



AUDITOR GENERAL FOR LOCAL GOVERNMENT

ACCESSIBILITY • INDEPENDENCE • TRANSPARENCY • PERFORMANCE

BACKGROUND

December 15th, 2020

District of Mackenzie Performance Audit Report

WHAT WE AUDITED

- This performance audit was on the topic, “*Local Government’s Capital Project Management.*”
- The audit set out to examine the local government’s capital project management practices to determine if it effectively managed the planning and delivery of its capital project to meet its objectives.
- The audited project was the Mackenzie Recreation Centre Energy Retrofit and Community Hall Upgrades Project, Phase 2.
- The audit covered the period January 1, 2015 through December 31, 2019.

WHY WE CHOSE THIS TOPIC

- The quality of life and economic success of every community is heavily influenced by the quality of its water supply, sewerage system, roads, community, culture, recreation and other infrastructure.
- Local governments undertake capital projects to construct, refurbish and maintain assets to meet the needs of their community.
- Effective planning and delivery of major capital projects is necessary to deliver them on time and within budget while realizing their intended benefits.

WHAT WE FOUND

- Overall, we found that the District was successful in delivering the baseline project scope of the project plus some additional scope items within the funds allocated by council.
- The District completed the project seven months later than originally planned. We were not able to determine if the delay in the project schedule was a result of the additional scope items added to the project.
- To be better positioned to successfully deliver future capital projects, the District should strengthen its approach to capital project management, recognizing what capital project management is, the importance and role of a capital project management framework and that projects should be managed differently depending on the capital value or risk/complexity.
- We acknowledge that smaller local governments like the District of Mackenzie might consider the development and implementation of a capital project management framework to be a lower priority and they may face challenges in securing resources to develop a framework. To address this concern, we identified a number of options for the District to consider as it improves its capital project management processes.

WHAT WE RECOMMEND

- We made 17 recommendations aimed at helping the District of Mackenzie strengthen its capital project management processes. To help the District see a full picture of practices when managing capital projects, these recommendations are written with the assumption that the District will pursue developing its own capital project management framework. It is up to the District to decide on the approach to improving capital project management processes and how to make the best use of these recommendations.
- Our recommendations cover a range of areas:
 - Strengthening capital project governance, risk management and reporting
 - Enhancing capital project budget, scope and schedule development and monitoring, procurement policy and compliance with it, financial controls and records management
 - Improving stakeholder engagement and developing a capital project close-out process

ABOUT THE AGLG

- This is the second performance audit report issued by the office of the AGLG on this topic. We previously completed an audit on capital project management as it related to a drinking water system for the Township of Langley. And, the office previously released reports on the related topic of capital procurement and asset management.
- The office has also recently released a new AGLG Perspectives Series booklet on capital project management.

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