada Revenue Agency. The Canada Revenue Agency has recently changed the rules for tax exemptions indicating that in 2019 non-accountable allowances paid to elected officers will be included in their income. As a result, there will be no further allowances for the one-third tax exemption to salary which will create net pay loss for Mayor and Councillors.

Background:

The current Elected Officials' Compensation, Travel and Expenses Policy LEG-050 was adopted by Council in 2001 and received revisions in January 2017 following an external review by compensation consultants. At the time of the 2017 review, Administration was not aware of the proposed change to the Canada Revenue Agency's rules for tax exemptions.

Legislative Services has done a review of the Policy and has worked with Human Resources, Compensation, Benefit and Payroll Branch, to determine how the one-third tax exemption regulation will affect Council come January 1, 2019.

As of January 1, 2019, if there is no change to salaries, the Mayor would see a net pay impact of losing approximately \$720.00 bi-weekly (\$18,720.00 annually), and Councillors would see a net pay impact of losing approximately \$175.00 bi-weekly (\$3,840.46 annually).

COUNCIL REPORT – Elected Officials Compensation, Travel, and Expenses Policy (LEG-050) Revisions

We have canvassed municipalities across Alberta and at present, only two have effected change; the City of Grande Prairie and Strathcona County, both municipalities adjusted the salaries to maintain the same net pay. The City of Edmonton and City of Calgary previously implemented a fully taxed compensation model and therefore require no changes to their respective policies.

Additional proposed Policy changes include edits to provide greater transparency and clarity surrounding individual expenses and travel/transportation sections as outlined in Attachment 1.

Options:

Option 1 - No Revisions

Council may choose to keep the Policy as is with no adjustment in salary. The result would be:

Net pay loss for Mayor \$720.00 bi-weekly (\$18,720.00 annually); and

Net loss pay for Councillors \$175.00 bi-weekly (\$3,840.46 annually).

The following motions are required to remove the reference to one-third tax free in the Policy as well as approve the clarified language as it relates to budget allocations and travel/transportation:

1. THAT Section 3.2.7. be removed from the Policy and the remaining sections be renumbered.
2. THAT the amendments as outlined in Attachment 1 be approved.

Option 2 - Adjust Mayor and Councillor's gross pay to ensure net pay (take home pay) remains the same

In keeping with the practice of other municipalities in Alberta, Council can consider adjusting the salary for both Mayor and Councillors to account for the loss of net pay due to the removal of the one-third tax exemption.

Should Council choose to do this, the following motions are required:

THAT the following revisions to the Elected Officials Compensation, Travel and Expenses Policy LEG-050 be approved:

- a. THAT the annual salary for the Mayor as indicated in section 3.2.1. be adjusted from \$132,011.00 to \$165,790.00, effective January 1, 2019;
- b. THAT the annual salary for Councillors as indicated in section 3.2.2. be adjusted from \$38,878.00 to \$46,200.00, effective January 1, 2019;

COUNCIL REPORT – Elected Officials Compensation, Travel, and Expenses Policy (LEG-050) Revisions

- c. THAT Section 3.2.7. be removed from the Policy and the remaining sections be renumbered; and
- d. THAT the amendments as outlined in Attachment 1 be approved.

Option 3 - Reconsider Salary Adjustment as Presented to 2013-2017 Council (January 2017) Fully Taxed

On January 17, 2017, the 2013-2017 Council was presented with recommended revisions to the Policy based on an independent review conducted in 2016 by Gallagher McDowall Associates. See excerpt from final report by Gallagher McDowall Associates in Attachment 2.

The salaries recommended at the time were Mayor: \$120,000.00 and Councillor: \$50,000.00, both of which were recommended to be one-third tax free. With the changes to the CRA tax exemptions one-third tax free cannot be enacted therefore this scenario would be implementing the recommended salaries fully taxed.

Should Council wish to consider this, the following motions are required:

THAT the following revisions to the Elected Officials Compensation, Travel and Expenses Policy LEG-050 be approved:

- a. THAT the annual salary for the Mayor as indicated in section 3.2.1. be amended from \$132,011.00 to \$120,000.00, effective January 1, 2019;
- b. THAT the annual salary for Councillors as indicated in section 3.2.2. be amended from \$38,878.00 to \$50,000.00, effective January 1, 2019;
- c. THAT Section 3.2.7. be removed from the Policy and the remaining sections be renumbered; and
- d. THAT the amendments as outlined in Attachment 1 be approved.

Option 4 - Reconsider Salary Adjustment as Presented to 2013-2017 Council (January 2017) with Adjustment to Gross Pay to Achieve Net Pay (take home pay)

Further to the above, option 3, Council may consider an adjustment to the recommended \$120,000.00 and \$50,000.00 gross pay to achieve the same net pay as would have been achieved with the one-third tax exemption.

Should Council wish to consider this, the following motions are required:

THAT the following revisions to the Elected Officials Compensation, Travel and Expenses Policy LEG-050 be approved:

- a. THAT the annual salary for the Mayor as indicated in section 3.2.1. be amended from \$132,011.00 to \$144,610.00, effective January 1, 2019;

COUNCIL REPORT – Elected Officials Compensation, Travel, and Expenses Policy (LEG-050) Revisions

- b. THAT the annual salary for Councillors as indicated in section 3.2.2. be amended from \$38,878.00 to \$58,379.00, effective January 1, 2019;
- c. THAT Section 3.2.7. be removed from the Policy and the remaining sections be renumbered; and
- d. THAT the amendments as outlined in Attachment 1 be approved.

Budget/Financial Implications:

Should Council choose to adjust the salaries, any funds required would be accommodated through the 2019 budget process.

Strategic Priorities:

Responsible Government

Attachments:

1. Redlined Version - Proposed Changes to Provide Clarity
2. Excerpt from RMWB Elected Official Compensation Final Report by Gallagher McDowall Associates

COUNCIL POLICY

Policy Name: Elected Officials Compensation, Travel, and Expenses
 Department Name: Legislative Services
 Policy Number: LEG-050
 Effective Date: October 17, 2017

Next Revision Date: October, 2019

STRATEGIC PLAN LINKAGE

This Policy safeguards the appropriate use and accounting of municipal funds, in line with the Municipality's vision of building a responsible government by demonstrating principles of accountability, integrity and transparency.

STATEMENT:

Elected Officials must be compensated at levels which recognize differences in effort and responsibility, and to help attract citizens as candidates for public office. Elected Officials must also be reimbursed for reasonable costs incurred during the conduct of Council business, and will be supported with staff and technology in the performance of their duties.

PURPOSE AND OBJECTIVE:

The purpose and objectives of the Elected Officials Compensation, Travel, and Expenses Policy are to:

1. provide fair, consistent and adequate compensation for Council members at a level that will also attract citizens as candidates for public office;
2. recognize the uniqueness of the Regional Municipality of Wood Buffalo, because of its blend of urban and rural communities, vast growth, economic climate, and geographic size;
3. ensure that Council members do not personally incur the costs of conducting Council business; and
4. support Council members with staff and technology so that they can perform their duties efficiently and effectively.

GENERAL PRINCIPLES

1. Definitions

- 1.1. "Allowances" are funds provided to Council for a specific purpose and may be accountable or non-accountable, as determined by the Canada Revenue Agency.
- 1.2. "Chief Administrative Officer or CAO" is the individual appointed to the position of Chief Administrative Officer, or his/her designate.
- 1.3. "Council" is the collective group of Elected Officials who govern the Municipality.
- 1.4. "Council Business" refers to the activities conducted by Council in keeping with the provisions of the *Municipal Government Act*. Examples of Council business may include attendance at Council and Committee meetings, municipally-sanctioned events, meetings with the CAO, meetings with constituents, and social events.
- 1.5. "Councillors" are the Elected Officials of the Municipality, excluding the Mayor.

- 1.6. “Elected Officials” are the Mayor and Councillors.
- 1.7. “Expenses” are the costs incurred by Elected Officials when conducting Council business.
- 1.8. “Hosting” means occasions when an Elected Official chooses to pay for the expenses of a third party incurred while conducting Council business.
- 1.9. “Local Travel” means travel that occurs within the boundaries of the Regional Municipality of Wood Buffalo.
- 1.10. “Mayor” is the Chief Elected Officer as defined in the *Municipal Government Act*.
- 1.11. “Municipality” is the Regional Municipality of Wood Buffalo.
- 1.12. “Out-of-Town Travel” means travel that occurs outside the boundaries of the Regional Municipality of Wood Buffalo.
- 1.13. “Receipt” is the original documentation provided by a vendor which provides detail about the item(s)/services(s) received and the amount of GST paid. Debit and/or credit card slips are not considered receipts, and are not sufficient for reimbursement purposes.
- 1.14. “Service” is the total period of time spent serving as an Elected Official of the Municipality.

2. Responsibilities

2.1. Council to:

- 2.1.1. Approve any amendment to this Policy.
- 2.1.2. Engage the services of an industry professional to review this Policy in accordance with the terms of reference that are specified by Council.

2.2. Mayor to:

- 2.2.1. Carry out duties of approving authority for travel of all Councillors.
- 2.2.2. Review and authorize all acceptable and reasonable claims that consist of deviations to this Policy.
- 2.2.3. Advise impacted Councillor(s) of any expenses which are deemed as being ineligible for reimbursement.

2.3. Audit Committee Chair to:

- 2.3.1. Review expense claims submitted by the Mayor for accuracy and compliance with this Policy.
- 2.3.2. Authorize payment of all claims submitted by the Mayor that fully comply with the provisions of this Policy.
- 2.3.3. Forward any expense claim submitted by the Mayor that does not fully comply with the provisions of this Policy to the Audit Committee for review and recommendation to Council.

~~2.3.3.~~ 2.3.4. In the absence of an Audit Committee, expense claims submitted by the Mayor will be reviewed and authorized in accordance with sections 2.3.1, 2.3.2 and 2.3.3. by the Chief Administrative Officer.

2.4. Councillor to:

- 2.4.1. Inform Council, in writing, of the intent to travel outside of Canada on municipal business, or for conference/training and development purposes, prior to any travel arrangements being made.
- 2.4.2. Obtain the necessary vouchers, receipts and/or other required documents to substantiate expenditures while on travel status. Only detailed, itemized receipts with GST number (if applicable) will be accepted; debit and credit card receipts do not provide sufficient information to substantiate expenditures.
- 2.4.3. Complete a Travel Expense Claim within 10 days of return, and submit the completed form to Legislative Services for processing.
- 2.4.4. Reimburse the Municipality for advances in excess of the expenses paid. The excess funds are payable upon submission of the Travel Expense Claim.

2.5. Legislative Services to:

- 2.5.1. Review and budget sufficient funds on an annual basis, in consultation with Council, to enable individual Elected Officials to carry out their respective duties.
- 2.5.2. Review all Councillors' Expense Claims for accuracy and compliance with this Policy, and authorize payment of all claims that fully comply with the provisions of this Policy.
- 2.5.3. Forward any Councillor's Expense Claims that do not fully comply with the provisions of this Policy to the Mayor for payment authorization.
- 2.5.4. Prepare separate individual budgets for the Mayor and Councillor positions to address travel expenses, conferences and public relations activities.
- 2.5.5. Coordinate travel, accommodation, and conference activities of Elected Officials to benefit from group rates or discounts to the extent feasible and practical.
- 2.5.6. Publish expense reports on a regular basis (minimum quarterly) relative to the expenses, for each Elected Official.

2.6. Finance Department to:

- 2.6.1. Review all expense claims and advance requests for deviations from this Policy, as well as for mathematical inconsistencies.
- 2.6.2. Reimburse all authorized expense claims, and contact approving authority regarding claims or parts of claims that do not meet the requirements of this Policy.
- 2.6.3. Provide adequate explanation to approving authority for any claims or parts of claims that do not meet the requirements of this Policy.

3. Budgets

3.1. Budgets

- 3.1.1. Budgets shall be prepared in consultation with the Elected Officials and any guidelines established by Council, and are subject to Council approval through the annual budget process.
- 3.1.2. A resolution of Council is required to authorize any expenditure in excess of any individual annual budget allocation.

3.2. Remuneration

Rates

- 3.2.1. The annual salary for the Mayor is set at \$132,011 per year.
- 3.2.2. The annual salary for Councillors is set at \$38,878 per year.
- 3.2.3. The annual salary for the Mayor and Councillors, as identified in subsections (a) and (b), will be adjusted on January 1st of each calendar year based on the lesser of the percentage change in the Average Weekly Wages for Alberta, as reported by Statistics Canada for the immediately preceding year, or the percentage increase granted to exempt staff.
- 3.2.4. When serving as Deputy or Acting Mayor during a scheduled or unscheduled absence of the Mayor (examples include vacation, illness, and meetings/events that occur outside of the Municipality), a Councillor may claim additional remuneration in the form of a per diem. The per diem will be applied to any period of uninterrupted service, excluding the first full day of service. The per diem rate is based on the difference between the annual salary of the Mayor and the Councillor divided by 248 work days and rounded up to the nearest dollar.

Payment

- 3.2.5. Remuneration shall be paid to elected officials during the term that they hold office:
 - 3.2.5.1. from the beginning of the organizational meeting of Council following a General Municipal Election to immediately before the beginning of the organizational meeting of Council after the next General Municipal Election; or
 - 3.2.5.2. in the case of a vacancy that is filled, from the taking of the oath of office to immediately before the beginning of the organizational meeting of Council following a General Municipal Election; or

- 3.2.5.3. in the case of a resignation, from the taking of the oath of office or from the beginning of the organizational meeting of Council following a General Municipal Election to the date on which the written resignation is received by the CAO;

whichever is applicable.

- 3.2.6. Remuneration shall be paid bi-weekly to each Elected Official.
- 3.2.7. One-third of the salary for Elected Officials will be treated as tax exempt under the regulations of the Canada Revenue Agency.
- 3.2.8. Elected Officials shall immediately advise the CAO, or designate, of any changes in their personal banking arrangements so that their remuneration is deposited to the correct account.

3.3. Benefits

Participation

- 3.3.1. Elected Officials shall have the option of participating in the Municipality's employee benefit programs during their term of office, with the exception of pension plans, short-term (weekly indemnity) and long-term disability. Elected Officials shall also have the option of participating on either an individual or family basis, depending on the program.
- 3.3.2. Participation by the Elected Officials in the benefit programs will:
- 3.3.2.1. start in the month of taking the oath of office when a vacancy is filled; and
- 3.3.2.2. continue in the month of the General Municipal Election or until the end of the month of the organizational meeting of Council after the next General Municipal Election or until the end of the month that the CAO receives a resignation.
- 3.3.3. Upon leaving office, Elected Officials shall have the option of converting life and dependent life insurance to personal coverage at their cost and expense, in accordance with the terms and conditions of the group life insurance policy.
- 3.3.4. Elected Officials shall immediately advise the CAO, or designate, of any personal or family changes that may impact or change their participation in the benefit programs.

Transition Allowance

- 3.3.5. Elected Officials shall be eligible to receive a transition allowance in recognition of service with the Municipality, and to provide funding for retirement or transition purposes that is payable only upon conclusion of services as an Elected Official. Transition allowance shall be calculated as follows:
- 3.3.5.1. two weeks' salary for each full year of service, based on the salary at the time of leaving office; and
 - 3.3.5.2. a pro-rated amount based on the number of months served, where an Elected Official served for part of a year (ie: 7 months service = 2 weeks' salary / 12 x 7 months).
- 3.3.6. The transition allowance will be paid at the option of the Elected Official, and may be:
- 3.3.6.1. paid directly to the Elected Official in a lump sum less mandatory withholdings for income tax and other deductions;
 - 3.3.6.2. transferred directly to a registered retirement savings plan for the Elected Official; or
 - 3.3.6.3. partially transferred directly to a registered retirement savings plan for the Elected Official, with the remaining balance paid directly to the Elected Official in a lump sum less the requisite deductions.
- 3.3.7. Elected Officials shall have the option of receiving the transition allowance by January 31st or March 31st of the year immediately following their last year of service on Council. In the event of death, the transition allowance, less the requisite deductions, will be paid to the estate of the Elected Official.

Registered Retirement Savings Plan

- 3.3.8. Elected Officials shall be eligible to receive a matching contribution to a registered retirement savings plan (RRSP) of their choosing. The maximum value of the contribution to be made by the Municipality shall be no greater than 7.5% of eligible remuneration.

3.4. Expenditures

Authority

- 3.4.1. Each Elected Official is provided with an annual individual budget allocation for the following:
- 3.4.1.1. Business Travel - expenses incurred in conducting the day-to-day business of the Municipality. Examples include travel to and from meetings, overnight accommodation and meals.

3.4.1.2. Conference Registration - expenses incurred because of attendance at municipal conferences (FCM, AUMA, RMA), workshop, or other training and development. Examples include conference, workshop, and training registration.

3.4.1.3. Conference Travel – expenses incurred because of attendance at municipal conferences (FCM, AUMA, RMA, workshop or other training and development. Examples include travel arrangements (flights, mileage), accommodations and meals.

3.4.1.4. Public Relations – expenses related to hosting of dignitaries/residents or supporting local endeavors. Examples include event tickets and sponsorships.

3.4.1.5. Promotional Materials – expenses related to promoting the Municipality. Examples include municipally-branded promotional items.

~~3.4.1.~~3.4.2. Each Elected Official is authorized by Council to utilize his/her individual approved budget to fulfill the duties of the position at his/her discretion with the objective of performing duties effectively, consistent with relevant statutes or bylaws, policies and procedures of the Municipality.

~~3.4.2.~~3.4.3. No Elected Official shall exceed individual budgets without the prior approval of Council, by resolution passed at a public meeting.

~~3.4.3.~~3.4.4. Administration shall publish expense reports to the municipal website on, at minimum, a quarterly basis. ~~Reporting categories will include the following:~~

~~3.4.3.1. Business travel~~

~~3.4.3.2. Conferences – expenses incurred as a result of attendance at municipal conferences (FCM, AUMA, AAMDC), workshop, or other training and development. Examples include conference registrations, transportation, accommodations and meals.~~

~~3.4.3.3. Public relations – expenses relating to promoting the Municipality, hosting of dignitaries/residents or supporting local endeavours. Examples include event tickets, sponsorships, and municipally-branded promotional items.~~

Coordination of Travel, Accommodation and Expenses

~~3.4.4.~~3.4.5. The Travel Expense Claim will be completed by each Elected Official within 10 days of return, and forwarded to Legislative Services with the requisite vouchers, receipts or other documents to support the expenditure claim.

~~3.4.5.~~3.4.6. Travel and expenses of Councillors will be reviewed by Legislative Services for accuracy and compliance with the policies and practices of the Municipality, and any differences of opinion will be referred to the Mayor for resolution.

3.5. Travel

Transportation

- 3.5.1. The Mayor may choose one of the following alternatives:
- 3.5.1.1. a monthly allowance of \$1000 for the use of a personal vehicle to conduct Council business. The allowance will be used to offset vehicle repair and maintenance costs, costs related to maintaining appropriate levels of business insurance, and round trips totaling less than 20 kilometers in distance; plus mileage; or
 - ~~3.5.1.2.~~ a vehicle leased by the Municipality, with the cumulative monthly costs for leasing and all operating costs, including fuel, maintenance and insurance, not to exceed \$1200, with the option to purchase the vehicle at the normal residual value at the end of the lease term, or upon leaving office; or
 - ~~3.5.1.2.~~3.5.1.3. a municipal fleet vehicle and gas card for use while conducting business of Council.
- 3.5.2. Each Councillor shall be provided a ~~taxable~~ monthly allowance of \$275 for the use of a personal vehicle to conduct Council business. The allowance will be used to offset vehicle repair and maintenance costs, costs related to maintaining appropriate levels of business insurance, and round trips totalling less than 20 kilometres in distance.
- 3.5.3. Elected Officials can claim mileage in excess of 20 kilometres as prescribed in the Municipality's Travel and Subsistence Procedure FIN-180.
- ~~3.5.3.~~3.5.4. Travel by Elected Officials on Council business will occur via the most direct route possible to the travel destination, utilizing economy transportation that is convenient, timely and safe. This shall also apply if personal business of an Elected Official is combined with Council business that results in travel on longer routes.
- ~~3.5.4.~~3.5.5. Elected Officials shall be reimbursed for the cost of a rental vehicle while conducting Council business; however, at no time will the cost of a rental vehicle be reimbursed when used in conjunction with another mode of ground transportation (ie: private vehicles, taxi). The physical damage waivers (extra insurance) must be purchased if the vehicle is rented in the individual's name, as opposed to the Municipality.
- ~~3.5.5.~~3.5.6. Elected Officials may elect to travel by private vehicle, but in such instances will only be reimbursed to the equivalent of the lowest economical airfare and resulting taxi or airport shuttle fares for the same destination, if applicable.
- ~~3.5.6.~~3.5.7. Reimbursement rates for private vehicle use shall be set at the maximum non-taxable rate allowed by the Canada Revenue Agency for the Province of Alberta for the current calendar year.
- ~~3.5.7.~~3.5.8. Elected Officials who utilize a private vehicle for the purpose of conducting Council business shall carry a minimum of \$1,000,000 liability insurance provided by a third party insurance carrier.

Accommodation

~~3.5.8.~~3.5.9. Elected Officials should, whenever possible, access government rates at hotels or motels which are reasonable, comfortable, safe and conveniently located for relatively short stays.

~~3.5.9.~~3.5.10. Elected Officials may choose to utilize private arrangements for accommodation while travelling on Council business. Elected Officials may claim \$50 for each night spent in private accommodations without requiring a receipt.

Meals

~~3.5.10.~~3.5.11. Elected Officials may decide what to spend on meals, gratuities and the number of meals per day when conducting Council business, provided that the expenditures are reasonable and within budget for each Elected Official. Detailed receipts must be provided.

~~3.5.11.~~3.5.12. Notwithstanding subsection (3.5.10), Elected Officials may choose to claim a per diem rate of \$82.00 for each twenty-four (24) hour period spent in travel status without requiring receipts. When an Elected Official is on travel status for a portion of a day, the following meal allowances may be claimed without a receipt:

<u>Breakfast</u>	<u>Lunch</u>	<u>Dinner</u>
\$17.00	\$22.00	\$33.00

~~3.5.12.~~3.5.13. Meal allowances may not be claimed when:

~~3.5.12.1.~~3.5.13.1. Breakfast – The departure time is later or the arrival time is earlier than 0600 hours (6:00 a.m.).

~~3.5.12.2.~~3.5.13.2. Lunch – The departure time is later or the arrival time is earlier than 1300 hours (1:00 p.m.).

~~3.5.12.3.~~3.5.13.3. Dinner – The departure time is later or the arrival time is earlier than 1930 hours (7:30 p.m.).

~~3.5.12.4.~~3.5.13.4. Meals are included in travel fares or as part of a registration fee for conferences, etc.

~~3.5.13.~~3.5.14. Incidental expenses of \$10.00 may be claimed for a period of 12 hours or more spent in travel status, but shall not exceed \$10.00 per 24-hour period. Receipts are not required.

~~3.5.14.~~3.5.15. Liquor shall not be reimbursed except as provided for in subsections (3.5.15) through (3.5.20) relating to Public Relations.

Public Relations

~~3.5.15~~3.5.16. Each Elected Official may utilize their individual public relations budget at their discretion to fund activities such as hosting, sponsorships, municipally-branded promotional materials, ward/resident meetings, gifts and attendance at events, etc.

~~3.5.16~~3.5.17. Public relations budgets may also be used to purchase an additional ticket for an Elected Official's spouse when it is deemed appropriate that she or he accompany the Elected Official to a municipal or community event.

~~3.5.17~~3.5.18. The following principles shall be applied to public relations expenses:

~~3.5.17.1~~3.5.18.1. No expense may be incurred for any reason that provides an advantage to a sitting member of Council. This shall include personal advertising and personally-branded promotional products, events and services.

~~3.5.17.2~~3.5.18.2. No expense may be incurred under this budget within 6 months of an election without the prior approval of the whole of Council, by resolution.

~~3.5.17.3~~3.5.18.3. Councillors should demonstrate a prudent use of resources focusing on transparency and accountability.

~~3.5.17.4~~3.5.18.4. Expenses should support Council objectives.

~~3.5.17.5~~3.5.18.5. Any expense that either exceeds the approved budget or falls outside approved policy and guidelines requires prior approval of the whole of Council, by resolution.

~~3.5.18~~3.5.19. Public relations expenses, including alcohol, or that involve a third party (ie: hosting) shall only be reimbursed when supported by an explanation of the business conducted, a list of attendees/participants, and is accompanied by properly itemized receipts.

~~3.5.19~~3.5.20. In addition to the hosting activities of individual Councillors, the Mayor may, on behalf of Council and at his/her discretion, utilize budgeted funds for hosting purposes. Examples of eligible expenses may include, but is not limited to, the purchasing of tables and/or provision of gifts at community and charitable events or fundraising initiatives (ie: Keyano College Gala, Festival of Trees, RCMP Regimental Ball, etc.).

Other Expenses – Out-of-Town Travel

~~3.5.20~~3.5.21. Elected Officials will be reimbursed, upon provision of itemized receipts, for the reasonable cost of laundry, dry cleaning, local and long-distance telephone charges (excluding personal calls), in-room Internet charges and sundry expenses for out-of-town travel when conducting Council business.

3.6. Office Support and Technology

Technology

- 3.6.1. The Municipality will provide office technology to each Elected Official, as required for their individual needs. Examples include laptops, printers, tablets and cell phones.
 - 3.6.2. Each Elected Official will be provided with a monthly taxable technology allowance in the amount of \$100 to maintain a high-speed Internet connection at their place of residence.
 - 3.6.3. Elected Officials who choose to use a personal cell phone/mobile device for municipal purposes will receive an additional monthly taxable technology allowance of \$150, to cover the cost of the device, data plans and maintenance costs.
 - 3.6.4. At the time of leaving office, Elected Officials shall have the option of purchasing municipally-supplied office technology from the Municipality on an as-is basis. The cost to the Elected Official will equal the purchase price paid by the Municipality less 40% per year on a declining balance basis to the end of the term of service by the Elected Official. All records and information that is the property of the Municipality shall be removed from the laptop at the time of purchase by the Elected Official.
- 3.7. Review
- A formal review of this Policy shall be instituted at the mid-point of the 2017-2021 term of office, with all changes being adopted a minimum of 12 months prior to the 2021 municipal election, and becoming effective for the 2021-2025 term of office.

SUPPORTING REFERENCES AND POSITION RESPONSIBLE

Legal References: Not Applicable

Cross References: *Income Tax Act (1985, c.1 (5th Supp.))*

Position Responsible for Policy: Chief Legislative Officer, Legislative Services

APPROVAL

This Policy was approved by Council. It will be reviewed not later than its next Revision Date to determine its effectiveness and appropriateness. It may be assessed before that time as necessary.

Don Scott, Mayor

Jade Brown, Chief Legislative Officer

Approval Date

Attachment: 1. Redlined Version - Proposed Changes to Provide Clarity (Amendments to Elected Officials Compensation Policy (LEG-050))

Guidelines Used in Considering Recommendations

- When collecting market data, we considered the position of Mayor and Councillor as described in the Alberta Government Municipal Act, ensuring the duties and responsibilities were consistent among the group. Further we:
 - Considered the economic conditions in both RMWB and the surrounding region/province,
 - Adjusted raw data to account for earning potential and indirectly living expenses,
 - Endeavored to find the closest or best matching municipalities,
 - Applied generally accepted survey methodologies.
- **All recommendations that follow in this section would be effective for the new Council Elected in 2017, unless otherwise noted.**

Recommendations

Cash Compensation

The survey results show that the current salary level for the Mayor is at the top end of competitive practice, even when the survey numbers are adjusted for the cost of living comparison and the application of the core (i.e.) comparator group. We are recommending no change in the salary for the current Mayor but effective with the new term in 2017 the new salary rate should be \$120,000.

For Councillors, our comparison and recommendation assumes the role continues to require 20-25 hours to carry out the core governance responsibility of the role. When we examine the survey results we find the current compensation is not competitive and recommend a new rate of \$50,000. Further 1/3 of all salaries for both the Mayor and Councillors will continue to be tax free, consistent with practices in other municipalities.

It is noted that within the survey respondents, one municipality, Strathcona County, the Councillor's role is full time.

Recommendations

We calculated the Councillor's compensation by examining the average paid by all participants, the average paid by the five key comparators, and extrapolated a value which we believe represents a competitive salary given all the factors that influence the role in the municipality.

As these recommendations would come into effect for the new Council in 2017 we further recommend a formal policy be adopted that provides for annual increases. At the beginning of each calendar year, the increase in the Alberta CPI would be calculated. That percentage increase would be applied to the salary levels for the following year. For example in January 2018 the CPI increase for calendar year 2017 would be calculated and that percentage would represent the adjustment to the proposed salary level for Councillors as well as the current salary for the Mayor.

Recommendations

However, if the average percentage increase granted to exempt staff was less than the CPI increase percentage, then the percentage increase for exempt staff would apply. Council would have the option each year of accepting the calculated increase. If Council decides not to accept the calculated increase, it cannot be deferred to the following year.

Recommendations

Deputy/Acting Mayor

With respect to the current compensation arrangements for the Deputy/Acting Mayor role they are fully competitive, therefore, the rate of \$282/day should be maintained.

Benefits and RRSP

The survey results show that the provision of benefits to Elected Officials is the norm and the prevalent practice is for those benefits to parallel the benefit arrangements for the municipality's staff. As that is the current practice of RMWB we recommend no change, other than to be sure that any change in benefit arrangements for exempt staff is reflected in the Elected Officials' benefit arrangements. It should also be noted that the RSP amounts provided are consistent with the most generous provisions from the survey.

Recommendations

Vehicle Allowance

The current practices of the municipality need to be examined separately for the Mayor and Councillors, as the competitive practices are different. The current allowance for the Mayor at \$2012/month is used for a leased car as well as operating and maintenance costs. That amount places it significantly higher than any surveyed municipality. We understand that when this practice was implemented many years ago, it was deemed appropriate to reflect the role of the mayor in the municipality.

In the survey responses, although the provision of an allowance for a Mayor is common practice, the highest amount reported in the survey was \$500/month. In the survey, those respondents receiving a car allowance can also collect reimbursement for KM driven which is not the case for RMWB.

Recommendations

Vehicle Allowance (Mayor)

Based on the information at this time, we recommend two options

- Option 1 – Use of Own Car: reduce the allowance to a value that considers both the survey results and historical practices; we recommend a rate of \$1,000 to \$1,200/month plus reimbursement of mileage at the CRA rate.
- Option 2 - Municipality Provided Car: Mayor receives a leased vehicle, and cover all maintenance and operating costs with a cap on leasing of \$1,200 and the Mayor has an option to buy out the car at the normal residual value. As the Municipality would cover all required maintenance, insurance, and operating costs there would be no mileage reimbursement.

At this point we recommend no change until lease expires, or the next Mayor is elected.

Vehicle Allowance (Councillors)

With respect to the Councillor's car allowance, we found that the provision of such an allowance was not common, in fact only one survey respondent indicated an allowance was paid and in that case it was \$400/month. Given the unique size and geography of the municipality, we therefore recommend no change in this practice.

Recommendations

KM Allowance

The allowance provided by all respondents is virtually identical to the CRA allowable limit and as that is the practice of the municipality we recommend no change in your current practice.

Compensation for Committee Work

In the survey, we asked participants to provide information on whether additional compensation was paid for committee work. In almost all cases, no compensation was paid for any committees associated with the core function of Council. The typical number of committees ranged from three to five. However, a number of participants do compensate Councillors for participation on Committees that are at arms' length to the municipality, or are created in extraordinary circumstances.

Recommendations

Compensation for Committee Work (cont'd)

In the case where an arms' length committee reimburses the committee members then a Councillor on such a committee would also be reimbursed. Reimbursement should follow the practices of the arms length committee, but should not exceed \$150 for half a day and \$300 for a full day. Further, we recommend this rate be adopted if the Municipality creates a special committee to handle one off events that cannot be forecast (e.g. wild fire). We fully expect that this reimbursement practice will only be used in extraordinary circumstances and further such participation in an arms length committee require the prior approval of Council.

We recommend Council, or its designate, identify examples of arms length committees that may qualify for this additional compensation to serve as reference points in the application of this policy.

Recommendations

Other Compensation

We asked survey participants if there was any other form of cash compensation paid in addition to the areas already covered in this section. Specifically, we also wanted to know whether any municipality compensates elected officials for lost income opportunity resulting from assuming an elected officials' role. We did not find any example of additional compensation paid, and further no municipality compensates an elected official for lost income. Therefore, no additional compensation elements are required.

Transition Allowances

These allowances are typically paid when an elected official is unsuccessful in a re-election, or chooses not to run again. We found that practice to only exist in one other municipality and as that practice was comparable to that of RMWB we recommend no change in the current practice.

Recommendations

Travel Expenses for Conferences/External Meetings

We examined the survey responses to determine both the overall level of typical annual expense, how budgets were constructed, and what provisions existed with respect to items such as numbers of conferences. We found that practices vary widely, but common themes were all elected officials attend conferences each year, typically up to two with additional ones requiring Council approval. All reasonable travel, meal and accommodation expenses are covered; a number of municipalities use one central budget, others use individual budgets; and a number of municipalities fix the budget each year, while others incur the actual cost of the conferences.

We also examined per diems practices, where they exist, finding practices varied widely with no real consistency. Therefore, when we examine current practices we find no reason to recommend any change in the \$10,000 conference budget. We do recommend that the governance process be examined to ensure the review, and approval process provides the right safeguards.

Recommendations

Travel Expenses for Conferences/External Meetings (cont'd)

The governance process for these expenses is described in a policy statement that has been in effect for several years. That policy outlines examples of the typical expenses that are covered, and as current competitive practices tend to be detailed and specific in nature. We recommend that section of the policy describing typical allowable expenses be reviewed and updated as necessary.

Further, the approval process employed by the municipality specifies that Councillor expenses be approved by the Chief Legislative Officer and the Mayor's expenses be approved by the Chair of the Audit Committee. In the competitive market there is no one practice, but if there is a trend it sees expenses approved by a Chief Financial Officer of the corporation. However, if the current approval process is effective we see no reason for change. We particularly think the approval process for the Mayor is an excellent practice.

Recommendations

Spousal Travel

We examined the eligibility for spousal travel and found that no municipality reimburses an elected official for spousal travel costs. The only exception was that the cost of a spouse's ticket to attend a banquet/reception would be reimbursed. As the current practice of the municipality is to reimburse the cost of travel for a spouse for one trip per year and that practice is not supported by the survey results, we recommend that your current practice be eliminated effective for the new Council in 2017.

Travel Budgets

Our examination of competitive practices shows a wide range of practices, but the consistent principle is that all legitimate expenses are covered. A number of municipalities use one central budget while a minority use individual budgets. We accept that the current practice has wide variation due to the vast travel distances within the municipality so we see no need to change the current practice.

Recommendations

Public Relations Budgets/Gifts/Hospitality

The survey results indicate that the provision of individual public relations budgets for elected officials, especially for Councillors, is rare. In fact in the survey, we only found one other municipality that provided a similar individual public relations budget. Based on that occurrence we support the current budget amount of \$10,000 be maintained.

However, we have found from both this survey, and other similar assignments with municipalities using such budgets, that they are ensuring eligible expenses (e.g. hosting, ward/resident meetings, social/community events, advertising, gifts, promotions, etc.) be clearly defined as to what is eligible and not allowed. Our examination of the current policy, especially the Hosting section, leads us to conclude that section should be expanded to provide more clarity and specificity.

Recommendations

Public Relations Budgets/Gifts/Hospitality (cont'd)

In the application of the hosting budget there are typical principles used by municipalities, including:

- No expense should be used for any reason that provides an advantage to a sitting member of Council.
- No expense may be incurred under this budget within 6 months of an election without the prior approval of the Mayor or designate.
- Councillors should demonstrate a prudent use of resources focusing on transparency and accountability.
- Expenses should support Council objectives.
- No funds can be transferred from either Travel or Conference budgets.
- Any expense that either exceeds the approved budget or falls outside approved policy and guidelines requires prior approval of the Mayor.
- Expenses should be routinely disclosed in a timely basis on the Municipality's web site (e.g. at least on a quarterly basis).

We recommend these principals be immediately implemented and the current approval process be maintained. In other words these budget amounts are discretionary and reviewed after the fact, thus necessitating a set of robust

Recommendations

Administrative Support and Technology

The vast majority of municipalities provide at least one full time support for the Mayor to cover a wide range of administrative support including email management, word processing, event planning and scheduling. Therefore, as that is the practice of the municipality we recommend no change.

For Councillor's, there is no universal practice, but the majority of survey respondents do indicate that some form of support is provided to Councillors for event planning and scheduling. We understand such support for Councillors is available from the Legislative Services upon request.

Further Councillors expressed the need for email management support. We understand legislative services does offer support especially how to manage large email files and effectively use all available technology. We have insufficient information to determine whether a dedicated resource(s) is required to ensure the effectiveness of the Councillor. Further work is required to determine the exact nature of any support, its practicality and resulting cost.

Recommendations

Administrative Support and Technology (cont'd)

With respect to technology, all municipalities provide elected officials with a full range of smart phones, iPads, laptops, printers, etc. if necessary. We also examined the processes used to provide the tools and the infrastructure such as internet connections.

We found no common practice as it ranges from all elected officials managing the process with reimbursement from the municipality to the municipality centrally managing and controlling the process. We understand the current process provides a fixed budget for each Councillor to cover all required technology costs and the use of those funds is within each Councillor's discretion. We recommend no change in the current approach.