



## AUDITOR GENERAL FOR LOCAL GOVERNMENT

ACCESSIBILITY • INDEPENDENCE • TRANSPARENCY • PERFORMANCE

---

# BACKGROUND

April 12, 2018

## CITY OF KELOWNA PERFORMANCE AUDIT REPORT

### WHAT WE AUDITED

- This performance audit was on the topic, “*Local Government’s Role in Ensuring Clean Drinking Water.*”
- We reviewed the City of Kelowna’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.
- We did not audit the activities of other public and private drinking water suppliers, which serve slightly less than half of all Kelowna residents.
- We included the City of Kelowna along with the Regional District of Okanagan-Similkameen and the Township of Langley in audits on this topic. These three auditees were chosen because they represent different forms of local government and are located in different geographical areas in the southern part of the province.
- The audit covered the period January 1, 2014 through Dec 31, 2016. Relevant events that occurred or materials that were developed prior or subsequent to the audit period were also considered. We completed examination work for this audit in December 2017.

### WHY WE CHOSE THIS TOPIC

- The well-being of every British Columbian – and every B.C. community – depends on access to clean drinking water.
- 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.
- 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 availability, safety and reliability over the long term.

... more

## **UNIQUE ASPECTS OF THE AUDIT**

- This performance audit topic was one of the most complex undertaken by the office to date, as it involved review of organization-wide governance and activities as well as a detailed assessment of the management of the water system. This work explored three distinct – but interrelated – audit objectives.
- These three audit objectives each required detailed examination by the performance audit team and a great deal of cooperation of the City and its staff. As a result, the performance audit report is substantial.
- The office appreciates the cooperation of the City and its staff in carrying out this detailed and complex audit.
- This audit was also unique because of how drinking water is provided in Kelowna, with the City providing water to slightly more than half of local residents and a variety of public and private providers – including four relatively large water districts – serving the remainder.
- Additionally, the City of Kelowna and other area water providers were involved in discussions during the period covered by the audit relating to possible future directions for water provision in the Kelowna area.

## **WHAT WE FOUND**

- Overall this is a positive audit where the City of Kelowna was successful in meeting most of the expectations included in our audit objectives; however, it lacked some processes and had not completed some initiatives that would help ensure successful drinking water management in the future.

### **Governance and Regional District-Wide Activities**

- The City had a governance structure that supported the provision of clean and safe drinking water and a range of good practices in this area.
- The City may benefit from improving its processes for engaging and communicating with stakeholders and other levels of government, including First Nations, and from enhancing public transparency through updated policies and reporting.

### **Management to Meet Demand**

- The City had several water conservation-related initiatives and had begun work on drought and demand management.
- The City was not fully prepared to meet future demand for drinking water or respond to potential crisis situations that might affect its water sources. Further progress on

demand management strategies and source water protection were two areas where we made recommendations.

### **Ensuring Safety and Reliability**

- The City's water system infrastructure was adequate and it had implemented several aspects of the multi-barrier approach to ensuring safe drinking water.
- Kelowna's planning for critical service provision was incomplete as the City lacked business continuity planning and processes to regularly update, test and practice its emergency response plan.

### **WHAT WE RECOMMEND**

- We have made 15 recommendations aimed at helping the City of Kelowna enhance the management of its water system and take a more proactive approach by prioritizing best practices and applying them when and where appropriate.
- Our recommendations are in three main areas:
  - **Governance structure and activities supporting drinking water services** – Ten recommendations in areas of water system governance, strategic planning, policies, risk management, reporting, stakeholder engagement and communications.
  - **Source water protection** – Three recommendations dealing with source water protection plans, public awareness, and water conservation plans and initiatives.
  - **Drinking water treatment and quality management** – Two recommendations on water quality sampling and preventative maintenance of drinking water infrastructure.

### **ABOUT THE AGLG**

- This is the second performance audit report issued by the office of the AGLG on this topic. In May 2017 the office released a report on the Regional District of Okanagan-Similkameen's management of its water systems.
- The office has now released audit reports on six different topics, covering local governments in all regions of the province.

### **CONTACT:**

Gordon Ruth, Auditor General for Local Government

[Gordon.Ruth@aglg.ca](mailto:Gordon.Ruth@aglg.ca) | 604-930-7100

[www.aglg.ca](http://www.aglg.ca)