

Frequently Asked Questions and Answers on Chief Administrative Officers Performance Appraisals



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1. WHAT IS A CAO PERFORMANCE APPRAISAL?

A performance appraisal is a formal approach and process to establish and monitor the performance expectations of the Chief Administrator Officer (CAO), and a document that is developed when a CAO assumes his or her responsibilities.

- The performance appraisal examines the work of the CAO.
- Generally, a performance appraisal includes categories such as:
 - Service and programs;
 - Governance and policies;
 - Finances;
 - Human resources; and
 - Operations.



2. WHY IS CONDUCTING A CAO PERFORMANCE APPRAISAL NECESSARY?

Conducting a performance evaluation on a Chief Administrative Officer (CAO) helps to **maintain a good working relationship** between a Municipal Council and their primary employee: the CAO.

The purpose of conducting a performance appraisal is:

- *To formally discuss the relationship between the Municipality and the CAO.*
- *To relate performance to the role, responsibilities, authority and duties as defined by the MGA, the bylaws and policies and the job description.*
- *To set objectives and criteria for future evaluation.*
- *To recognize strengths and weaknesses and reward or correct them.*
- *To serve as a basis for salary adjustment*

(Municipal Affairs: Performance Appraisal of a Chief Administrative Officer, 2014: p. 3).¹

The CAO performance appraisal is an opportunity to provide the CAO with valuable feedback that will help him or her to succeed professionally. The performance appraisal helps inform a base for salary, wage increase, and justification for employment. This feedback is important since the CAO leads the administrative team in implementing the vision and objectives of Council.

In addition to the reasons outlined in the *Municipal Affairs: Performance Appraisal of a Chief Administrative Officer*, the Ministry of Municipal Affairs requires a bylaw from the Municipality to establish a CAO, Section 205(1) of the *Municipal Government Act, 2000*.² This bylaw provides **a clear direction for both Council and the CAO**.

The bylaw becomes the agreement between the Council and the CAO. This bylaw should be monitored and evaluated by Council on a regular basis to ensure that it remains relevant to the community.

¹Capacity Building, Municipal Services Branch. *Performance Appraisal of a Chief Administrator Officer* Alberta Municipal Affairs, Government of Alberta, 2014
www.municipalaffairs.alberta.ca/documents/ms/performance_appraisal_of_a_cao.pdf

² Province of Alberta *Municipal Government Act*
Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>



3. WHAT IS THE RISK OF NOT CONDUCTING A CAO PERFORMANCE APPRAISAL?

The CAO is bound by a professional code of ethics: *Code of Ethics: For Municipal Employees (A Guide to Developing), 2005*.³ This code is governed by the *Municipal Government Act, 2000*.⁴ The Code of Ethics ensures that employees serve the community in the best possible way. Using the Code of Ethics, the Council can hold the CAO accountable to any decisions he or she makes.

Ethics are one of the key components of the CAO's evaluation. If the CAO is not evaluated on his or her ethics, the Municipality's values could be in jeopardy.

For example: The CAO continually gives tax breaks to his or her relatives but not other community members.

Without conducting a CAO performance evaluation, there can be unexpected risks to the Municipality.

For example: Irresponsible spending can result in the loss of municipal dollars.

The *Ministry of Municipal Affairs and Housing Business Plan 2015-20: Accountability Statement*⁵ explains that budgeting is another key factor in performance measures. Municipalities have a duty to meet provincial standards with regards to budgets. While Council must approve the budget, the CAO is responsible for the administration of tasks related to that budget.



³ Province of Alberta, *Municipal Resource Handbook, Volume 1, October 2005*
http://www.municipalaffairs.gov.ab.ca/documents/ms/Code_of_Ethics.pdf

⁴ Province of Alberta *Municipal Government Act*
Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>

⁵ Province of Alberta, *Municipal Affairs Business Plan 2015-20: Accountability Statement*, March 2015
<http://finance.alberta.ca/publications/budget/budget2015/municipal-affairs.pdf>

4. WHO SHOULD CONDUCT THE CAO PERFORMANCE APPRAISAL?

According to the *Municipal Government Act, 2000*, Section 205.1, Council is required to provide an “annual written performance evaluation (Section 205.1, *Municipal Government Act, 2000*).”⁶

A Council can determine who will conduct the performance appraisal of a CAO. Typically, there are three options:

1. **The full Council;**
2. **The Mayor/Reeve; or**
3. **A committee of Council.**

This decision, however, is often dependent on the size of the Council.⁷



⁶Province of Alberta *Municipal Government Act*
Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>

⁷Capacity Building, Municipal Services Branch. *Performance Appraisal of a Chief Administrator Officer*
Alberta Municipal Affairs, Government of Alberta, 2014
www.municipalaffairs.alberta.ca/documents/ms/performance_appraisal_of_a_cao.pdf

5. HOW OFTEN SHOULD A PERFORMANCE APPRAISAL BE DONE?

Council is required by legislation to conduct a **performance appraisal once a year**. The *Municipal Government Act, 2000*, Section 205.1, states:

*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 207.⁸*

Best practices suggest that an informal performance appraisal should be an ongoing process. **Informal check-ins between the Council and CAO ensures that the CAO is completing his or her regular responsibilities.** Based on the municipality's needs and circumstances, Council may choose to conduct a formal performance appraisal evaluation more than once a year.



⁸Province of Alberta *Municipal Government Act*
Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>

6. WHAT PROCESS SHOULD BE FOLLOWED FOR THE CAO PERFORMANCE APPRAISAL?

The Government of Alberta provides a number of tools regarding the roles and responsibilities of Councils and Chief Administrative Officers and the relationship between them. Two valuable tools to review include the *Alberta Municipal Affairs: In-Camera Discussion of Council*⁹ and the *Municipal Affairs: Performance Appraisal of a Chief Administrative Officer*.¹⁰ The latter document explains that the appraisal should be held in-camera as per Section 19 of the *Freedom of Information and Protection of Privacy Act, 2000*.¹¹ The format should **include a discussion based on two-way communication**, focusing on key elements and criteria that the Council agrees on. Once the evaluation is complete, both parties should receive signed copies.

‘In-camera’ is another way of saying **that the discussion itself be held in confidence**. Although this process requires confidentiality, monitoring of the Municipality should be transparent, as stated by the *Ministry of Municipal Affairs and Housing Business Plan 2015-20: Accountability Statement*.¹²

The *Municipal Affairs: Performance Appraisal of a Chief Administrative Officer* provides samples of forms in the Appendices. These forms are conducive to interview type settings but can be easily adapted to self-evaluation or to an informal discussion with a designated note taker or recorded digitally.



⁹Local Government Services Division, Municipal Services Branch
Alberta Municipal Affairs: In-Camera Discussion of Council, May 2014
http://www.municipalaffairs.alberta.ca/documents/ms/IN_CAMERA_DISCUSSIONS_OF_COUNCIL.pdf

¹⁰Capacity Building, Municipal Services Branch. *Performance Appraisal of a Chief Administrator Officer*
Alberta Municipal Affairs, Government of Alberta, 2014

www.municipalaffairs.alberta.ca/documents/ms/performance_appraisal_of_a_cao.pdf

¹¹Province of Alberta, *Freedom of Information and Protection of Privacy Act, 2000*
Revised Statutes of Alberta 2000, Chapter F-25, Current as of December 11, 2013
http://www.qp.alberta.ca/1266.cfm?page=F25.cfm&leg_type=Acts&isbncln=9780779762071

¹²Province of Alberta, *Municipal Affairs Business Plan 2015-20: Accountability Statement*, March 2015
<http://finance.alberta.ca/publications/budget/budget2015/municipal-affairs.pdf>

¹³Alberta Corporate Human Resources Website, 1995-2015
<http://www.chr.alberta.ca/Practitioners/DocList903.cfm?cf=&cf=781961>

7. HOW DOES THE CAO PERFORMANCE APPRAISAL CONNECT OR RELATE TO OTHER MUNICIPAL PLANS?

A bylaw is required by a municipality to establish a Chief Administrative Officer, Section 205(1) of the *Municipal Government Act, 2000*. This means that through law, a Council and their CAO are **bound, including the authority that the CAO is given**. Without a performance appraisal, Council may not have the evidence base to make thorough decisions on what the CAO puts forward.

One of the duties of the CAO is to “ensure that the policies and programs of the Municipality are implemented (Section 207, *Municipal Government Act, 2000*).”¹⁴ The responsibility of the CAO is to participate in the development and implementation of other municipal plans such as strategic plans, land use plans, transportation plans, and infrastructure plans. It **is important that the CAO understands the connections between various municipal plans** and ensures they are complementary and consistent with each other.

The **programs and services that are provided by the Municipality have a direct link to the Government of Alberta Strategic Direction**, which can be found in the *Ministry of Municipal Affairs and Housing Business Plan 2015-20: Accountability Statement*, under the section titled: *Link to Government of Alberta Strategic Direction*.¹⁵

The *Government of Alberta Performance Plan, 2015* provides background budget information on a provincial scale. This includes funding for municipalities. Budgeting is recognized as a key role in monitoring and evaluating the performance of a CAO. The Province of Alberta provides “municipalities with a solid foundation for growth and will continue to provide significant, predictable funding to support local infrastructure and services... to ensure the sustainability and viability of Alberta’s communities (Section 5, *Government of Alberta Performance Plan, 2015*).”¹⁶ The **financial accountability ties municipalities and their Administrators directly with higher level plans and the Provincial budget**.

¹⁴Province of Alberta *Municipal Government Act*
Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>

¹⁵Province of Alberta, *Municipal Affairs Business Plan 2015-20: Accountability Statement*, March 2015
<http://finance.alberta.ca/publications/budget/budget2015/municipal-affairs.pdf>

¹⁶Alberta Government, *GOA Performance Plan*, Budget, 2015
<http://finance.alberta.ca/publications/budget/budget2015/goa-performance-plan.pdf>



8. HOW ARE RESULTS COMMUNICATED TO THE CAO?

The *Municipal Government Act, 2000* specifies, in Section 205.1, that “a Council must provide the Chief Administrative Officer with an **annual written performance evaluation** (Section 205.1, *Municipal Government Act, 2000*).”¹⁷ The evaluation is a formal document that must be signed by Council and a copy is given to the CAO.

It is also good practice to set up a specific time to review the results of the written performance evaluation with the CAO in person. This discussion can be done with Council as a whole, or depending on the size and structure of Council, with a Committee of Council.



¹⁷ Province of Alberta *Municipal Government Act*
 Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>

9. WHAT CRITERIA SHOULD THE CAO'S PERFORMANCE APPRAISAL INCLUDE?

At the very least, the CAO should be evaluated on his or her responsibilities as outlined in Sections 207 and 208 of the *Municipal Government Act, 2000*:

Chief Administrative Officer's responsibilities

207 The Chief Administrative Officer

- a. is the administrative head of the municipality;
- b. ensures that the policies and programs of the municipality are implemented;
- c. advises and informs the Council on the operation and affairs of the municipality;
- d. performs the duties and functions and exercises the powers assigned to a Chief Administrative Officer by this and other enactments or assigned by Council.

Performance of major administrative duties

208(1) The Chief Administrative Officer must ensure that

- a. all minutes of Council meetings are recorded in the English language, without note or comment;
- b. the names of the Councillors present at Council meetings are recorded;
- c. the minutes of each Council meeting are given to Council for adoption at a subsequent Council meeting;
- d. the bylaws and minutes of Council meetings and all other records and documents of the municipality are kept safe;
- e. the Minister is sent a list of the councillors and any other information the Minister requires within 5 days after the term of the Councillors begins;
- f. the corporate seal, if any, is kept in the custody of the Chief Administrative Officer;
- g. the revenues of the municipality are collected and controlled and receipts are issued in the manner directed by Council;
- h. all money belonging to or held by the municipality is deposited in a bank, credit union, loan corporation, treasury branch or trust corporation designated by Council;
- i. the accounts for authorized expenditures referred to in section 248 are paid;
- j. accurate records and accounts are kept of the financial affairs of the municipality, including the things on which a municipality's debt limit is based and the things included in the definition of debt for that municipality;
- k. the actual revenues and expenditures of the municipality compared with the estimates in the operating or capital budget approved by Council are reported to Council as often as Council directs;
- l. money invested by the municipality is invested in accordance with section 250;
- m. assessments, assessment rolls and tax rolls for the purposes of Parts 9 and 10 are prepared;
- n. public auctions held to recover taxes are carried out in accordance with Part 10;
- o. the Council is advised in writing of its legislative responsibilities under this Act.

(2) Subsection (1)(a) to (d) and (o) apply to the Chief Administrative Officer in respect of Council committees that are carrying out powers, duties or functions delegated to them by the Council.¹⁸

¹⁸ Province of Alberta *Municipal Government Act*
Revised Statutes of Alberta 2000, Chapter M-26, Current as of July 1, 2015
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>



9. CONT. WHAT CRITERIA SHOULD THE CAO'S PERFORMANCE APPRAISAL INCLUDE?

The **first set of criteria that should be utilized is found in the *Municipal Affairs: Performance Appraisal of a Chief Administrative Officer* document**, some areas to think about are as follows:

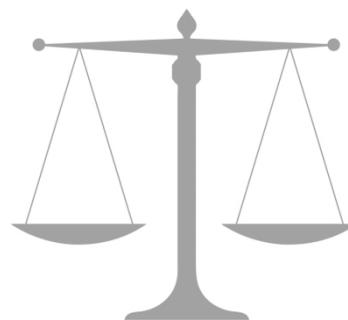
- *Management and leadership practices;*
- *Relationship with Council;*
- *Relationship with staff;*
- *Relationship with the public and media;*
- *Objectives and accomplishments; and*
- *Areas for improvement/suggested training (p.3).*¹⁹

This tool also specifies the roles of a Chief Administrative Officer, which explains the legislation in clear and easy-to-understand terms.

The budget of a municipality is under the control of the CAO. **Budgets should be a part of the criteria for evaluation, but not the sole focus.** This portion of the performance appraisal of the Organization, the Municipality should be an open and transparent process. This falls under the *Municipal Affairs Annual Report 2014-2015*.²⁰

The **criteria should include aspects of the Code of Ethics.** CAOs are bound by ethics and if those values are not met by the individual then it could be putting the Municipality's values at risk. The *Code of Ethics for Municipal Employees, 2005*²¹ has 11 factors to consider:

- *Outside Employment;*
- *Other Business Interests;*
- *Dealings with Relatives;*
- *Misuse of Information;*
- *Criminal Offenses;*
- *Public Statements;*
- *Acceptance of Gifts;*
- *Political Activity;*
- *Penalties and Appeals;*
- *Implementing the Code; and*
- *Manager as Leader.*



The criteria in the bylaw (the agreement) that the CAO and Council agreed to and signed should be used as part of the performance evaluation.

¹⁹Capacity Building, Municipal Services Branch. *Performance Appraisal of a Chief Administrator Officer* Alberta Municipal Affairs, Government of Alberta, 2014

www.municipalaffairs.alberta.ca/documents/ms/performance_appraisal_of_a_cao.pdf

²⁰Alberta Government *Municipal Affairs Annual Report 2014-2015*

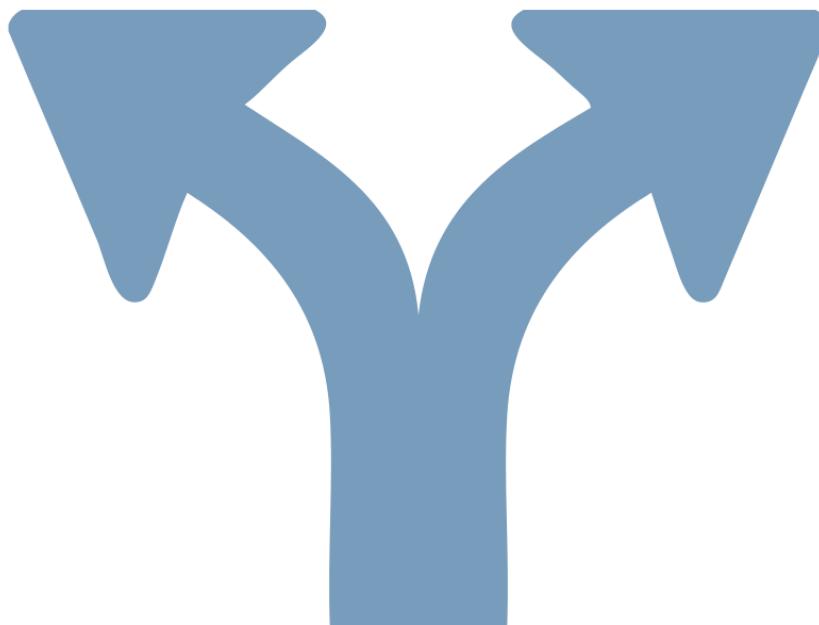
<http://www.municipalaffairs.alberta.ca/documents/2014-2015-Municipal-Affairs-Annual-Report.pdf>

²¹Province of Alberta, *Municipal Resource Handbook, Volume 1, October 2005*

http://www.municipalaffairs.gov.ab.ca/documents/ms/Code_of_Ethics.pdf

10. WHAT SHOULD BE AVOIDED WHEN CONDUCTING A CAO PERFORMANCE APPRAISAL?

Confidentiality during the performance appraisal evaluation is expected. **Both parties (Council and the CAO) must be open and honest with each other.** This requirement of confidentiality is confirmed in the *Freedom of Information and Protection of Privacy Act, 2000*, Section 19.²² Best practice tells us that without a foundation of trust and communication, relationships may deteriorate and can make the process challenging, strenuous, and antagonistic.



²²Province of Alberta, *Freedom of Information and Protection of Privacy Act, 2000*
Revised Statutes of Alberta 2000, Chapter F-25, Current as of December 11, 2013
http://www.qp.alberta.ca/1266.cfm?page=F25.cfm&leg_type=Acts&isbncln=9780779762071

²³Capacity Building, Municipal Services Branch. *Performance Appraisal of a Chief Administrator Officer*
Alberta Municipal Affairs, Government of Alberta, 2014
www.municipalaffairs.alberta.ca/documents/ms/performance_appraisal_of_a_cao.pdf



11. WHERE CAN I GET MORE INFORMATION ON THIS PROCESS?

The **Alberta Municipal Affairs website** plays host to a number of documents including legislation, publications, and best practice tools. Below is a list of resources for more information:

- **Alberta Corporate Human Resources Website**
<http://www.chr.alberta.ca/Practitioners/DocList903.cfm?cf=&cf=781961>
- **Alberta Government Municipal Affairs Annual Reports 2014-2015**
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>
- **Alberta Government Ministry Business Plans, 2015**
<http://www.finance.alberta.ca/publications/budget/budget2015/business-plans-complete.pdf>
- **Alberta Government, Performance Excellence Frequently Asked Questions**
<http://www.chr.alberta.ca/performance/perfexcellence/PE-faqs.pdf>
- **Alberta Land Stewardship Act, 2009**
<http://www.qp.alberta.ca/documents/Acts/A26P8.pdf>
- **Alberta Municipal Affairs Website**
<http://www.municipalaffairs.alberta.ca/>
- **Code of Ethics For Municipal Employees (A Guide to Developing)**
http://www.municipalaffairs.gov.ab.ca/documents/ms/Code_of_Ethics.pdf
- **Freedom of Information and Protection of Privacy Act, 2000**
<http://www.qp.alberta.ca/documents/Acts/F25.pdf>
- **GOA Performance Plan, 2015**
<http://finance.alberta.ca/publications/budget/budget2015/goa-performance-plan.pdf>
- **Land Use Policies, 1996**
<http://www.municipalaffairs.alberta.ca/documents/ms/landusepoliciesmga.pdf>
- **Municipal Affairs Business Plan, 2015-20: Accountability Statement**
<http://www.finance.alberta.ca/publications/budget/budget2015/municipal-affairs.pdf>
- **Municipal Affairs: Hiring a Chief Administrative Officer**
http://www.municipalaffairs.alberta.ca/documents/ms/Hiring_Chief_Administrative_Officer.pdf
- **Municipal Affairs: Performance Appraisal of a Chief Administrative Officer**
http://www.municipalaffairs.alberta.ca/documents/ms/performance_appraisal_of_a_cao.pdf
- **Municipal Government Act, 2000.**
<http://www.qp.alberta.ca/documents/Acts/m26.pdf>
- **Service Alberta Website**
<http://www.servicealberta.gov.ab.ca/208.cfm>
- **The Legislative Framework for Regional and Municipal Planning Subdivision and Development Control**
http://www.municipalaffairs.alberta.ca/documents/ms/THE_LEGISLATIVE_FRAMEWORK_2012-08_Version.pdf



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