



AUDITOR GENERAL FOR LOCAL GOVERNMENT

ACCESSIBILITY • INDEPENDENCE • TRANSPARENCY • PERFORMANCE

BACKGROUND

May 29, 2017

REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN

PERFORMANCE AUDIT REPORT

WHAT WE AUDITED

- The performance audit was on the topic, *“Local Government’s Role in Ensuring Clean Drinking Water.”*
- We reviewed the Regional District of Okanagan-Similkameen’s governance of its drinking water operations as well as its management of drinking water-related infrastructure and operations and its supply and demand management activities at three of the water systems it operates: Faulder, Naramata and Olalla.
- We included the Regional District along with the City of Kelowna in audits on this topic. These two auditees were chosen because they represent different forms of local government and both are located in semi-arid, drought-affected areas. A third auditee may be added under this topic.
- The audit covered the period January 1, 2014 through June 30, 2016. Examination work for this audit was completed in December 2016.

WHY WE CHOSE THIS TOPIC

- Sound environmental management is of interest to all local governments and how they use resources for this purpose is a growing area of challenge that affects public health and safety.
- The well-being of every British Columbian – and every B.C. community – depends on access to clean drinking water.
- In many communities, it is local government that plans for, sources, where necessary treats and delivers drinking water to its residents.

- It is important that local governments effectively manage their water systems to ensure drinking water safety and reliability over the long term.

UNIQUE ASPECTS OF THE AUDIT

- This was one of the most complex performance audits undertaken by the office to date, as it involved review of Regional District-wide governance and activities as well as a detailed assessment of the management of three individual water systems. This work explored three distinct – but interrelated – audit objectives.
- These audit objectives each required detailed examination by the performance audit team and a great deal of cooperation by the Regional District and its staff. As a result, the performance audit report is the longest issued by the office to date.
- The office appreciates the cooperation of the Regional District and its staff in carrying out this very substantial audit.

WHAT WE FOUND

Governance and Regional District-Wide Activities

- The Regional District of Okanagan-Similkameen had a governance structure that supported the provision of clean and safe drinking water.
- The Regional District lacked a systematic, proactive approach to providing drinking water and – in several key areas – was operating with outdated guidance.

Management to Meet Demand

- The Regional District collaborated with stakeholders to assess its water supplies, had numerous conservation and demand management-related initiatives and promoted public awareness related to source water protection and conservation.
- The Regional District could do more to prepare to meet future demand and respond to potential crisis situation.

Ensuring Safety and Reliability

- The Regional District's infrastructure for two of the three audited systems was adequate and it made progress in several aspects of the provincial government's Multi-Barrier Approach to ensuring safe drinking water.
- Work remained to be done to address issues with drinking water in the Faulder water system and there were some gaps in the Regional District's monitoring of water quality, long-term asset management and other aspects of ensuring safety and reliability of its water systems over the long term.

WHAT WE RECOMMEND

- We have made 24 recommendations aimed at helping the Regional District of Okanagan-Similkameen enhance its management of the water systems for which it is responsible.
- Our recommendations are in five main areas:
 - **Governance structure and activities supporting drinking water services** – Eight recommendations in areas of water system governance transfer, asset management, data collection, analysis, monitoring and reporting and other areas.
 - **Source water protection** – Seven recommendations dealing with source water protection plans, engaging with stakeholders, regional district-wide water conservation and demand management and other areas.
 - **Treatment and quality management** – Three recommendations on treatment at the Faulder system, water quality reports and maintenance and inspection programs.
 - **Storage and distribution** – Four recommendations dealing with operating standards, backup power and other areas.
 - **Communication and public awareness** – Two recommendations dealing with public information and the tracking of complaints and enquiries.

ABOUT THE AGLG

- The office has now released audit reports on five different topics, covering local governments in all regions of the province.
- A report on the City of Kelowna's management of its water system will follow in coming months.
- The office will soon be announcing additional performance audits to be launched during the 2017/18 fiscal year.

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