



Pincher Creek Emergency Services Commission Inspection

**Inspection conducted on behalf of:
The Honorable Shaye Anderson
Minister of Municipal Affairs**

Inspection Conducted by:

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June 6, 2017

The Honorable Shaye Anderson

Minister of Municipal Affairs
18th floor, Commerce Place
10155-102 Street,
Edmonton, AB, T5J 4L4

Re: Pincher Creek Emergency Services Commission Inspection Report

Dear Minister Anderson:

An inspection has been conducted on the management, administration and operations of the Pincher Creek Emergency Services Commission as directed by Alberta Ministerial Order No. MSL: 014/17 signed on March 6, 2017. The findings of this inspection are contained in the following report along with recommendations respectfully submitted for consideration.

Thank you for the opportunity to assist with this process. We remain available to respond to any additional questions you may have regarding the inspection findings.

Sincerely,

Larry Kirkpatrick, MBA, CCGM
Transitional Solutions Inc.

Bill Walker, CCGM
Transitional Solutions Inc.

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Pincher Creek Emergency Services Commission Inspection

1.0 EXECUTIVE SUMMARY

On November 28, 2016, following a request by the MD of Pincher Creek, the Minister of Municipal Affairs ordered an in-depth review and inspection of the Pincher Creek Emergency Services Commission with regards to its management, administration and operations. The Minister has further requested the inspection identify any matters that may indicate the Commission is managed in an irregular, improper or improvident manner.

Historical documents and materials were assembled and reviewed by the inspectors. In-person interviews and discussions were conducted with all relevant stakeholders, and the inspectors attended the April 27, 2017 Commission regular board meeting.

A chronological sequence of events was generated from the documentation and observations, indicating when significant events/actions occurred.

Prior to the creation of the Commission in December 2014, the Pincher Creek Emergency Services Committee existed and provided oversight to the delivery of emergency services. A Membership Agreement Establishing the Pincher Creek Emergency Service Commission was created and agreed to by both the MD of Pincher Creek and the Town of Pincher Creek in August 2013. The Agreement articulates those actions viewed as being critical during and after the transition from a Committee to a Commission.

Part 15.1 of the MGA stipulates how regional services commissions are to function and operate. The various sections contained within the MGA along with many best practices form the basis of the report.

The report addresses all allegations made by the MD of Pincher Creek as well as those heard through the interview process. The overarching theme of the allegations revolves around the length of time it takes to accomplish various actions. This has morphed into a level of frustration and lack of trust by the Board. And while some of the allegations made by the MD have been addressed prior to the commencement of this inspection, there are others that have not.

The report highlights areas where improper, irregular and improvident actions have occurred in the opinion of the inspectors. And while the inspection found many examples of these types of actions early on, their frequency has diminished significantly insofar as the Commission is now functioning more in line with most MGA requirements.

The report contains fifty one recommendations along with the rationale supporting each recommendation. Some recommendations are more significant than others, particularly those required by the MGA. And while a summary of all the recommendations is contained at the end of the report, the following are those considered by the inspectors to be of particular significance.

- The Commission governance model continue to prevail and function in the delivery of emergency services for the benefit of the public.
- That consideration be given to changing the directors and alternates on the Board effective the 2017 organizational meetings of the MD and Town.
- That an annual orientation and retreat be organized for Directors, Alternates and key administrative staff.
- That administrative staff enhance their knowledge and skills as it relates to agenda and minute preparation, and further that the Board adopt a procedure related to how management is to provide information to the Board or individual Board members.
- That the CAOs for the MD and Town be excused from attending the Commission Board meetings going forward unless specifically requested. And further that the Board enlist the services of an experienced independent neutral advisor to provide advice and assist/mentor the administrative head of the Commission for a period of time.
- That protocols and procedures be adopted to address requests for information from individual Directors, and that Administration come to board meetings better prepared to address any potential questions brought forward by a Director.
- That a process be adopted for developing and approving policy and procedures.
- That the schedule of actions identified in the Membership Agreement be reviewed and completed as required. Also recommended is the transfer of land and buildings related to the fire halls in the Town of Pincher Creek, and Hamlets of Lundbreck and Beaver Mines.
- That the Commission immediately initiates discussions with Alberta Health Services to ensure the Commission is in compliance with all AHS requirements.

The Pincher Creek Emergency Services Commission is providing a valuable and reliable service to the public. If the Commission incorporates the recommendations contained herein, it is likely to result in significant improvements in its governance functioning, and be the roadmap to ongoing success and financial sustainability.

The inspectors conclude that while some instances of improper, irregular and improvident actions are still occurring, overall the commission is being managed in a satisfactory manner.

2.0 INSPECTION METHODOLOGY

An extensive review of provided documentation was undertaken during the first phase of the review, and a substantial amount of additional documentation was requested, and provided by the Commission, MD and Town. Upon completion of the initial review process, in-person interviews were conducted with: the Directors on the Board, Commission Manager (who is also the Fire Chief), Deputy Chiefs, and administrative staff of the Commission; the remaining elected officials with both the MD and Town (with one exception which involved a telephone interview); the two CAO's; and one additional administrative person from the MD. Discussions also took place with Alberta Health Services related to the ambulance contract, and Municipal Affairs related to clarification on certain details contained in the provided documentation.

All interviewees were advised that their individual comments made during their interviews would be held in confidence. They were further advised that for purposes of the report aggregated comments would be used.

All interviewees were given an opportunity for a second interview while TSI inspectors were onsite in Pincher Creek. The purpose of which was to allow each person the opportunity to provide insight into something that was not covered in the initial interview, or any allegations that had come up during other interviews that may have related to them. With the exception of the Chief (who was scheduled for two interviews plus two follow-ups) no one took advantage of the offer. A second conversation occurred with the Chair on the inspector's final day in Pincher Creek.

The April 27, 2017 Commission Board meeting was attended by both inspectors in order to assess how board members were working together, and whether the meeting was being conducted in accordance with MGA requirements.

3.0 SCOPE OF COMMISSION INSPECTION

On August 15, 2016, the MD of Pincher Creek wrote a letter to the Minister requesting an inspection of the Pincher Creek Emergency Services Commission. In their letter various allegations were made related to the MD's frustration with very little being accomplished since the formation of the Commission. After a preliminary review was conducted by Alberta Municipal Affairs personnel, the Minister decided to undertake a full review on November 23, 2016. A Request for Proposal process commenced, culminating in the selection of TSi as consultants. The Minister of Alberta Municipal Affairs ordered a municipal inspection pursuant to Section 602.35 of the MGA, and as per ministerial order MSL:014/1 dated March 6, 2017, appointed Bill Walker and Larry Kirkpatrick as the inspectors.

For clarification, the following definitions are provided in reference to sections of the MGA identified within the inspection findings:

Irregular: Not according to established principles, procedures or law; not normal; not following the usual rules about what should be done.

Improper: Deviating from fact, truth, or established usage; unsuitable; not appropriate; not conforming to accepted standards of conduct.

Improvident: Lacking foresight; taking no thought of future needs; spendthrift; not providing for, or saving for the future; not wise or sensible regarding money.

To minimize confusion between the two terms, the Pincher Creek Emergency Services Committee will be referred to in this document as the "Committee", whereas the Pincher Creek Emergency Services Commission will be referred to as the "Commission".

4.0 BACKGROUND

On December 19, 2014 Order in Council 501/2014 (Alberta Regulation 230/14) was approved establishing the Pincher Creek Emergency Services Commission. The Commission is authorized to provide fire & rescue services, and emergency medical services including inter-hospital transfers. Ministerial Order No. MSL:005/15 (appointing the Board of Directors and designating the Chair) and Ministerial Order No. MSL:006/15 (authorizing the provision of emergency medical and fire/rescue services beyond the MD and Town boundaries) were approved February 13, 2015. The Minister then forwarded letters dated March 11, 2015 to the MD, the Town, and the Commission confirming the above.

A more detailed sequence of events is shown below, parts of which have been extrapolated in subsequent portions of this report.

| Date | Significance | Authority | Comment |
|-----------|--|------------------------------|--|
| 27/Aug/13 | Membership Agreement establishing the Commission | | |
| 19/Dec/14 | Commission established | Order in Council 501/2014 | |
| 29/Dec/14 | 2015 Combined Budget | | The Committee passes a motion approving an Interim 2015 Combined Budget. The Commission Board takes no action in this regard. Improper and irregular. |
| 13/Feb/15 | Commission Board appointed | Ministerial Order MSL:005/15 | Appointments are for one year. Don Anderberg appointed Chair, with Doug Thornton, Brian Hammond, and Terry Yagos as Directors |
| 13/Feb/15 | Commission Service Area | Ministerial Order MSL:006/15 | |
| 11/Mar/15 | Letter from Minister to MD, Town & Commission providing OC 501/2014 and Ministerial Order MSL:006/15 | | |

| Date | Significance | Authority | Comment |
|-----------|--|---------------------------------------|--|
| 23/Apr/15 | 2014 Audited Financial Statements for the Committee | | KPMG Audited statements accepted by the Committee |
| 26/Oct/15 | Town Organizational Meeting | | Appointments made to the Committee but not to the Commission. No problem as Director and Chair appointments are good until Feb 13/16 |
| 27/Oct/15 | MD Organizational Meeting | | Appointments made to the Committee but not to the Commission. No problem as Director and Chair appointments are good until Feb 13/16 |
| 26/Nov/15 | Commission Organization Meeting | | Minutes reflect a Commission Board organization meeting. Dealt with nominations, signing authorities, meeting schedule and auditor's. First meeting of the Commission, and final meeting of the Committee |
| 7/Jan/15 | 2016 operating budget for the Commission | | Commission board passes a motion approving the 2016 operating budget for the month of January 2016 only |
| 28/Jan/16 | 2016 Commission operating budget | | Commission board passes a motion approving the 2016 operating budget. |
| 3/Feb/16 | Bylaw No. 1 (Commission Board Appointments) approved by Minister | Municipal Government Act 602.07(1)(a) | Replaces MO MSL:005/15 which was in effect for one year |
| 3/Feb/16 | Letter from Minister to Commission approving Bylaw No. 1 | | |
| 28/Apr/16 | 2015 Audited Financial Statements for the Committee | | Board passes a motion to accept the 2015 Audited Financial Statements. Irregular insofar as these are the Committee financials not the Commission's |

| Date | Significance | Authority | Comment |
|-----------|---|---------------------------------------|---|
| 30/May/16 | Banking | | Board passes a motion that the ATB be the financial institute to represent the Committee effective July 1, 2016 |
| 1/Jul/16 | PCES Committee Financial Operations | | Auditor's note that the Committee ceased operations July 1, 2016 (Dec 31, 2016 Audited Statements) |
| 1/Jul/16 | PCESC Financial Operations | | Auditor's note that the Commission continued operations of the Committee (Dec 31, 2016 Audited Statements) |
| 10/Jul/16 | Bylaw No. 1 amendment approved by Minister | Municipal Government Act 602.07(1)(a) | Allows for the Commission to have alternate directors |
| 14/Jul/16 | Letter from Minister to Commission approving amended Bylaw No. 1 | | |
| 21/Jul/16 | Transfer of Assets (Vehicles) | | Chief Cox advises all vehicles have been transferred to the Commission |
| 15/Aug/16 | Letter from MD to Minister requesting an inspection | Municipal Government Act 602.35 | MD alleges a list of concerns |
| 8/Sep/16 | Letters from Commission to MD & Town requesting passage of resolutions to assign authority for providing emergency services to the Commission | | Town passes M16-328 (Sep 12/16). |
| 16/Sep/16 | Letter from Minister to MD, Town, and Commission, informing the Dept will conduct a preliminary inspection | | |

| Date | Significance | Authority | Comment |
|-----------|--|---------------------------------|--|
| 22/Sep/16 | 2016 Commission Operating Budget | Municipal Government Act 602.19 | Board passes a motion that the 2016 Committee budget becomes the 2016 Commission budget. Irregular given that the Commission Board passed a motion on January 28, 2016 approving the 2016 operating budget. |
| 1/Oct/16 | Preliminary Review by Dept. prepared | | |
| 17/Oct/16 | 2017 Capital Budget | Municipal Government Act 602.22 | Commission Board passes a motion approving the 2017 capital budget |
| 24/Oct/16 | Town Organizational Meeting | | Appointments made to the Committee with Commission in brackets |
| 26/Oct/16 | MD Organizational Meeting | | Appointments made to the Commission and Pincher Creek Regional Emergency Management Organization |
| 27/Oct/16 | 2017 Capital Budget | Municipal Government Act 602.22 | Commission Board passes another motion approving the 2017 capital budget |
| 31/Oct/16 | 2016 Commission Audited Financial Statements for the Committee | | KPMG presents audited statements to the Commission Board. Commission Board passes a motion to approve the audited financial statements for the period ending on June 30, 2016 subject to the changes in the notes identified on October 31, 2016, and furthermore that the Chair be approved to ensure the changes accurately reflect the undertakings made on October 31, 2016. |
| 23/Nov/16 | Minister approves inspection | Municipal Government Act 602.35 | |

| Date | Significance | Authority | Comment |
|-----------|---|---------------------------------|--|
| 28/Nov/16 | Letter from Minister to MD, Town & Commission confirming an inspection will occur | | |
| 11/Jan/17 | 2017 Operating Budget | Municipal Government Act 602.19 | Commission board passes a motion approving an interim 2017 operating budget |
| 23/Feb/17 | 2017 Operating Budget | Municipal Government Act 602.19 | Commission board passes a motion approving the 2017 operating budget |
| 6/Mar/17 | Minister appoints Bill Walker & Larry Kirkpatrick as inspectors | Ministerial Order MSL:014/17 | Letters sent to MD, Town, and Commission |
| 14/Mar/17 | Amending Agreement to the Membership Agreement | | Allows for the Commission to become a party to the Membership Agreement. This action was taken based upon legal advice as well as because of Article 8(h)(i) within the Membership Agreement itself. |

5.0 TRANSITION FROM A COMMITTEE TO A COMMISSION

Pursuant to the provisions of an inter-municipal agreement entitled “Emergency Services Agreement” dated May 23, 2000, both the MD and Town agreed to provide **ambulance, emergency management, and fire services**. This agreement established a Committee to provide governance and oversight to Pincher Creek Emergency Services. The Committee was charged with various responsibilities including the appointment of a Chief of Emergency Services. Notwithstanding the delivery of emergency services to the public appears to have occurred reasonably well, functioning as a Committee had its challenges, which caused the MD and Town to rethink their strategy with respect to the governance model. Discussions and efforts to form a Commission began as early as 2003 with many delays and failed attempts for a variety of reasons.

On August 27, 2013, MD of Pincher Creek and Town of Pincher Creek entered into a “Membership

Agreement Establishing the Pincher Creek Emergency Services Commission” in the anticipation that the Commission would soon be approved by the Minister of Municipal Affairs. The Membership Agreement provides a high level of detail including what is to happen, who is to do it, and when it is to be completed. The Membership Agreement also contemplates and provides for all those responsibilities that the Committee had undertaken and the Commission now assumes. This included such things as appointment of the Chief of Emergency Services, review of the funding formulae, and adoption of financial and administrative policies, to mention a few. The Membership Agreement provides for the transitioning responsibilities from the Committee (an inter-municipal agreement) to the formal Commission governance model.

When Alberta Regulation 230/14 was approved, the provision of emergency management had been removed. Efforts to have emergency management re-inserted underwent a mediation process resulting in no change. Therefore, the Pincher Creek Emergency Services Commission is charged with the responsibility of delivering **ambulance and fire/rescue services** only.

The inspectors also heard comments with regards to ambiguity surrounding exactly when the Commission became operational. For some, the Commission did not operationalize until July 1, 2016 when it established its own bank accounts. Because of this uncertainty, the Board functioned in an improper and irregular manner which will be further discussed later the report.

6.0 FINDINGS, OBSERVATIONS & RECOMMENDATIONS

6.1 Board of Directors - Appointments

Below is a sequence of events surrounding the appointment of the Commission Board of Directors.

| Date | Significance |
|-----------|---|
| 13-Feb-15 | Board Members term of office commences |
| 26-Oct-15 | Town appoints directors to the Committee but not the Commission at its organizational meeting |
| 27-Oct-15 | MD appoints directors to the Committee but not the Commission at its organizational meeting |
| 26-Nov-15 | Board appoints Chair and Vice-Chair at its organizational meeting (first time the Commission board holds a meeting) |
| 26-Nov-15 | The meeting minutes show both the Commission and the Committee conducting a meeting (last time the Committee holds a meeting) |
| 03-Feb-16 | Minister approves Bylaw No. 1 (Appointment of a Board of Directors and Appointment of a Chair) |
| 13-Feb-16 | Board Members term of office expires |
| 10-Jul-16 | Minister approves Amended Bylaw No. 1 (Allowing for Alternate Directors) |
| 14-Jul-16 | Letter from Minister to Commission approving Amended Bylaw No. 1 |
| 24-Oct-16 | Town appoints directors and alternate to the Committee with Commission bracketed at its organizational meeting |
| 26-Oct-16 | MD appoints directors and alternate to the Commission at its organizational meeting |

When the Commission was established, the Minister appointed the first board of directors, designated one of them as the Chair, and fixed their term of office for one year from the date Ministerial Order No. MSL:005/15 was signed. This meant that the inaugural board was officially in place February 13, 2015 until February 13, 2016. As February 13, 2016 came and went, neither the MD, the Town, nor the Commission realized that the MD and Town were required to re-appoint their board members as

required by Section 602.04(3).

MGA 602.04

- (1) A Commission is governed by a board of directors.
- (2) When a Commission is established, the Minister must
 - (a) appoint the first board of directors of the Commission and fix their term of office,
 - (b) designate one of the directors as the chair.
- (3) After the term of the directors appointed under subsection (2) expires,
 - (a) the directors are to be appointed and the Commission's chair designated in accordance with the Commission's bylaws,
 - (b) only the council of a municipality may appoint a director who represents a municipality, and
 - (c) a director who represents a municipality must be a councillor of the municipality.
- (4) A Commission's bylaws may provide for the appointment of directors who are directors at large and who do not represent a member of the Commission.
- (5) If a council or other person who is entitled to appoint a director refuses to make the appointment or does not make the appointment within a reasonable time, the Minister may make the appointment on behalf of the council or other person.
- (6) A Commission must provide the Minister with the name of each director and alternate director, if any, and its chair.

Similarly the Minister did not exercise Section 602.04(5) and make the necessary appointments on behalf of the two Councils. Therefore, the Commission Board of Directors and Chair were functioning outside MGA requirements (**improper and improvident**). At this junction in time, the Commission Board continued to be comprised of four members and no alternates. It was not until July 14, 2016 when the Minister approved an Amended Bylaw No. 1 that the appointment of alternates was allowed for. It wasn't until Oct 24 and 26, 2016 when the MD and Town appointed their directors and alternates to the Commission Board. Because of these organizational meetings and appointments, the directors and alternates are now in compliance with Bylaw No. 1.

From Oct 24 & 26, 2016 until Apr 27, 2017, the Commission Board has not held an organizational meeting which, according to Bylaw No. 1 shall occur the first regular meeting held each year. Bylaw No. 1 goes on to say that the Chair and Vice-Chair terms shall be for one year or until the replacement of the Chair by the Board of Directors. Based upon this sequence of events, the inspectors have concluded that while the Commission was not in compliance with Section 602.04, it now is by virtue of the Oct 24 & 26 organizational meeting appointments and Article 3.6 of Bylaw No. 1 referencing the Chair appointment. Notwithstanding previous events, the Commission Board should endeavor to conduct its annual organizational meeting in accordance with Article 3.5 of Bylaw No. 1 going forward.

Bylaw No. 1

3.5. The Directors shall elect, from a Member of the Board, the Chair, and the Vice Chair at the

first regular meeting held each year.

3.6. The term of each office of the Chair, and Vice Chair shall be for one (1) year or until their replacement by the Board of Directors.

Section 602.04(6) of the MGA requires the Minister be advised with the name of each Director and alternate Director, and Chair of the Commission. The inspectors were advised that this occurred on Apr 25, 2017. Going forward, the Board should endeavor to advise the Minister of its Directors, alternates and Chair immediately following the Commission organizational meeting that should occur the beginning of each year.

In the October 24, 2016 organizational minutes of the Town, reference is made to "Emergency Services Committee (Commission)". While likely an oversight on the part of the Town (**improper**), this should be corrected at the 2017 organizational meeting of the Town.

The current directors on the Commission Board consists of two members with four Council terms of experience, and two members with two Council terms of experience (these are the same elected officials that were on the Committee Board). In all instances, the Directors understand the role and responsibilities of the Directors and the role and responsibilities of the Chief of Emergency Services. From an operational perspective, the Directors generally believe the Commission is providing a reliable and good service to the public. Those elected officials from the MD and Town not on the Board echoed similar comments.

Vigorous and heated discussions are alleged to occur at some Board meetings, often being perceived by some parties as bullying. This was not observed at the April 27, 2017 meeting that the inspectors attended, where decorum and mutual respect prevailed. The Chair attempted to do his best to ensure all Directors' concerns were addressed during the meeting. Regardless of the appearance of functionality at this one meeting, the current Board unanimously believes they do not work well together. All four directors believe the political relationship between the MD and Town has deteriorated since the last election, which is an assertion that is supported by most of the elected officials from the MD and Town who are not on the Board.

Over the course of the interviews with all elected officials the inspectors heard a range of suggestions. The inspectors heard from some that replacing all the Directors would resolve most of the issues, while others felt this would have little to no impact. Inspectors also heard from several of those interviewed that thought personality conflicts prevail on the Board. It is clear there are some definite philosophical differences amongst those on the Board. The inspectors have concluded that consideration to changing the Directors at the next member organizational meetings might help improve the governance functioning of the Commission. This would enable the existing Directors to fulfill their responsibilities, as well as allow the member municipalities to contemplate this in advance of their 2017 organizational

meeting.

We recognize as well that there is a municipal election in October, which may result in some changes on each Council. We note that the MD has five elected officials from which to select two directors plus an alternate while the Town has seven elected officials to select from. While the pool of appointees is limited, the opportunity to commence a new term with a new board seems like a reasonable and practical way for the Commission to begin the process of resolving some of its governance issues. Recognizing the Board also has two alternates who occasionally attend Board meetings, the inspectors are advocating the current Board members not have any role in the Commission whatsoever.

During the interviews, a few comments were made with respect to the total number of directors on the board. It was noted on a few occasions in the inspector's review of the minutes where votes were defeated due to a tied vote. Some of those interviewed believe a fifth director should be added whose appointment would come from the public and would need to be agreed to by both member municipalities as well as have Ministerial approval. While this may have merit, the inspectors are not advocating a change of this nature. If the member municipalities wished to follow up on this, that certainly is within their prerogative. It is the inspector's belief that for anything to proceed at the Commission there should be support from Directors from both member municipalities. Pursuant to the provisions of the Membership Agreement establishing the Commission and Bylaw No. 2 (Funding Bylaw) and the Commission's ability to generate revenues from the member municipalities further amplifies this position insofar as there must be support from both member municipalities given they are required to pay.

It is recommended that:

6.1.1 The Board conduct its organizational meeting in accordance with Bylaw No. 1.

6.1.2 The Board advise the Minister as to its directors, alternates, and chair immediately following their annual organizational meeting.

6.1.3 Director and alternate appointments to the Commission Board clearly indicate they are to the Commission.

6.1.4 Consideration be given to changing the directors on the Board effective the member 2017 organizational meetings.

6.1.5 Consideration be given to not appointing the current directors as alternates effective the member 2017 organizational meetings.

6.2 Board of Directors - Training & Development

A new provision contained within Bill 21 (the Modernized MGA) requires that orientation training be

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offered to each Councillor within 90 days after the Councillor has been elected. Section 201.1(2) (not in effect until July 1, 2017) goes on to indicate which topics must be covered. While this specific provision is not mandated for Commissions, the rationale for conducting a similar orientation for Commission board appointees seems reasonable and appropriate given that Commission boards are an autonomous legal corporation much like a municipality. The Council members who are appointed as Board members (and alternates) are expected to act in the best interests of the Commission and the services provided by the Commission. In order to do this, it may require that they put the interest of the Commission first in spite of the effect on their member municipalities.

MGA 201.1

(1) A municipality must, in accordance with the regulations, offer orientation training to each councillor within 90 days after the councillor has been elected.

(2) The following topics must be addressed in orientation training required under subsection (1):

- (a) role of municipalities in Alberta;*
- (b) municipal organization and functions;*
- (c) key municipal plans, policies and projects;*
- (d) roles and responsibilities of council and councillors;*
- (e) roles and responsibilities of the chief administrative officer and staff;*
- (f) budgeting and financial administration;*
- (g) public participation;*
- (h) any other topic prescribed by the regulations.*

(3) The Minister may make regulations respecting orientation training, including, without limitation, regulations

- (a) respecting the delivery of orientation training;*
- (b) prescribing topics to be addressed in orientation training.*
- (d) to obtain information about the operation or administration of the municipality from the chief administrative officer or a person designated by the chief administrative officer;*
- (e) to keep in confidence matters discussed in private at a council or council Committee meeting until discussed at a meeting held in public;*
- (f) to perform any other duty or function imposed on councillors by this or any other enactment or by the council.*

Because appointments to the Commission typically occur at the annual organizational meeting of the municipalities, and can change each year, an annual Board orientation is viewed as an opportunity for all Directors and alternates to cover off those items/topics viewed as being important. If the appointees remain unchanged, the annual orientation simply becomes a reminder. We believe that the introduction of an annual orientation will help strengthen Board governance as well as provide management with the opportunity to build and develop trust with Directors and alternates. Additionally, a best practice in this regard is the development of an orientation manual containing material and information that should be known by the Board. In this context, one should be prepared containing instruction and background on things such as minutes, bylaws, organizational structure, board policies, budget, audited financial statements, annual report and so on.

During interviews with current board members and management it was clear that the Commission has not had an opportunity since its inception to review roles & responsibilities, service level, determine critical policies and procedures, ascertain what bylaws it should consider for adoption, conduct performance reviews, or allow for financial management oversight, to mention a few. Like municipalities who conduct Council retreats, the implementation of a Board retreat to review these components is viewed as taking a proactive approach to governance. The use of outside expertise in the delivery/facilitation of a Board retreat program should be considered.

It is recommended that:

6.2.1 The Board consider the implementation of an annual orientation for Directors and alternates within three months of being appointed to the Board.

6.2.2 Management prepare an Orientation Manual for Directors and alternates which is updated on an annual basis.

6.2.3 The Board consider the implementation of an annual retreat held immediately following the orientation to review and discuss governance and priorities (including but not limited to the review of roles & responsibilities, establishment of service levels, critical policies and procedures, bylaw review, financial management oversight, and conducting performance reviews).

6.2.4 The Board enlist the assistance of an outside facilitator to deliver the board retreat program.

6.3 Board of Directors - Appointment of Legal Counsel

A common best practice adopted by many municipalities is to periodically appoint legal advisors who are well informed and have a strong municipal practice. This enables the municipality to evaluate their level of satisfaction with said legal advice and make a determination on whether to continue with said advisors, or make a change. It also gives direction to management on who they are to use. A review of Commission minutes shows no reference made to the appointment of legal advisors.

Our inspection has identified that legal advisors predominantly being used are Brownlee LLP (Calgary) for the MD; North & Company LLP (Pincher Creek) and Danielson Law (Crowsnest Pass) for the Town; and North & Company LLP (Pincher Creek) and Brownlee LLP (Calgary) for the Commission. Given that the best interests of the Commission on occasion may not necessarily align with the best interests of one of the member municipalities, and even trigger the member municipalities to elicit their own legal advice, this may put the legal advisors in a potential conflict of interest. We have been advised that some legal advice sought by the Commission from Brownlee LLP caused Brownlee LLP to believe they may be in a potential conflict of interest with the MD. As a result the opinion and advice was provided to the MD and subsequently forwarded to the Commission thereafter. In order to prevent this, and to

ensure the Commission obtains said advice directly, it should consider the specific appointment of a law firm not utilized by either member municipality.

It is recommended that:

6.3.1 The Board give consideration to appointing legal advisors.

6.4 Board Meetings - Minutes

As shown in Section 4.0 (Background) of this report, the first recorded minutes of the Commission occurred November 26, 2015. These same minutes also contain business related to the Committee, which is **irregular**. These minutes are the last record showing the Committee conducting business. From this point forward, all minutes are reflective of Commission business with one major exception. The monthly financial statements and cheque registry that accompany the Commission meeting agendas from January 2016 until June 2016 are not reflective of the Commission, rather, they are the Committee's financial statements and cheque registry. The Commission is now passing resolutions to "receive as information" said financial statements and cheque registry, which is **irregular**. The inspectors conclude that because the Commission did not have its own bank accounts, uncertainty surrounding the transition from the Committee to the Commission prevailed. This is a position supported by the auditors (KPMG), who completed two audits for 2016, one for the Committee, and another for the Commission. With the establishment of Commission bank accounts commencing July 2016, these irregularities have been corrected.

All meetings of the Commission are electronically recorded as well as reproduced through the minutes. A review of the minutes showed examples of missing motion numbers, no indication of whether a motion was carried, missing motions, many notes & comments, mixing Committee and Commission minutes together, improper use of tabling motions, failure to include reasons for going "in camera", and an assortment of other minor errors (**irregular and improper**). While the staff member who prepares the agendas and the minutes tries her best, it is clear that some actions need to occur to ensure the agenda and draft minutes are accurate, and presented in a clear and concise fashion. We believe that the adoption of a revised minute style that slightly modifies the current minute format would reduce the number of errors and omissions. Similarly the preparation of the agenda, while not improper, could be improved as well. The level of knowledge in agenda preparation and minute taking by the staff involved should be enhanced.

We also noticed in the meeting minutes that on a number of occasions, the Chief was requested to provide certain information at a later date. In these instances, a Board member made the specific request. However the Board did not pass a motion to that effect. Similarly at the April 27, 2017 meeting, another request was made by a board member, to which the Chief indicated he would provide the board member with the information. Again, no motion was made indicating the Board supported

the request. In the inspector's opinion, it is **improper** for a board member to make a request for information and then expect the Chief to provide said information. Instead, the Board should adopt a procedure whereby any requests for information made at a board meeting are done so via a motion.

It is recommended that:

6.4.1 The Board consider the implementation of a different style and format for minutes that helps minimize errors and omissions.

6.4.2 The Board support management with professional development/training resources to enable staff to improve their knowledge and skill level related to better prepared agendas and minutes.

6.4.3 The Board adopt a procedure whereby all direction given to management is done through a motion.

6.5 Board Meetings - Location

Inspectors noted that since the Commission commenced operations, all regular meetings have occurred at the Town Office. Inspectors observed as well that while the Commission has its own facilities (specifically the fire hall in the Town), it is not conducive to holding Commission Board meetings. The 20-year Capital Plan for the Commission contemplates a Town fire hall addition / upgrade. While the Town Council Chambers lends itself well to holding Commission meetings, so too would the MD Council Chambers. Given the members of the Commission are the MD and Town, it seems reasonable that the meetings might rotate between the two sites rather than always occurring at just one. The MD expressed support for this. In the inspector's opinion, this would be a simple way to demonstrate that participation in the Commission is done so on an equal basis.

It is recommended that:

6.5.1 The Board give consideration to rotating regular meetings between the MD and Town until such time as Commission facilities are enhanced/improved to accommodate Board meeting.

6.6 Board Meetings - Attendees

Board meeting minutes indicate that at a typical board meeting the following are present: the Board Directors; the Commission Manager/Chief; an Administrative Assistant; and the CAOs for both the town and MD. Others attend from time to time as alternates, in place of the CAO, auditors, and other guests.

The inspectors have been advised the rationale behind having the member CAOs present is to provide advice to the Board during its meetings. We observed this occurring at the April 27, 2017 meeting. This is further acknowledged within Bylaw No. 2, Article 6.11, which reads: "Each Member may have

administrative representation at any Board or Committee but shall have no vote". Similarly, Section 19 of the Membership Agreement reads "The Municipalities shall cause the Commission to permit all of the Chief Administrative Officers of each Municipality and the Chief of Emergency Services or their designated alternates to attend all meetings of the Board of the Commission".

While the best of intentions are likely to have been contemplated, the inspectors believe this undermines the ability of the Chief to provide his advice to the Board as the Administrative Head of the Commission. Because the Commission is an autonomous corporation providing a service which the members agreed to relinquish any and all control of, having the member CAOs present could be perceived as the municipalities exercising undue influence on Board decisions. With all due respect to the CAOs, the inspectors believe that unless there is a specific agenda item to which their input is required, that they or any other municipal administrative representative refrain from attending the meetings.

We also recognize there are administrative competencies the incumbent Chief is weaker in. To address this, the inspectors feel consideration should be given to retaining the services of an experienced administrator/former CAO to attend the board meetings and offer advice as required for a period of time (until the Board has established a level of confidence in the Chief's administrative abilities). This person could also provide input on agenda/minute preparation, planning major activities, or whatever other matters the Board/Chief requires assistance with. While this will require financial resources, the inspectors are of the opinion that this will help build confidence and trust in the administrative abilities of management, which in the medium to long term will benefit the Commission. Of course, this should not preclude the Chief from continuing to solicit input and advice from the member CAOs outside of Board meetings.

It is recommended that:

6.6.1 Consideration be given to excusing the MD and Town CAOs or other municipal administrative representatives from attending Board meetings unless specifically requested by the Board for a specific agenda item, and that the necessary adjustments be incorporated into Bylaw No. 2 (Governance Bylaw), and the Membership Agreement.

6.6.2 The Board retain the services of an experienced administrator/retired CAO to attend board meetings and offer advice as required for a period of at least six months.

6.7 Board Meetings - Reports

A comprehensive review and analysis of the agenda packages indicates that while there is often considerable information contained within the packages, the Directors are left to their own devices to distill why a specific matter is on the agenda, and what action is required on those matters. As the inspectors observed at the April 27, 2017 Board meeting, considerable debate and discussion occurred

on agenda items which in the inspector's opinion, should have taken far less time, causing frustration on the part of Directors.

A best practice that has been implemented by many municipal and even regional service Commissions is something referred to as a "Request for Decision". In essence, this is a covering report that contains a recommendation, offers options to be considered, provides background information, reviews financial implications, and may have attachments to clarify or provide additional information. at the very least. There are all kinds of templates from which to review and select what would work best in this instance. This is again something the inspectors believe would assist in making the Board meetings much more functional and help better inform the Directors.

In a similar context, the inspectors noted that the Board makes any number of decisions at a board meeting. In many cases this requires further investigation and reporting back to the Board. As well, it often means some items are not completely addressed for several months due to the nature of the issue. This results in a compounded list of things that management is required to bring back. A best practice to address this issue is something referred to as an "Outstanding Items Listing", which is owned by the Board, reviewed at each meeting, and provides a clear picture of those matters which the Board has determined further information is required. It also indicates to the Board how many things management have on their plate related to Board requests. It is suggested the Board give consideration to whether or not this would be beneficial and help them improve discharging their responsibilities as directors.

It is recommended that:

6.7.1 Management initiate the implementation of a "Request for Decision" report for all Board meetings.

6.7.2 The Board consider the adoption of an "Outstanding Items List" that management prepares, updates, and reviews with the Board at each Regular Board meeting.

6.8 Board Meetings - Conduct

Section 602.08 of the MGA references how Board meetings are to be conducted. A review of the minutes indicates the Board goes "in camera" at most meetings. While they are not in contravention of this section, best practices suggests that the reason for going "in camera" should be contained in the motion. A review of proposed Bylaw No. 5 indicates that this will occur moving forward.

602.08

(1) Boards and board Committees must conduct their meetings in public unless subsection (2) applies.

(2) Boards and board Committees may close all or part of their meetings to the public if a matter to be discussed is within one of the exceptions to disclosure in Division 2 of Part 1

*of the Freedom of Information and Protection of Privacy Act.
(3) When a meeting is closed to the public, no resolution or bylaw may be passed at the meeting, except a resolution to revert to a meeting held in public.*

We heard the process and procedures used to prepare for Board meetings was generally satisfactory, and in fact was improving. Directors did not have any additional suggestions for improvement. Given that Councillors/Directors and staff change from time to time, a best practice adopted by many municipalities is to create a procedure that clearly articulates the process used for agenda preparation, agenda package content and minute circulation.

It is recommended that:

6.8.1 The Board identify the reason for going “in camera” during its meetings.

6.8.2 Management prepare a written procedure related to agendas and minutes.

6.9 Board Communications - Internal

Internal communications within any organization are an integral component of how well that organization functions, particularly between the governing body and management. In that context, the inspectors heard a number of comments during the interviews. The Chief-to-Board Chair communications appears to be very good. The Chair regularly comes to the Commission office to sign cheques, and inspectors heard that the Chief occasionally visits the Chair at his place of business. While these types of exchanges, in the inspector's opinion, help solidify and build trust between the Head of the Board and the Chief, their frequency should be closely monitored so as not to leave other Board members with an unfavorable impression that they too are not being treated in a similar fashion.

We also heard from other Board members however, that they feel they are continually trying to obtain information and clarification on Commission business to ensure they have a solid understanding and are appropriately discharging their fiduciary responsibilities. When this information is not forthcoming or available and sometimes even forgotten, a level of frustration is created that results in a less than optimal level of trust and confidence.

We heard that on occasion Directors make requests for Commission information through their Municipal administrations versus the Commission administration. This should be discouraged. Given that the Commission functions as an independent corporation that the member municipalities have relinquished all responsibility for delivering said services, Directors on the Board should make their request directly to the Commission administration. While Recommendation 6.4.3 touches on this in the context of meetings, when such requests occur outside of meetings and are of an inconsequential -

nature (i.e. meeting minutes from a previous meeting), in the opinion of the Chief, said request should be fulfilled in an expeditious manner with the Chief reporting this in his monthly report to the Commission Board.

This ensures the entire Board is aware of these requests and how often they occur. This is a best practice exercised in some municipalities. In the event that the request is deemed to be significant in nature, the Chief should add this as an agenda item to the next regular meeting of the Board. The Board should adopt these protocols and procedures.

At the April 27, 2017 Board meeting the inspectors observed the Chief responding to questions and making comments in a fashion that generally did not lend itself to positive communications with all the Board, and also speaking without being recognized by the Chair. The Chief often demonstrated body language reflective of being more closed than open to the discussion at hand. We conclude that there is a lack of comfort in the Chief interacting with the Board and that the Chief should use preparation for the meeting as a means to provide an engaged level of interaction and readiness to respond at Board meetings.

While there is a clear responsibility for the Chief to ensure key information is presented to the Board, consideration should be given to having the staff members / subject matter experts responsible for creating this information provide it directly to the Board. This would reduce the number of items that would need to be sent back for clarification or for further information related to the report. A key example of this would be detailed financial reporting.

It is recommended that:

6.9.1 The Board address with Commission administration the protocols and procedures they wish incorporated when a Director requests Commission information outside of Board meetings.

6.9.2 The Chief put a priority on personal and staff preparation for Board meetings, including anticipating items which may require clarification or further information, in order to demonstrate personal engagement in Board meetings.

6.9.3 Opportunities be considered for other Staff and/or subject matter experts to present directly to the Board.

6.9.4 The Financial report be provided in person to the Board by the staff member responsible for creating the report.

6.10 Board Communications - External

The most common method of providing external communications is via electronic means. When it comes to providing information to the general public, websites are the most preferred method. While

Pincher Creek Emergency Services currently has a website, there is no reference to the Commission itself as an entity or what it does. We heard, that in almost all instances from those interviewed, that more detail should be put on the Commission website, including information about the Commission itself, its service levels, and board agendas and minutes at the very least. We also heard that management is working towards this objective. However, some indicated they were not aware of this initiative. Management should ensure that the Board is aware of things of this nature and solicit their input with respect to content.

We heard the number of inquiries to receive copies of the minutes has been limited to only one occasion. Notwithstanding, making the agenda and minutes accessible on the Commission website should help with public confidence and accountability.

It is recommended that:

6.10.1 The Board provide clear direction to management in regards to the development and content of a Commission website.

6.11 Board Policies & Procedures

Virtually all organizations today adopt various policies and procedures to delineate how they conduct business. Properly written, they assist management in making sure daily activities are reflective of the Board's desires surrounding its vision, mission and how the organization is to operationalize things. At present the Commission appears to have a number of formal policies and procedures in place. A review of the Commission policies and procedures table of contents indeed confirms there are policies and procedures concerning: general matters; administration; personnel; health & safety; medical services; fire; rescue; prevention; and equipment.

Directors on the Board have raised questions in regard to the adoption/approval process. The MD has also alleged that personnel policies appear to be approved by the Chief without the approval of the Board. Given this lack of understanding of how policies and procedures are approved and who approves them, the Board and management should review the issue at one of their meetings. Section 153 of the MGA reads: "Councillors have the following duties: (b) to participate generally in developing and evaluating the policies and programs of the municipality".

153

Councillors have the following duties:

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

(b) to participate generally in developing and evaluating the policies and programs of the municipality;

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

While the Commission is not a municipality, the applicability of this requirement would seem reasonable for Directors on the Board. Similar to the CAO of a municipality who is responsible for all hiring and firing of employees, the CAO determines what personnel policies are required. The same would hold true for the Chief. In the Membership Agreement under "Responsibilities of the Board" Article 18(a)(ii) reads: "The Directors shall develop and adopt financial and administrative policy and processes for all Commission matters".

Many of the policies and procedures are combined. Best practices in this regard would suggest that policy and procedure be separated, thereby providing a clear direction on the division of authority. Boards approve policy (except those affecting personnel), while management ensures they are implemented through the adoption of various procedures.

The transitioning from the Committee to the Commission as it relates to policy continues to be a question on the mind of some Directors. Notwithstanding the Membership Agreement contemplates that policy approved by the Committee survives and becomes policy of the Commission. However, any new policy, changes to policy, or policy reviews, need to be undertaken and approved by the Board. Most of the policies have since been updated/reviewed by management (no records exist showing the Commission Board undertook this task however) which is **improvident**. The Commission Board should undertake over the next number of months a review of all policy (except those affecting personnel).

The audit report for the period July 1, 2016 to December 31, 2016 contains two performance improvement recommendations. First, that a conflict of interest policy be established and/or enhanced to address instances of perceived or actual conflict of interest. The auditors recommend that where potential conflict of interest exists, all payroll and human resources matters are addressed by the board and/or its delegate. Second, the auditors recommend that proper review procedures exist to compensate for the lack of segregation of duties. These points require the attention of the Commission Board and Management.

Concerns have been expressed in regard to the Chief hiring his spouse as Deputy Chief. The record shows that the Chief was hired by the Committee in 2009. At the same time the Chief's spouse was the senior ambulance operator. By hiring the Chief, the Committee knew or ought to have known they were creating an awkward situation for the Chief. Notwithstanding, procedures should have been adopted

that prevented the Chief from approving salary adjustments, performance appraisals, or any other personal matters affecting his spouse. This is an activity that should be performed by someone other than the Chief. A neutral third party should be retained by the Commission Board. While this is a very specific issue dealing with the Chief and his spouse, the inspectors have also been advised of other staff issues involving immediate family members. In this regard, the Board should consider the adoption of a nepotism policy.

It has been alleged the Board Chair conducts personal business with the Commission. When the cheque registry is reviewed, and received as information, it is done so with the exception of the one cheque that goes to the Chair's business. The Chair then hands over the chairing of the meeting to the Vice-Chair, who deals with the cheque payable to the Chair's business. In the past, the Chair did not depart from the meeting but is doing so now which is proper procedure. Draft Bylaw No. 5 (Board Procedures Bylaw) references this requirement as well. We believe this issue has been adequately addressed.

Concern has also been raised regarding a WCB claim affecting the Chief. It is alleged the Chief acted on both his own behalf and the Commission's behalf in the adjudication of the incident and that some irregularities occurred particularly relating to pay. The inspectors were advised that while the Chief indeed did represent himself, other staff represented the employer. Regarding his rate of pay, the inspectors were advised the Chief drew full wages while injured and that all WCB payments went to the Commission. The inspectors were further advised the Board agreed to this. We conclude from the inspector's investigation into this allegation, that the level of communications between the Board and the Chief could have been better. We further believe however, that no improvident or improper activity took place. Notwithstanding, it is suggested that a policy be developed to deal with this type of situation. Section 6.22 (Authorized Investments) contains commentary further to this policy recommendation.

It is recommended that:

6.11.1 The Board and Management include as an agenda item on a regular meeting date, a discussion on the process used for developing/approving policy and procedures.

6.11.2 The Chief establish and recommend a process to the Board, which provides for the separating of policy and procedures into two different manuals.

6.11.3 The Board undertake over the next number of months a review of all current policy.

6.11.4 The Board initiate the review of those performance review recommendations.

6.11.5 The Board give consideration to adopting review procedures to compensate for the lack of segregation of duties

6.11.6 The Board give consideration to utilizing a neutral third party to prepare a recommendation and procedure for dealing with the issue of the Chief's spouse directly reporting to the Chief and any other issues specific to the Chief related to conflict of interest or the perception of a conflict of interest.

6.11.7 The Board give consideration to the adoption of a nepotism policy.

6.12 Board Delegation

Section 602.06 of the MGA references what a Board may and may not delegate. While no irregularities were found with (a) thru (d), the Commission Board was found to be approving financial statements for the Committee (**improper and irregular**). More detail on this can be found in Section 6.24 of this report (Audited Financial Statements).

602.06
(1) Subject to subsection (2), a board may delegate any of its or the Commission's powers, duties or functions under this or any other enactment.
(2) A board may not delegate
(a) the power or duty to pass bylaws;
(b) the power to expropriate;
(c) the power to authorize a borrowing;
(d) the power to adopt budgets;
(e) the power to approve financial statements.

The minutes indicate while the Committee ceased meeting after November 26, 2015, the Committee continued to operate with its banking accounts and financial statements with oversight provided not by the Committee but by the Board (**irregular and improvident**). This situation was rectified July 1, 2016 when the Commission commenced operations with its own bank accounts and financial statements. In the audited financial statements for the Committee for the period of January 1, 2016 to June 30, 2016, the auditors indicate: "Effective July 1, 2016, the Pincher Creek Emergency Services ceased operations. The operations of Pincher Creek Emergency Services will be continued by the Pincher Creek Emergency Services Commission". Notwithstanding, the Commission Board may have acted in an improvident fashion prior to July 1, 2016, the inspectors believe they are now operating in accordance with 602.06(a)(b)(c)(d) &(e). In that regard, the inspectors have no recommendations.

6.13 Membership Agreement

A review of the Membership Agreement clearly shows there are actions that have not been completed within the prescribed timeframes identified. There were actions to have been completed by the MD and Town as well as the inaugural Commission Board. One example is that all assets and liabilities from the Committee were to have been transferred to the Commission within six months following the proclamation of Bylaw No. 1 (Alberta Regulation 230/2014, Article 5(1) also references this but does not indicate any timeframe). Bylaw No. 1 was proclaimed February 3, 2015 meaning all assets and liabilities

were to have been transferred by August 3, 2015. That did not occur and in fact the land and buildings transfer remain outstanding (**irregular**). This should be addressed.

Conspicuous by its absence in Alberta Regulation 230/2014 is the Beaver Mines Fire Hall. While the Town Fire Hall and the Lundbreck Fire Hall are listed, Beaver Mines is not. The inspectors were advised that a problem existed with the title that needed to be corrected. The inspectors were further advised that the MD had acquired some additional lands in Beaver Mines for the purposes of a new fire hall as well as some other uses. The MD and the Commission should agree upon the disposition of the existing Beaver Mines Fire Hall and the new lands designated for a new fire hall.

During interviews with board members it was noted that all had a reasonably good understanding of the Membership Agreement. However, without referring to the actual Agreement they were unable to discern any specifics. Regardless of whether new board members are appointed or not, the Board should undertake a comprehensive review of the Agreement (perhaps during the board retreat) to provide clarity in terms of completed items, outstanding items, and the identification of when Article 13 dealing with the termination of the Membership Agreement is expected.

On March 14, 2017, an amendment was made to the Membership Agreement allowing the Commission to become signatories to the Agreement.

It is recommended that:

6.13.1 That the first annual Board retreat (recommendation 6.2.2) be utilized to establish a prioritized schedule of actions to complete the items identified in the membership agreement.

6.13.2 That the MD and Town complete the transfer of all properties identified in the original Order and establish a process to transfer the Beaver Mines fire station to the Commission.

6.14 Board Bylaws

Section 602.07 references what bylaws a Commission must pass and may pass. As previously mentioned in Section 6.1, on February 3, 2016 when the Minister approved Bylaw No. 1, the Board was in compliance with 602.07(1)(a).

MGA 602.07

(1) The board of a Commission must pass bylaws

(a) respecting the appointment of its directors and the designation of its chair;

(b) governing the fees to be charged by the Commission for services provided to its customers or to any class of its customers.

(2) A bylaw passed under subsection (1)

(a) does not come into force until it has been approved by the Minister.
(3) The board of a Commission may pass bylaws
(a) respecting the provision of the Commission's services;
(b) governing the administration of the Commission.
(4) The bylaws of a Commission are subject to the regulations.
(5) The Regulations Act does not apply to the bylaws of a Commission.

In regard to Section 602.07(1)(b), the Board gave third reading to Bylaw No. 3 (Funding Bylaw) at its April 27, 2017 meeting. The inspectors were advised that the Commission currently use the fees developed under the Committee process, and that the actual schedule of fees to be charged will be updated by the Board in the near future. Currently there appears to be no formal process to inform users of the different fees that may apply based upon the type and location of incidents. And while it took the Board a long while to fulfill this requirement of the MGA, the Commission is now in compliance with this provision.

Any other bylaws the Board may consider are discretionary. Currently Bylaw No. 2 (Governance of Administration of the Commission) has passed while Bylaw No. 4 (Chief of Emergency Services Roles & Responsibilities) and Bylaw No. 5 (Procedures Bylaw) have yet to receive third reading. Whether the Board considers any additional bylaws for approval should be discussed and undertaken in the same fashion as Recommendation 6.6.2.

It is alleged that no formal appointment of the Fire Chief has occurred. And while Bylaw No. 2 does refer to the "Appointment of Officer Position", it is the responsibility of the Board to ensure this occurs. Notwithstanding, the Chief was hired in 2009 by the Committee, and it was contemplated in the Agreement in Article 17(b)(i) that: "the inaugural Board shall have the following additional responsibilities: (b) to appoint a Chief of Emergency Services as the Commission's chief officer: (i) under the existing terms of the position and in accordance with Section 4 of the Emergency Services Agreement as long as it remains in effect". Based upon this article within the Membership Agreement the inspectors conclude the Chief has been properly appointed.

It is recommended that:

6.14.1 The Chief prepare a document which outlines the fees to be charged for different types of incidents and locations, which can be posted on the web site and distributed publically.

6.14.2 The Board give consideration to retaining the services of an outside expertise to assist with the development of any additional bylaws deemed appropriate.

6.15 Service Area

Section 602.11 references where a commission may provide its services. Ministerial Order No.

MSL:006/15 authorizes the Commission to provide emergency medical services across Alberta and into British Columbia and Saskatchewan as required in accordance with the Commission's contract with AHS. The Ministerial Order also authorizes the Commission to provide mutual aid with respect to fire and rescue services on behalf of each member municipality of the Commission once each municipality delegates this responsibility to the Commission.

MGA 602.11
A Commission may provide its services
(a) within the boundaries of its members, and
(b) outside the boundaries of its members with the approval of the Minister and
(i) the municipal authority within whose boundaries the services are to be provided, and
(ii) in the case of services to be provided in a part of a province or territory adjoining Alberta, the authority from that province or territory whose jurisdiction includes the provision of the services in that part of the province or territory.

The following chart summarizes the sequence of events relating to the service area:

| Date | Significance |
|-----------|---|
| 08-Sep-16 | Moved that the Commission Board request the Town & MD bring forward a draft agreement for the Commission to provide fire and ambulance to each municipality. Carried |
| 08-Sep-16 | Letters from the Commission Chair to the MD and Town requesting municipality to pass a resolution assigning responsibility for providing emergency services to the Commission. |
| 15-Sep-16 | Letter from Town to Commission agreeing to transfer to the Commission all authorities concerning the provision of emergency services that were previously delegated to the PCES Committee, including fire and rescue services, emergency medical services, which includes inter-hospital transfers. |
| 22-Sep-16 | Moved to have the documents surrounding the service agreement signed and brought back to the next regular meeting. Carried |
| 27-Oct-16 | Moved to accept the resolutions from the Town as information. Carried |

As is shown in the above chart, the Town has provided the necessary resolution transferring the service provision to the Commission. The MD has not. This needs to be addressed.

In addition to the above sequence of events, an unsigned "Implementation Agreement" relating to the transfer of service was provided. Based upon the inspector's review of materials provided and interviews with MD officials, it appears that: (i) the MD did not pass a motion authorizing the transfer of service; and (ii) the Implementation Agreement was not signed. In addition, the Commission seems to have dropped the issue as there are no references in any minutes after October 27, 2016, dealing with this matter (**improper and improvident**). The Commission should follow up on this issue to have it resolved.

It is recommended that:

6.15.1 The Board follow-up with the MD the need for a resolution transferring the service provision from the MD to the Commission.

6.15.2 The Board obtain the necessary signatures related to the Implementation Agreement.

6.16 Budget - Operating

Section 602.19 of the MGA references the requirement to annually adopt an operating budget. The Board did not pass an operating budget for 2015 (**improper and improvident**). For 2016, a motion was passed at the January 28, 2016 meeting adopting the 2016 Operating Budget. Then on September 22, 2016 the Commission Board passes a motion "that the PCES (Committee) budget becomes the 2016 PCESC (Commission) budget" (**irregular**). It appears that the Committee thought it was meeting on January 28th when in fact this was a Commission meeting. On February 23, 2017 the Commission Board passes its Operating Budget (an interim budget was approved January 8, 2017), and the Commission Board is now in compliance.

MGA 602.19

A commission must adopt an operating budget for each calendar year.

With respect to the budgetary process, Article 32 in the Membership Agreement reads: "Upon determination of the Operating and Capital Budget for the next fiscal year before October 15 of the current year and the presentation of same to each Municipality, each Municipality shall pay to the Commission, its Municipal Levy on or before January 31 of the next fiscal year". At the September 22, 2016 Commission Board meeting the 2017 operational and capital budgets were brought forward for the Commission Board's consideration. Motions were passed deferring both budgets until a special meeting on October 17, 2016. At this meeting the Capital Budget was passed, however the Operational Budget was deferred until October 27, 2016. At the October 27, 2016 meeting the Commission Board passed another motion approving the capital budget (**irregular**) and a motion to approve the Operational Budget was defeated. Not until the December 22, 2016 meeting was the Operational

Budget again discussed. At this meeting a motion approving an interim budget was presented and defeated. A special meeting was held January 11, 2017 at which time an interim budget was presented and approved. On February 23, 2017, the Commission Board passed a motion approving the 2017 Operational budget. As reflected in the above sequence of events, the Commission Board did not comply with its October 15th requirement (**irregular**). A review of 2017 monthly financial statements shows, the MD provided their levy by January 31st, while the Town did not (the financials show the Town levy was deposited February 17, 2017). Because the levy amounts were based upon an interim budget and the final budget resulted in a lesser levy amount, the Commission needs to provide a refund to both the MD and Town. The March financials show a refund to the MD but not to the Town. April financials were not available at time of writing this report.

It is recommended that:

6.16.1 Management commence its budgetary process earlier so that the Board has sufficient time to be satisfied with its contents and fulfill the October 15th requirement.

6.17 Budget - Contents of Operating Budget

A review of the contents of the 2017 approved operating budget indicates the Board is in compliance with Section 602.2 of the MGA.

MGA 602.2

- (1) An operating budget must include the estimated amount of each of the following expenditures and transfers:
 - (a) the amount needed to enable the commission to provide its services;
 - (b) the amount needed to pay the debt obligations in respect of borrowings made to acquire, construct, remove or improve capital property;
 - (c) if necessary, the amount needed to provide for a depreciation or depletion allowance, or both, for any public utility it is authorized to provide;
 - (d) the amount to be transferred to reserves;
 - (e) the amount to be transferred to the capital budget;
 - (f) the amount needed to cover any deficiency as required under section 602.21.
- (2) An operating budget must include the estimated amount of each of the following sources of revenue and transfers:
 - (a) fees for services provided;
 - (b) grants;
 - (c) transfers from the commission's accumulated surplus funds or reserves;
 - (d) any other source of revenue.
- (3) The estimated revenue and transfers under subsection (2) must be at least sufficient to pay the estimated expenditures and transfers under subsection (1).
- (4) The Minister may make regulations respecting budgets and that define terms used in this section that are not defined in section

6.18 Budget - Capital

Section 602.22 of the MGA references the requirement to annually adopt a capital budget reads: “A Commission must adopt a capital budget for each calendar year”. For 2015, the Board did not pass a capital budget (**improper and improvident**). For 2016, the Board did not pass a capital budget (**improvident**). For 2017, the Board did pass a capital budget at a Special Meeting held on October 17, 2016. At its regular meeting on October 27, 2016, the Board passes another motion adopting the 2017 capital budget again (**irregular**). The Board is currently in compliance.

6.19 Budget - Contents of Capital Budget

A review of the contents of the 2017 approved capital budget indicates the Board is in compliance with Section 602.23 of the MGA.

602.23

A capital budget must include the following:

- (a) an estimate of the amount needed to acquire, construct, remove or improve capital property;*
- (b) the anticipated sources and estimated amounts of money to pay the costs referred to in clause (a);*
- (c) an estimate of the amount to be transferred from the operating budget.*

The Commission also has in place a 20-year capital plan that appears to be updated on an annual basis.

6.20 Expenditure of Money

Section 602.24 of the MGA references the requirement to establish procedures related to authorizing and verifying expenditures not included in the budget. Article 10.01 of Bylaw No. 2 (Governance Bylaw) reads: “The Commission shall not make any expenditure which is not included in an approved budget unless: (a) it is first authorized by a resolution of the Board passed by a majority of the Directors; or (b) it is for an emergency”. A review of all documentation related to budgetary expenditures as well as responses received during interviews suggests there is no irregular, improper or improvident activity.

MGA 602.24

- (1) A commission may make an expenditure only if it is
- (a) included in an operating budget or capital budget or otherwise authorized by its board,
 - (b) for an emergency, or
 - (c) legally required to be paid.
- (2) Each board must establish procedures to authorize and verify expenditures that are not included in a budget.
- (3) If the Minister establishes a budget for a commission under section 602.21, the commission may not make an expenditure that is not included in the budget unless the expenditure is
- (a) authorized by the Minister,
 - (b) for an emergency, or
 - (c) legally required to be paid.

6.21 Board of Directors - Civil Liability

Section 602.25 of the MGA references when directors might be exposed to civil liabilities. When asked the question whether the board member believed they were exposed to any civil liabilities as Commission directors currently, three board members indicated “no”, while the fourth board member indicated “possibly”. A review of all minutes and motions does not show any irregular, improper or improvident actions on the part of the board members.

MGA 602.25

- (1) A director who
- (a) makes an expenditure that is not authorized under section 602.24,
 - (b) votes to spend money that has been obtained under a borrowing on something that is not within the purpose for which the money was borrowed, or
 - (c) votes to spend money that has been obtained under a grant on something that is not within the purpose for which the grant was given is liable to the Commission for the expenditure or amount spent.
- (2) A director is not liable under subsection (1)(b) if spending the money is allowed under section 602.27(2).
- (3) If more than one director is liable to the Commission under this section in respect of a particular expenditure or amount spent, the directors are jointly and severally liable to the Commission for the expenditure or amount spent.
- (4) The liability may be enforced by action by
- (a) the Commission,
 - (b) a member of the Commission,
 - (c) a taxpayer of a member of the Commission, or
 - (d) a person who holds a security under a borrowing made by the Commission.

6.22 Authorized Investments

Section 602.26 of the MGA references where a commission may invest its money. Verbal confirmation was provided indicating the Commission has two bank accounts each containing all their cash assets. A review of the March 31, 2017 Commission Balance Sheet shows two banks accounts each with varying amounts. While it was verbally indicated there are no investments other than cash currently in place, no written confirmation was provided from the financial institution itself. Based on the information provided, the inspectors believe the Commission is in compliance with the MGA in this regard. Notwithstanding, the Board may wish to consider the adoption of an investment policy.

MGA 602.26

A Commission may invest its money only in the investments referred to in section 250(2)(a) to (d).

MGA 250

(2) A municipality may only invest its money in the following:

- (a) securities issued or guaranteed by
 - (i) the Crown in right of Canada or an agent of the Crown, or*
 - (ii) the Crown in right of a province or territory or an agent of a province or territory;**
- (b) securities of a municipality, school division, school district, hospital district, health region under the Regional Health Authorities Act or regional services commission in Alberta;*
- (c) securities that are issued or guaranteed by a bank, treasury branch, credit union or trust corporation;*
- (d) units in pooled funds of all or any of the investments described in clauses (a) to (c);*

It is recommended that:

6.22.1 The Board give consideration to establishing an investment policy

6.23 Financial Information Return

Section 602.32 of the MGA references the requirement for the annual preparation of a financial information return. We have been advised that a nil financial information return was prepared for 2015.

MGA 602.32

(1) Each Commission must prepare a financial information return respecting the financial affairs of the Commission for the immediately preceding calendar year.

(2) The Minister may establish requirements respecting the financial information return, including requirements respecting the accounting principles and standards to be used in preparing the return.

For 2016, the inspectors have been advised the financial information return has been prepared.

6.24 Audited Financial Statements

Section 602.33 of the MGA references the requirement for annual audited financial statements. While no audited financial statements were prepared for 2015 for the Commission, they were prepared for the Committee. On April 28, 2016, the Commission Board passed a motion to accept the 2015 Audited Financial Statements (**irregular**).

Two audited financial statements for the Committee have been prepared for 2016. The first was for the period January 1, 2016 until June 30, 2016. On October 31, 2016, the Commission Board passed a resolution approving the Committee audited financial statements (**irregular**). The second set of audited statements was for July 1, 2016 until December 31, 2016 for the Commission. On April 27, 2016, the Commission Board passed a resolution approving these audited financial statements.

MGA 602.33

Each Commission must prepare audited annual financial statements for the immediately preceding calendar year.

A review of the audited statements for the period July 1, 2016 - December 31, 2016 shows the Commission to have a healthy bottom line. With cash and receivables of \$1.05M, accounts payable and accrued liabilities of \$92,871, and tangible capital assets and prepaid expenses of \$994,775, the Commission had an accumulated surplus of \$1.95 million. In the opinion of the auditor “the financial statements present fairly, in all material respects, the financial position of the Pincher Creek Emergency Services Commission as at December 31, 2016, and its results of operations and cash flows for the period then ended in accordance with Canadian public sector accounting standards”. The Directors on the Board also believe the financial health of the Commission is good.

6.25 Distribution of Returns and Statements

Section 602.34 of the MGA requires the financial information return and audited financial statements to be filed with the Minister prior to May 1 of each year. Notwithstanding the lack of Commission audited financial statements for 2015 and the first half of 2016 (as explained in Section 6.24). We have been advised by Municipal Affairs the 2016 Financial Information Return and 2016 Audited Financial Statements have been provided, therefore the Commission is currently in compliance.

MGA 602.34

Each Commission must submit its financial information return and audited annual financial statements to the Minister and each member of the Commission by May 1 of the year following the year for which the return and statements have been prepared.

6.26 General Governance

As previously indicated in 6.1 (Board of Directors - Appointments) there was a definite lack of understanding by all, as to when and how the Committee transitioned into the Commission. Although the Commission came into existence in December 2014, there were some who believed that because the Commission did not have its own bank accounts until July 2016, the Committee continued to function. Indeed it did, at least from a financial perspective which KPMG confirm in the January to June 2016 Audited Statements. However, the minutes reflect otherwise, as the inspectors have previously indicated and shown.

The inspectors heard both through the interviews, as well as observed at the April 27, 2017 meeting, that Directors from the MD asked many questions particularly related to financial matters. While some may perceive this to be micro-managing, the inspectors saw it simply as the Directors seeking clarity and having an understanding as to where the Commission was spending its financial resources. In other words, management was being held accountable for their actions and being asked to explain things. The inspectors believe this to be appropriate, and that it demonstrates the Directors exercising their fiduciary responsibilities.

At the April 27, 2017 meeting, Bylaw No. 5 was postponed with an indication from one Board Member that he was not familiar with the contents, even though the bylaw had already received first reading on November 24, 2016 and second reading on December 22, 2016. It had also been postponed at the meetings of February 23, 2017 and March 23, 2017. It is incumbent on Board members to be prepared to deal with the agenda items in a timely manner and to understand the contents of bylaws being

considered.

When Directors and other elected officials were asked, “should the Commission continue or be dissolved”, there was overwhelming support for its continuance from those interviewed from both municipalities. And while a few were not of this persuasion, what and how it would be replaced with had not been contemplated to any degree. From the inspector's perspective, there is an outstanding emergency service being provided to the public despite differences of opinion and personality conflicts at the Board. In the inspector's opinion, the Pincher Creek Emergency Services Commission should continue providing services to the public and undertake various actions and steps to address the concerns/issues raised through this inspection process.

A new provision contained within Bill 20 (Municipal Government Amendment Act 2015) requires a Council to pass a bylaw establishing a code of conduct for Council members. Section 146.1 goes on to indicate the Minister may make regulations with respect to the contents of the code of conduct bylaw.

Bill 20 146.1(1)

A council must, by bylaw, establish a code of conduct governing the conduct of councillors.

While this specific provision is not mandated for Commissions, it seems reasonable that if a municipal Council must pass a bylaw with respect to a code of conduct, it would be prudent for a Commission board to emulate this action. In doing so, clear direction for Commission Directors can be articulated along with any applicable sanctions to be imposed for a breach of the code of conduct.

It is recommended that:

6.26.1 The Commission governance model continue to prevail and function in the delivery of emergency services for the benefit of the public.

6.26.2 The Commission Board members establish and sign a Code of Conduct to ensure board governance responsibilities are taken seriously.

6.27 Management - The Chief

Throughout this Report, reference is made to “the Chief”; “Commission Manager”; “Chief of Emergency Services”; or “Chief Officer. This was also true to the background documents reviewed by the inspectors. Bylaw No. 2 (Pincher Creek Emergency Services Commission Governance Bylaw); draft Bylaw No. 4 (Chief of Emergency Services Roles and Responsibilities Bylaw); the Membership Agreement and Commission Board minutes all use one or more of these references. For the purposes of this Report, any of the above titles are intended to mean the same.

From an operational perspective, the Directors generally believe the Chief along with the staff are providing a very reliable and responsive service to the public. The same holds true for those elected officials from the MD and Town not on the Board. However, when it comes to having full confidence and trust in the Chief's ability to discharge his administrative duties and responsibilities, the Board is split. Some feel the Chief is doing an exceptional job in this regard, while some feel the opposite. The Staff at the Commission believe the Chief is competent and able to discharge all his responsibilities as required. Some believe the Pincher Creek Emergency Services is like an extended family who are committed to serving the public as best they can.

Board Members indicated they have received little to no negative feedback from the public regarding the services provided by the Chief and staff. Indeed, the inspectors heard from both MD and Town officials that the Chief does a reasonably good job operationally. The Chief has solid credentials and by most accounts elevated the ability of the Commission to deliver its services and fulfill its mandated requirements related to various contracts. All in all, the inspectors conclude that any change in management at this time would be detrimental to the delivery of service. While the Inspectors recognize that the Chief lacks certain administrative competencies, there are mitigating measures that can be implemented and have been identified throughout this report.

While a performance review of the Chief has been discussed by the Board, one has not been completed since the Commission came into existence with the last one completed three years ago in 2014 (**irregular**). While Section 205.1 of the MGA requires a council to complete an annual performance review of its CAO, the Act does not state a similar requirement for the Administrative Head of a Commission.

MGA 205.1

A council must provide the chief administrative officer with an annual written performance evaluation of the results the chief administrative officer has achieved with respect to fulfilling the chief administrative officer's responsibilities under section 207.

This is further emphasized in Bylaw No. 2 (Governance Bylaw) where reference is made to "Appointment of Officer Position" and "Regional Chief of Emergency Services" but no reference to chief administrative officer. Even proposed Bylaw No. 4 (Chief Roles and Responsibilities) which at the time of writing this report has received second reading, does not reference chief administrative officer rather "the administrative head of the Commission". Notwithstanding the Chief is not a CAO as defined in Section 205.1, Bylaw No. 2 or proposed Bylaw No. 4, best practice would be to complete a performance review for the Chief as described in the MGA.

It is recommended that:

6.27.1 The Board immediately complete a performance review of the Chief and establish an annual

performance review process.

6.28 Management - Training & Development

As previously indicated, the inspectors have concluded that the administrative competencies of the Chief are lacking in some areas. We heard there are no questions as to the Chief's operational effectiveness. From a communication perspective, the inspectors believe the Chief would benefit from taking some added training in this regard particularly as it relates to the development of board/management relationships.

We observed at the April 27, 2017 Board meeting the inability of the Chief to explain certain aspects of the monthly financial statements and tentativeness in giving advice in a few instances. His knowledge/understanding of parliamentary procedures and Section 187 to 191 of the MGA referencing the passage of bylaws appeared less than optimal. While the inspectors recognize these sections of the MGA do not apply to Commissions, some training in the reading and understanding these statements and what they are saying would help improve not just the Chief's competency level but also that of other staff members. Some training in parliamentary procedures and review of the MGA should occur to enhance these competencies.

We heard there have been many heated exchanges at Board meetings although none were observed at the April 27, 2017 meeting. Often time it is because individuals do not understand the perspective of the other person. In this regard, training in personality dimensions is viewed as something that the Chief and some of his staff might gain some benefits. Typically a half day course, this type of program trains people to understand there are a number of different type of people with whom we cross paths. The course material shows you how to recognize these different personalities as well as how best to deal with them.

It is recommended that:

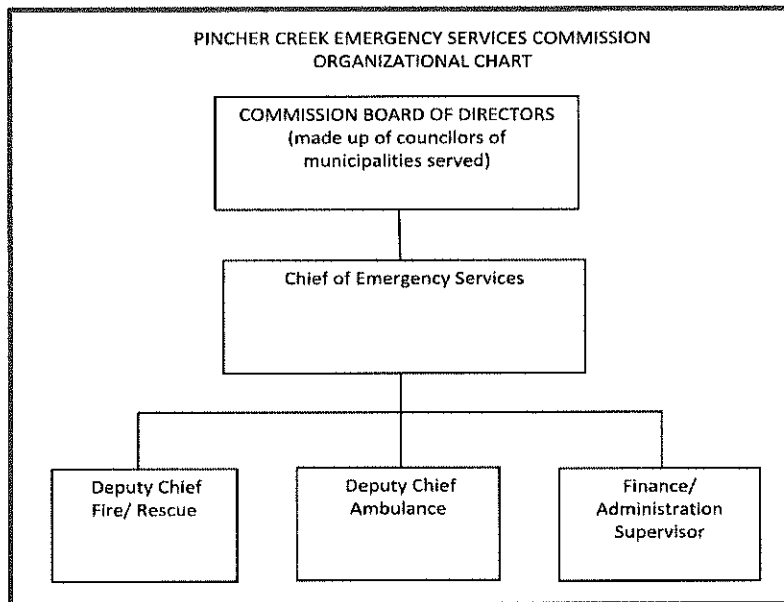
6.28.1 The Chief give consideration to strengthening his communication style with the Board by taking some external communications, parliamentary procedures and MGA review training.

6.28.2 The Chief give consideration to improving his and certain staff competencies in reading, interpreting and presenting monthly financial statements.

6.28.3 The Chief give consideration to improving his and certain staff competencies in personality dimensions.

6.29 Management - Organizational Structure

The organizational structure shows the Chief as the only employee reporting to the Board.



Below the Chief are three distinct areas: (i) Fire/rescue; (ii) Ambulance; and (iii) Finance/Administration.

It is worth noting as well that some firefighters and ambulance personnel are cross trained and serve in both areas on an as needed basis. In total the complement of personnel equates to approximately 16 full time equivalents (which includes about 70 casuals in ambulance). According to the Chief, the structure is adequate to meet the demands of today.

Directors were asked if they were satisfied with the structure of the organization. Two responded in the affirmative while the other two responded they either had not seen the organizational chart or were not aware of the structure. The inspectors believe this to be **irregular** insofar as the entire Board ought to know how the organization is structured particularly when the current directors have been serving on the Board since its creation. Recommendation 6.2.2 addresses this issue.

In all other regards the inspectors believe the organizational structure to be sufficient and adequate.

It is recommended that:

6.29.1 Management include on a Board meeting agenda, a briefing on the organizational structure.

6.30 Management - Alberta Health Services Contract

For the calendar year 2016, \$1,571,070 in revenue was received from Alberta Health Services (AHS). This represents 69% of the entire Commission actual revenue budget for ambulance. Ambulance expenses for the year were \$1,840,652 or 77% of the actual budget. Excess of expenditures over

revenues equates to \$269,582. Factor in fire and the actual loss for 2016 was \$140,207. This means that revenues from fire were used to offset losses for ambulance to the tune of \$129,375. Given the magnitude of the numbers for ambulance, interviews with AHS were deemed appropriate and conducted accordingly.

The contract for ambulance services became effective October 1, 2013 and is due to expire September 30, 2018. Originally entered into between AHS, the MD and the Town, the contract did not officially switch to the Commission and Alberta Health Services until January 30, 2017. From the beginning issues of compliance were identified resulting in a rectification plan that was accepted in April 2015. The most significant issue of compliance related to how AHS required labour to be handled. PCES believed another system was more effective and followed it. Efforts to correct this discrepancy have yet to be incorporated albeit Alberta Labour provided a work permit to allow the Commission to utilize their system. The permit expired February 2017. We are advised a new work permit has been secured and that the Commission will be compliant with AHS requirements.

A further requirement of AHS is to conduct quarterly meetings and to review quarterly financial statements. These meetings have resulted in the accuracy of said financial statements being questioned due to various discrepancies. AHS has requested the Commission management to provide a plan on how it will operate from now until the contract expires in 2018. Financial goals and sustainability plan targets remain outstanding.

Audited statements are required by AHS within 90 days of year end (March 31st). At time of writing this had not occurred. Notwithstanding the MGA stipulates May 1st of each year audited statements must be filed with the Minister of Municipal Affairs, the March 31st AHS deadline requires that the auditors complete and present the audit to the Commission so that they can comply with this deadline. The Commission should inform its auditors of this requirement so that they are in compliance.

Rather than AHS and the Commission working in a spirit of cooperation, it appears there are misunderstandings as well as an unwillingness on the part of the Commission management to resolve their differences. Efforts to change this should be made as quickly as possible.

It is recommended that:

6.30.1 The Chief or his designate initiate discussions immediately with AHS in an effort to resolve all outstanding contractual and agreed to obligations.

6.30.2 The Chief or his designate ensure that any discrepancies in the quarterly financial statements be rectified as soon as they are identified and that confirmation be secured confirming such.

6.30.3 The Chief or his designate immediately forward to AHS the audited statements for 2016.

6.30.4 Management request Commission Auditors to complete their annual audit in subsequent years so that they can comply with the AHS March 31st deadline.

7.0 SUMMARY OF RECOMMENDATIONS

- 6.1.1 The Board conduct its organizational meeting in accordance with Bylaw No. 1.
- 6.1.2 The Board advise the Minister as to its directors, alternates, and chair immediately following their annual organizational meeting.
- 6.1.3 Director and alternate appointments to the Commission Board clearly indicate they are to the Commission.
- 6.1.4 Consideration be given to changing the directors on the Board effective the member 2017 organizational meetings.
- 6.1.5 Consideration be given to not appointing the current directors as alternates effective the member 2017 organizational meetings.
- 6.2.1 The Board consider the implementation of an annual orientation for Directors and alternates within three months of being appointed to the Board.
- 6.2.2 Management prepare an Orientation Manual for Directors and alternates which is updated on an annual basis.
- 6.2.3 The Board consider the implementation of an annual retreat held immediately following the orientation to review and discuss governance and priorities (including but not limited to the review of roles & responsibilities, establishment of service levels, critical policies and procedures, bylaw review, financial management oversight, and conducting performance reviews).
- 6.2.4 The Board enlist the assistance of an outside facilitator to deliver the board retreat program.
- 6.3.1 The Board give consideration to appointing legal advisors.
- 6.4.1 The Board consider the implementation of a different style and format for minutes that helps minimize errors and omissions.
- 6.4.2 The Board support management with professional development/training resources to enable staff to improve their knowledge and skill level related to better prepared agendas and minutes.
- 6.4.3 The Board adopt a procedure whereby all direction given to management is done through a motion.
- 6.5.1 The Board give consideration to rotating regular meetings between the MD and Town until such time as Commission facilities are enhanced/improved to accommodate Board meeting.
- 6.6.1 Consideration be given to excusing the MD and Town CAOs or other municipal administrative

representatives from attending Board meetings unless specifically requested by the Board for a specific agenda item, and that the necessary adjustments be incorporated into Bylaw No. 2 (Governance Bylaw), and the Membership Agreement.

6.6.2 The Board retain the services of an experienced administrator/retired CAO to attend board meetings and offer advice as required for a period of at least six months.

6.7.1 Management initiate the implementation of a "Request for Decision" report for all Board meetings.

6.7.2 The Board consider the adoption of an "Outstanding Items List" that management prepares, updates, and reviews with the Board at each Regular Board meeting.

6.8.1 The Board identify the reason for going "in camera" during its meetings.

6.8.2 Management prepare a written procedure related to agendas and minutes.

6.9.1 The Board address with Commission administration the protocols and procedures they wish incorporated when a Director requests Commission information outside of Board meetings.

6.9.2 The Chief put a priority on personal and staff preparation for Board meetings, including anticipating items which may require clarification or further information, in order to demonstrate personal engagement in Board meetings.

6.9.3 Opportunities be considered for other Staff and/or subject matter experts to present directly to the Board.

6.9.4 The Financial report be provided in person to the Board by the staff member responsible for creating the report.

6.10.1 The Board provide clear direction to management in regards to the development and content of a Commission website.

6.11.1 The Board and Management include as an agenda item on a regular meeting date, a discussion on the process used for developing/approving policy and procedures.

6.11.2 The Chief establish and recommend a process to the Board, which provides for the separating of policy and procedures into two different manuals.

6.11.3 The Board undertake over the next number of months a review of all current policy.

6.11.4 The Board initiate the review of those performance review recommendations.

6.11.5 The Board give consideration to adopting review procedures to compensate for the lack of segregation of duties.

6.11.6 The Board give consideration to utilizing a neutral third party to prepare a recommendation and procedure for dealing with the issue of the Chief's spouse directly reporting to the Chief and any other issues specific to the Chief related to conflict of interest or the perception of a conflict of interest.

6.11.7 The Board give consideration to the adoption of a nepotism policy.

6.13.1 The first annual Board retreat (recommendation 6.2.2) be utilized to establish a prioritized schedule of actions to complete the items identified in the membership agreement.

6.13.2 The MD and Town complete the transfer of all properties identified in the original Order and establish a process to transfer the Beaver Mines fire station to the Commission.

6.14.1 The Chief prepare a document which outlines the fees to be charged for different types of incidents and locations, which can be posted on the web site and distributed publically.

6.14.2 The Board give consideration to retaining the services of an outside expertise to assist with the development of any additional bylaws deemed appropriate.

6.15.1 The Board follow-up with the MD the need for a resolution transferring the service provision from the MD to the Commission.

6.15.2 The Board obtain the necessary signatures related to the Implementation Agreement.

6.16.1 Management commence its budgetary process earlier so that the Board has sufficient time to be satisfied with its contents and fulfill the October 15th requirement.

6.22.1 The Board give consideration to establishing an investment policy.

6.26.1 The Commission governance model continue to prevail and function in the delivery of emergency services for the benefit of the public.

6.26.2 The Commission Board members establish and sign a Code of Conduct to ensure board governance responsibilities are taken seriously.

6.27.1 The Board immediately complete a performance review of the Chief and establish an annual performance review process.

6.28.1 The Chief give consideration to strengthening his communication style with the Board by taking some external communications, parliamentary procedures and MGA review training.

6.28.2 The Chief give consideration to improving his and certain staff competencies in reading, interpreting and presenting monthly financial statements.

6.28.3 The Chief give consideration to improving his and certain staff competencies in personality

dimensions.

6.29.1 Management include on a Board meeting agenda, a briefing on the organizational structure.

6.30.1 The Chief or his designate initiate discussions immediately with AHS in an effort to resolve all outstanding contractual and agreed to obligations.

6.30.2 The Chief or his designate ensure that any discrepancies in the quarterly financial statements be rectified as soon as they are identified and that confirmation be secured confirming such.

6.30.3 The Chief or his designate immediately forward to AHS the audited statements for 2016.

6.30.4 Management request Commission Auditors to complete their annual audit in subsequent years so that they can comply with the AHS March 31st deadline.

8.0 CONCLUSION

Based upon the inspector's review of materials and interviews with various stakeholders, the inspectors conclude that the Pincher Creek Emergency Services Commission is functioning very well from an operational perspective. This was indeed acknowledged by almost all those interviewed. However, from an administrative and management perspective, this cannot be said. It has been duly noted throughout this report when and where improper, irregular and improvident actions occurred. The report shows that the frequency of these actions to be much more prevalent in the formative / first few years of the Commission.

July 2016 seems to have been a turning point for the Commission insofar as this is when it aligned its financial affairs with the Commission Board meetings, resulting in fewer instances of improper, irregular and / or improvident actions. Many of these actions have now been rectified. Fifty-one recommendations to enhance and improve administrative and management oversight have been developed and articulated. The inspectors believe that by addressing these administrative and management oversight issues, the governance of the Commission is likely to improve significantly, and will enable to public to continue having confidence in their emergency services delivery system. Continued success and sustainability will be the outcome.

It is a positive indication of the willingness for improvement of many of those involved that some shifts toward change appear to already begun following some of the discussions that took place during the interview process.

Overall the inspectors conclude that while there are many actions that should be implemented, the continuance of the Pincher Creek Emergency Services Commission as the governance model for the delivery of emergency services within its service area should continue as indicated in Recommendation 6.26.1.

The inspectors conclude that while some instances of improper, irregular and improvident actions still are occurring, overall the commission is being managed in a satisfactory manner.