



## AUDITOR GENERAL FOR LOCAL GOVERNMENT

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# BACKGROUND

February 1, 2017

## DISTRICT OF PORT EDWARD PERFORMANCE AUDIT REPORT

### WHAT WE AUDITED

- The performance audit was on the topic, *“Managing the Inherent Risks of Limited Human Resources within Small Local Governments.”*
- We reviewed the District of Port Edward’s human resources practices, policies and systems, examined documents and interviewed management, staff and elected officials.
- We included the District of Port Edward along with the City of Fernie, City of Nelson, District of Squamish and District of Tofino in audits on this topic. These local governments represented a cross-section of smaller local governments in B.C.
- The audit covered the period 2011 to 2015. All audit work was carried out in mid-2016.

### WHY WE CHOSE THIS TOPIC

- This topic was frequently mentioned as important by the local government representatives we consulted during our audit planning work.
- Most local governments in British Columbia are small and may face challenges in effectively managing their human resources.
- Labour costs are a big part of local government expenditures and effective human resources management can have a big impact on both the effectiveness of program delivery and financial results.

### WHAT WE FOUND

- Port Edward is a very small local government with experienced staff serving a population that has been declining in recent years, but that may see significant future growth and development if the proposed Pacific Northwest LNG project goes forward.

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- The District’s human resource planning and management practices are largely informal and, because of its small size, Port Edward does not have any staff entirely dedicated to dealing with human resources.
- In Port Edward this approach is largely effective and the District has comprehensive human resources policies and procedures and regular reporting to Council on staffing changes and their impacts on District operations.
- The District would benefit from improved documentation of payroll procedures, cross-training of staff and the identification of and reporting on human resources measures.
- Port Edward should consider opportunities for shared service arrangements with nearby municipalities, such as planning and development services and building inspections. This could help address capacity challenges and make sure services are delivered cost-effectively.

## **WHAT WE RECOMMEND**

- We have made 13 recommendations aimed at helping the District improve its human resources practices.
- Our recommendations are in six areas:
  - Recruitment and retention of qualified staff (six recommendations)
  - Accountability for employee performance (one recommendation)
  - Compensation and payroll (two recommendations)
  - Workplace relations and ethics (two recommendations)
  - Health and safety (one recommendation)
  - Human resource reporting (one recommendation)

## **ABOUT THE AGLG**

- This is the fourth performance audit report issued by the AGLG on this topic, following reports on Squamish, Nelson and Fernie. It is the 26<sup>th</sup> overall report released by the office since its 2013 opening.
- The office will be releasing one additional report on this topic in the next few months, covering the District of Tofino.
- The office is also working on two local government performance audits on the topic *“Local Government’s Role in Ensuring Clean Drinking Water.”*

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