



AUDITOR GENERAL FOR LOCAL GOVERNMENT

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BACKGROUND

January 19, 2017

CITY OF FERNIE 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 City of Fernie’s human resources practices, policies and systems, examined documents and interviewed management, staff and elected officials.
- We included Fernie along with the City of Nelson, District of Port Edward, 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

- Fernie faces a number of risks stemming from capacity challenges across the organization as well as from its limited human resources function.
- Staff turnover, an aging workforce and ongoing capacity issues will require the City to adopt a longer-term, more integrated approach to workforce planning.

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- The City faces potential turnover in several key staff positions and should identify succession plans for these and other critical positions.
- The City should take steps to centralize both staff training and development and its performance appraisals processes.
- The City's efforts to explore a shared human resources model with several East Kootenay partner municipalities offers an opportunity to add leadership and expertise to the delivery of core human resource services.

WHAT WE RECOMMEND

- We have made 13 recommendations aimed at helping the City improve its human resources practices. The City's hiring of a new chief administrative officer and its consideration of a shared human resources function are opportunities to make good progress in their implementation.
- Our recommendations cover three main areas:
 - Long-term strategic human resources planning
 - Staff training and communication, skills development and performance appraisal
 - Human resources policies, employee information and measurement of the City's human resources performance

ABOUT THE AGLG

- This is the third performance audit report issued by the AGLG on this topic, following reports on the District of Squamish and the City of Nelson, and the 25th overall report released by the office since its 2013 opening.
- The office will be releasing two additional reports on this topic in the next few months.
- 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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