

Bylaw 9-2021, a bylaw to amend Bylaw 21-2015, Chief Commissioner Bylaw**Report Purpose**

To seek three readings of Bylaw 9-2021, a bylaw to amend Bylaw 21-2015, Chief Commissioner Bylaw

Recommendation

1. THAT Bylaw 9-2021, a bylaw to amend Bylaw 21-2015, Chief Commissioner Bylaw be given first reading.
2. THAT Bylaw 9-2021 be given second reading.
3. THAT Bylaw 9-2021 be considered for third reading.
4. THAT Bylaw 9-2021 be given third reading.

Our Prioritized Strategic Goals

Continuously improving the way we work, as one organization, in an agile and sustainable manner

Governance Requirement

Report

To prepare for configuration and implementation of managing contracts electronically in the new ERP, a review of the current contract approval and signing practices and procedures, a review of the overarching legislation, and a jurisdictional scan was conducted to determine if there are any opportunities to improve our current practices.

Pain Point Identified

A significant pain point that was heard during the Assess Phase of the SCBT project was "contracts are currently handled by a "one size fits all" approach; this results in some low-value contracts taking too long to process and execute and some high-value contracts not getting as much attention as they need." To address this pain point, an in-depth look at our contract review and execution processes from start to finish was conducted. It became very clear that we need to specify how many approvers we need to approve a contract and how many signatures we need on those same contracts to ensure that we are effectively balancing risk with operational efficiency.

Current Contract Signing Authorities

In current state, most contracts are executed with two signatures but some of the more operational, low risk contracts are signed by a single employee (most of these align with a Council resolution that was passed in 2000). For the contracts that are executed with two signatures, contracts below \$1,000,000 are signed by the department Director and the Director of LLS. The Chief Commissioner's signing authority is delegated to the department Director and the Mayor's signing authority delegated to the Director of LLS. Over the past few years, LLS has worked closely with Recreation Parks and Culture to pilot a different signing model for all low-risk contracts below \$10,000. For this pilot, the Chief Commissioner's signing authority was delegated to the Director of RPC and the Mayor's signature was delegated to the Manager, Finance and Business Operations. To set this pilot up for success, clear guidelines were set out and training was conducted to ensure that everyone involved knew their role and responsibilities in reviewing and signing the contracts. The pilot has proven to be a success.

Current Contract Governance

The *Municipal Government Act* (MGA), Chief Commissioner Bylaw, Delegations of Authority and Contract Signing and Financial Spending Authority Directive are the documents that govern our current contract approval and signing processes.

The MGA sets out two options for signing contracts; the first option is a requirement for two signatures to be affixed to contracts, and the second option is for a single signature, if authorized by Council. There are many Alberta municipalities that have a bylaw expressly permitting the use of single signature. Enclosure 4 provides a sample of Alberta municipalities that allow for single signature, including the clauses that are contained in their bylaws.

The current contract signing authorities granted through the Delegation of Authority do not all align with the Chief Commissioner's Bylaw. Contrary to what is permitted under the Chief Commissioner's Bylaw, some low-risk agreements are being signed by a single staff member. Often these agreements are being singly signed under Council Resolution 134/2000. This Council resolution was never effective, as a bylaw is required to authorize single signatures. This puts staff in a difficult position, as most are unaware that they do not have authority, and many of these are very simple agreements that a staff member would normally assume they could sign. Examples include skate sharpening agreements, and car and equipment rentals. These are very basic operational agreements. Requiring two signatures on these contracts is not the most effective or efficient way to reduce risk.

The MGA also allows for electronic signatures. However, under the *Electronic Transactions Act*, municipalities must expressly allow for electronic signatures. In response to COVID-19, the County has had to shift to more flexible methods for executing contracts and has added a clause to our contract templates to allow for electronic signatures on a contract by contract basis. Including the express provision in the bylaw to allow for electronic signatures will constitute the necessary consent.

Recommended Contract Governance

The governance documentation identified by SCBT to support improvement of the contract administration activities included:

- update the Delegation of Authority (LLS led)
- create a Financial Approval and Authorization Directive and matrix (CFIN led)
- create a Contract Approval and Execution Directive, matrix and supporting guidelines (LLS led)
- create an Electronic Signature and Approval Directive and procedure (ITS led)

LLS has also identified the need to update the Chief Commissioner Bylaw to permit single signatures and electronic signatures.

Recommended Contract Signing

Updating the current bylaw to permit single signatures and electronic signatures is the most logical path. Once this amendment is passed, Legislative and Legal Services, Corporate Finance and Information Technology can move forward with updating the delegation of authority, financial approval and authorization directive and matrix, contract approval and execution directive and matrix with supporting guidelines, and lastly the directive and procedure for electronic signatures. The creation of the Contract Approval & Execution

Directive will address and define the different contract types, tier them according to value and risk and define appropriate signing authorities.

Managing Risk

Strathcona County faces daily risks that could present threats to our success.

Risk is defined as the possibility of something bad happening - Level of Risk is assessed as the probability of an event and its consequences. Steps taken to manage the risk are critical to our success. We need to be very thoughtful in identifying and mitigating risk.

Planned measures to manage risk include:

- use of technology and system controls. The system will contain a library of embedded contract templates that have been legally reviewed and any deviations from the templates will need to be approved by either legal or risk management before the work flow can proceed. All approval and execution workflows will be based on contract type and dollar value. In preparation for the SCBT, a short form and long form array of agreement types has been created.
- clear guidelines including roles and responsibilities will be set out in the appropriate directive and procedures.
- mandatory training of County staff who have authority to approve any contract within the system or outside of the system will be key. Any staff member who has signing authority will need to attend training sessions and sign off acknowledging they understand their authority and responsibility.

Proposed Changes to the current bylaw can be achieved by amending PART 7 – SIGNING AUTHORITY. The revised section 14 permits contracts to be executed with a single signature, while the revised section 16 expressly permits electronic signatures.

Another change is recommended for greater operational effectiveness. A new section 15 has been added to permit the Chief Commissioner to approve and sign memorandums of understanding relating to operational or administrative matters falling within the scope of the Chief Commissioner's responsibilities. This change will allow Administration to sign memorandums of understanding that are purely operational. Any memorandums of understanding involving policy issues, or those involving other governmental organizations or municipalities, will still require Council approval. Enclosure 3 is a proposed consolidation, highlighting how the Chief Commissioner's Bylaw will look, should Council choose to pass Bylaw 9-2021.

Council and Committee History

November 3, 2015 *Council adopted Bylaw 21-2015, Chief Commissioner Bylaw*

March 21, 2000 *Council Resolution 134/2000: THAT Council authorize the Chief Commissioner acting alone to sign those agreements shown in Column II of Enclosure I.*

Other Impacts

Policy: n/a

Legislative/Legal:

1. The MGA allows Council to authorize a designated officer to act alone for the signing of agreements and cheques and other negotiable instruments, and a chief administrative officer may exercise all of the powers, duties and functions of a designated officer if no position of designated officer has been established by Council.
2. The MGA allows Council to authorize how signatures may be printed, lithographed or otherwise reproduced.
3. The *Electronic Transactions Act* requires municipalities to expressly allow for electronic signatures.

Interdepartmental: LLS and SCBT

Master Plan/Framework:

Communication Plan

Once the bylaw is passed, it will be accessible to the public through the County's website.

Enclosures

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| 1 | Bylaw 21-2015 |
| 2 | Bylaw 9-2021 |
| 3 | Consolidated Bylaw 21-2015 |
| 4 | Municipalities that Permit Single Signatures |
| 5 | Bylaw 9-2021 Presentation |