

AGLG

AUDIT REPORT
DECEMBER 2016



MANAGING THE INHERENT
**RISKS OF LIMITED
HUMAN RESOURCES**

WITHIN SMALL LOCAL GOVERNMENTS
CITY OF NELSON

A Performance Audit Carried out by the
Auditor General for Local Government of British Columbia



**AUDITOR GENERAL FOR
LOCAL GOVERNMENT**

ACCESSIBILITY • INDEPENDENCE • TRANSPARENCY • PERFORMANCE

MESSAGE FROM THE AUDITOR GENERAL FOR LOCAL GOVERNMENT



1. I am pleased to present this performance audit report on the management of human resources by the City of Nelson.
2. Our performance audits are independent, unbiased assessments, carried out in accordance with professional standards. They aim to determine the extent to which the area being examined has been managed with due regard to economy, efficiency and effectiveness. We conducted our audit in accordance with the standards for assurance engagements set by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada and under the authority of the Auditor General for Local Government Act.
3. A large proportion of local governments across British Columbia are small communities. Small local governments face challenges that require a broad range of skills and creativity to address, in part due to the limited staff resources available in smaller communities.
4. Like their larger counterparts, small local government organizations require staff with skills such as the ability to inspire others, foster cooperation and resolve conflict, in addition to professional and technical skills and knowledge. Further, small local governments need managers to understand and perform a range of practical human resource skills from recruiting, selecting, training, coaching, work plan development, defining and monitoring standards to dealing with employee and labour relations issues.
5. As part of our province-wide risk assessment and prioritization exercise conducted in 2013, human resources management was identified by local government representatives as highly relevant and significant due to the risks and challenges confronting local government managers and their staff in small communities. A few examples of these risks include the requirement for greater skills diversification and broader operational knowledge, recruitment and retention issues, the affordability of remuneration when trying to remain competitive, and workplace stress.
6. In carrying out our work, we acknowledge the differences in size and capacity of the local governments we have audited and the resulting variability in how we apply the measurement of audit criteria. Our findings reflect what small local governments should be expected to achieve and takes into consideration whether a local government has dedicated human resources in place.

7. This report outlines our findings in assessing the City of Nelson's management of the inherent human resource management risks it faces as a small local government. The purpose of the audit was to identify both the strengths and challenges of human resource practices within smaller local governments and identify opportunities for improvement and leading practices.

8. This report is not an audit of the dollar values of the City's compensation or of its collective agreement bargaining process.

9. The City of Nelson has experienced a period of modest growth and development for a number of years. During this period, the City focused its efforts at a strategic level with a community vision based on sustainability and good governance. Strategic objectives and a range of community planning initiatives are in place that support that vision.

10. The City has a small, dedicated Human Resources Unit and its management of human resources has been strategic. The City has been able to build an experienced work force, has strong core human resources practices and has developed a series of collaborative partnerships, including shared services with other local governments. Overall, Nelson is effectively managing the inherent risks it faces as a small local government with limited human resources.

11. With the release of this report, it is our hope that our recommendations will assist the City in further enhancing its management of human resources and the achievement of the public interest – the benefits the community derives from sound governance, performance management and decision-making. In addition to this report, we encourage the City to make use of valuable HR resources such as the Local Government Management Association's *Human Resources Toolkit for Local Government Organizations* and *Executive Compensation Toolkit*.

12. I want to thank the City of Nelson for its cooperation during the performance audit process and their action plan in response to our findings and recommendations.



Gordon Ruth, FCPA, FCGA

Auditor General for Local Government

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EXECUTIVE SUMMARY

WHAT WE EXAMINED

13. Small local governments represent the vast majority of local governments in British Columbia. Over 66 per cent of all local governments have populations fewer than 20,000 people and of these, two-thirds have a population less than 5,000.

14. Small local governments face similar challenges to their larger counterparts, as increasing workplace complexity and skill requirements, an older workforce and changing community demographics impact the nature of work and how it is carried out.

15. However, these challenges are heightened for smaller governments that have limited resources, capacity issues and face increasing competition for skilled staff. Many small municipalities and regional districts lack the skills, tools and resources to address these and other human resource (HR) challenges effectively.

16. The overall purpose of the audit was to identify strengths and challenges of human resource practices within smaller local governments and to identify opportunities for improvement and leading practices.

17. Our specific audit objectives were to assess whether human resource planning activities help enable local government to meet the public interest and to assess whether human resource management activities support leadership and career development and the achievement of the public interest. We reviewed current human resource planning and management practices and, where information was available, data and records from the 2011 to 2015 period for data and trend analysis.



Overall, the City has done a good job of managing most key HR risks.

WHAT WE FOUND

18. Nelson is a small local government with a mature organization and an experienced management team. Staffing levels are generally considered by the City to be adequate and workloads manageable.

19. The City's approach to strategic workforce planning emphasizes the creative deployment of staff and organizational restructuring as the main ways to meet service levels and achieve corporate objectives. The City has used contractors to help deliver core public works and hydro services. To make sure this approach is cost-effective, the City should carry out cost-benefit analysis of internal delivery versus the outsourcing of services.

20. Nelson has an entrepreneurial spirit and the City has entered into collaborative arrangements with neighbouring local governments and has realized a range of benefits that, together, provide added value for citizens.

21. The City has a small, capable human resources unit and, while there are opportunities to enhance the delivery of core HR services, overall, the City has done a good job of managing most key HR risks:

- ▶ The City recruits qualified staff on a timely basis
- ▶ It generally holds staff accountable for their results
- ▶ Nelson has sound controls in place to ensure payroll and benefits are accurate and that exempt staff compensation is set based on industry benchmarks
- ▶ The City addresses key health and safety risks through procedures, training and certification
- ▶ It has taken steps to improve labour-management relations

Exhibit 1 - RECOMMENDATIONS

HR PLANNING RECOMMENDATIONS

1. The City of Nelson should ensure its overall approach to managing human resources is sound by:

- Developing a long-term strategic human resources plan that considers pending retirement patterns and succession planning, as well as a recruitment and retention strategy
- Conducting a cost-benefit analysis on the use of contracted service delivery

2. The City of Nelson should enhance its hiring processes by retaining candidate scoring and ranking documentation when applicable.

3. The City of Nelson should prioritize mission-critical skills and formalize succession planning.

4. The City of Nelson should add a performance evaluation clause to its employment agreement template.

HR MANAGEMENT RECOMMENDATIONS

5. The City of Nelson should enhance staff training and skills development by:

- Centralizing the oversight of and accountability for staff training and development
- Considering the formation of a middle-management team to identify opportunities for staff skills upgrading and cross-training

6. The City of Nelson should enhance its performance appraisal and management practices by:

- Developing policy and procedures governing performance appraisals for union members and monitor their implementation and compliance
- Limiting its use of the 360 Degree Evaluation tool for performance management to the City Manager and department heads

HR ADMINISTRATION RECOMMENDATIONS

7. The City of Nelson should review and update its occupational health and safety program booklet.

8. The City of Nelson should take steps to increase employee awareness of the conflict of interest policy and establish procedures for recording incidents.

9. The City of Nelson should enhance its labour relations practices by:

- Developing terms of reference to clarify and confirm the mandate of the CUPE labour-management committee
- Properly and fully documenting the resolution of labour relations complaints
- Conducting exit interviews with all departing employees

10. The City of Nelson should improve its human resources-related policies and procedures by establishing:

- A process for management approval of administrative policies and procedures
- Policies and procedures for conflict of interest, whistleblower protection and dispute resolution
- A process for the systematic and timely review of policies and procedures

HR ADMINISTRATION RECOMMENDATIONS

11. The City of Nelson should enhance its administration of human resources by:

- Analyzing and considering HR indicators to assist in human resource planning and management
- Regularly reporting on key HR indicators to senior management and Council

ABOUT THE AUDIT

22. The overall purpose of the audit was to identify strengths and challenges of human resource practices within smaller local governments and identify opportunities for improvement and leading practices.

23. Our specific audit objectives were to assess whether human resource planning activities help enable local government to meet the public interest and to assess whether human resource management activities support leadership and career development and the achievement of the public interest.

PERIOD COVERED BY THE AUDIT

24. The audit covered current human resource planning and management practices and the 2011-15 period for data and trend analysis. Examination work was completed in 2016.

AUDIT SCOPE AND APPROACH

25. The audit included a review of the local government's human resources planning and management functions. The audit did not include the assessment of compensation dollar values or collective bargaining processes.

26. In carrying out the audit, we reviewed a range of documents related to human resources planning and management. We also interviewed elected officials, senior management, middle management and front line employees as well as CUPE local union representatives.

AUDIT CRITERIA

27. Performance audit criteria define the standards against which we assessed the local government's performance. We express these criteria as reasonable expectations for the local government's management of its human resources in order to achieve expected results and outcomes.

28. Below are the criteria we used to assess the local government:

HUMAN RESOURCE PLANNING

- ▶ A human resources plan is developed, linked to organization and strategic objectives, communicated to staff and reported.
- ▶ The local government has analyzed their workforce and developed a recruitment strategy to address their requirements.
- ▶ A succession plan for critical or key roles has been developed.
- ▶ Employment contracts are appropriate, adequately reviewed, and contain clauses that minimize operational, financial and reputational risks.
- ▶ Compensation levels are set based on industry benchmarking.

HUMAN RESOURCE MANAGEMENT

- Job descriptions, competencies and qualifications are established and used for recruitment.
- Selection processes are fair, transparent and merit-based.
- Orientation, training and development programs, plans and procedures are in place.
- Senior management has performance measures linked to local government objectives and performance appraisal is conducted.
- There is a process to build a healthy workplace and to address related legal issues.

HUMAN RESOURCE ADMINISTRATION

- HR policies and procedures are in place and address key functions.
- An HR information system is used to assist in managing key functions and HR reporting to senior staff and council is conducted.

29. Our measurement of these audit criteria reflects the size and capacity of each audited local government. It acknowledges the differences in what small local governments should be expected to achieve and takes into consideration whether a local government has dedicated human resources in place.



INTRODUCTION

30. This report presents the results of a performance audit conducted by the Auditor General for Local Government of British Columbia (AGLG) under the authority of the *Auditor General for Local Government Act*.

31. We conducted this audit under the audit theme “Fiscal Sustainability Planning, Capacity and Internal Operations.”

32. We selected the City of Nelson and four other local governments (District of Squamish, City of Fernie, District of Port Edward and District of Tofino) to be included in this set of audits. These local governments represented a cross-section of smaller local governments, in various regions and facing diverse pressures and challenges.

LOCAL GOVERNMENT HUMAN RESOURCES

33. More than two-thirds of British Columbia local governments are small, serving communities with populations of fewer than 20,000 people. Of these small local governments, most are very small, serving communities with populations of fewer than 5,000.

34. In 2012, BC local governments employed more than 39,000 people, an increase of 47 per cent since 2001. Given the size, breadth and scope of local governments, it is important that they effectively manage and administer their human resources.

35. In considering the performance of local governments, members of the public may tend to focus more on financial and operational results than on human resource management. However, 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.

36. Everyone employed by a local government practices human resources management in one way or another. Individual employees follow their assigned job descriptions, engage in training and development activities and set performance goals and objectives for themselves.

37. Middle managers and supervisors assist in workforce planning, carry out performance appraisals, recruit, select and orient new employees and may be involved in discipline or termination activities.

38. Senior management ensures that legislative requirements are met, undertakes strategic, longer term human resources planning and helps ensure that the organization has the human resources capacity to achieve its objectives. They also develop and approve human resources initiatives that contribute to a positive, healthy workplace such as wellness, rewards and recognition.

39. Where a local government has a human resources department, it can provide strategic, operational and transactional support to ensure an effective and efficiently operating workforce. Human resources departments can provide a mix of advice and guidance, administrative support, policies, procedures, tools and templates.

40. In many local governments, the finance department, with the assistance of staff across the organization, tracks attendance, manages payroll and leave and ensures salary and benefits are accurate for every employee.

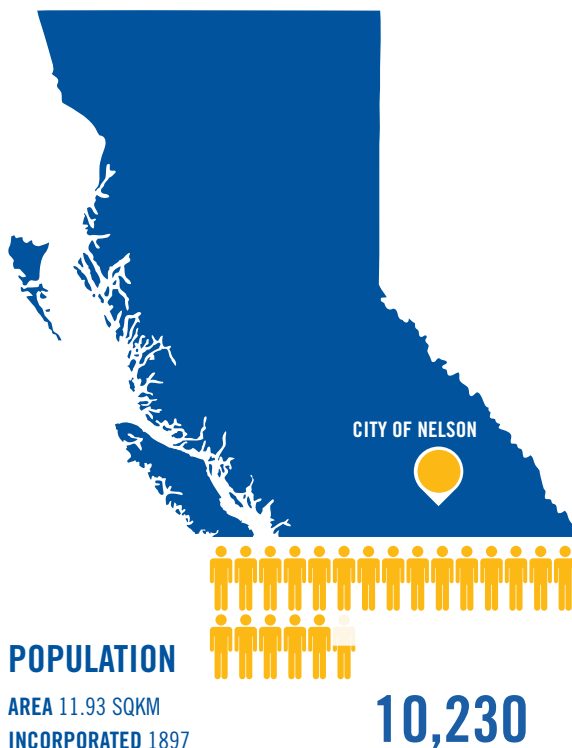
41. Collectively, staff across the organization are responsible for ensuring the local government achieves the goals its council or board establishes. Consistency of practices, collaboration among departments and alignment of human resources planning with business planning can help make sure human resources management contributes positively to organizational results.

CONTEXT

COMMUNITY PROFILE

42. The City of Nelson is located in the West Kootenay region, approximately mid-way between Vancouver and Calgary. The City sits in the Selkirk Mountains and on the west shore of Kootenay Lake. Its natural scenery, recreational amenities and over 300 heritage buildings make the City a popular destination for tourists.

Exhibit 2 - CITY VISUAL FACTS



Source: BC Stats 2011 (www.bcstats.gov.bc.ca)

43. During the late 19th century, explorers came to the Kootenays to search for gold, to participate in the fur trade and to harvest salmon. In 1886, deposits of copper and silver were found near Nelson. In 1897, the City of Nelson was incorporated, with a population of 3,000 people. Later, British Columbia's first hydro-electric generating plant was built there.

44. Over succeeding decades, projects to improve local facilities were completed, including the Nelson Civic Centre. In 1950, Notre Dame College was established; its buildings now house part of Selkirk College. More than 300 heritage buildings have been restored in Nelson, demonstrating the City's history and enhancing its character.

45. Nelson offers residents a rich lifestyle with diversified cultural and recreational activities, from sightseeing of heritage buildings to mountain biking, rock climbing, skiing, fishing and boating. The City is looking to attract high tech industry, education, value-added manufacturing, light industry and other areas of technology to the community.

46. The total land area of the City is 11.93 square kilometres. In 2011, Nelson's population was 10,230. According to BC Stats, the City's population is estimated to have grown by 5.6 per cent between 2011 and 2015, to 10,802. In 2011, the City's median age was 40.9 years, very close to the national median age of 40.6 and the provincial median of 41.9.

47. In 2011, there were 4,627 private dwellings in Nelson. According to Multiple Listing Services statistics for the Kootenay area, including Nelson, property prices rose slightly in recent years, from an average of \$276,535 per residential property in 2013 to \$284,998 at the end of 2016's first quarter, a three per cent increase. City staff told us that, overall, housing affordability is a growing issue. Annual property sales in the Kootenay area increased from 2,079 sales in 2011 to 2,499 in 2015.

LOCAL GOVERNMENT PROFILE

48. The City of Nelson is organized into nine departments. The heads of seven of these departments (Corporate Services, Finance, Public Works and Utilities, Fire Rescue Services, Nelson Hydro, Human Resources and Development Services) report directly to the City Manager who is Nelson's chief administrative officer. The two other departments, Police and Library have their own boards while the Police Chief and Chief Librarian are part of the senior management team.

49. Nelson has its own fully integrated electric utility (Nelson Hydro) that generates, transmits and distributes its own electricity to over 10,000 customers. Nelson is also the only municipality outside the Lower Mainland and the Greater Victoria area that has its own municipal police force.

50. The City's workforce is represented by five unions: Canadian Union of Public Employees (CUPE); the Library Sector of CUPE; International Brotherhood of Electrical Workers (IBEW); Police Association; and the International Association of Fire Fighters (IAFF).

51. *Exhibit 3* provides a financial snapshot of the City's operations. The City's revenues and expenditures both grew slightly from 2011 to 2015, although expenditures outpaced revenues. This includes operations from the City's hydro department. Approximately \$4.5 million net revenue is generated from Nelson Hydro annually.

Exhibit 3 - CITY FINANCIAL SNAPSHOT

	2011	2012	2013	2014	2015	% change
Revenue	\$39,155,841	\$38,729,397	\$40,391,019	\$41,982,203	\$41,843,327	7%
Expenditure	\$33,607,720	\$33,130,952	\$36,316,371	\$37,142,463	\$38,825,972	16%
Annual Surplus	\$5,548,121	\$5,598,445	\$4,074,648	\$4,839,740	\$3,017,355	-46%

Source: City of Nelson Annual Reports

52. In 2015, the City's workforce consisted of 148.70 full-time equivalent positions (FTE's). The ratio of exempt (non-union) to union staff is 19 per cent to 81 per cent respectively. This ratio remained stable during the period covered by the audit.

53. *Exhibit 4* shows staffing levels at the City from 2011 to 2015. Staffing levels for all workforce groups were generally stable over this period.

Exhibit 4 - STAFFING LEVELS BY WORKFORCE GROUPS %

	2011	2012	2013	2014	2015	change
Total FTE's	149.99	144.95	141.07	147.89	148.70	-1%
FTE-CUPE	78.08	73.84	72.93	77.75	76.45	-2%
FTE-IAFF	10.00	10.00	10.00	10.00	10.00	0%
FTE-Police	23.00	23.00	22.00	23.00	23.00	0%
FTE-IBEW	11.00	11.00	10.00	11.00	11.00	0%
FTE-Exempt	27.91	27.11	26.14	26.14	28.25	1%

Source: City of Nelson Internal Reports

54. Exhibit 5 shows the compensation levels, both gross and average by FTE and work groups. Both gross earnings and per FTE earnings grew slightly during 2011 to 2015. CUPE overtime pay varied considerably from one year to the next. City staff told us that most overtime costs were incurred due to emergencies which were therefore difficult to forecast.



Exhibit 5 - EMPLOYEE COMPENSATION 2011–2015

	2011	2012	2013	2014	2015	% change
Gross Earnings-CUPE	\$5,239,259	\$5,172,069	\$5,064,411	\$5,635,201	\$5,571,811	6%
Gross Earnings-IAFF	\$1,034,030	\$1,024,841	\$1,026,808	\$1,036,212	\$1,042,333	1%
Gross Earnings-Police	\$2,341,804	\$2,421,496	\$2,088,243	\$2,189,412	\$2,198,181	-6%
Gross Earnings-IBEW	\$1,050,275	\$1,060,731	\$979,350	\$1,106,276	\$1,130,111	8%
Gross Earnings-Exempt	\$3,042,374	\$3,040,824	\$2,956,152	\$2,970,945	\$3,423,424	13%
Operating Expense-Salaries, Wages & Benefits	\$13,076,231	\$13,103,289	\$13,593,769	\$14,129,665	\$14,645,939	8%
Total CUPE Overtime Pay	\$104,339	\$168,533	\$170,667	\$119,086	\$136,552	31%
Earnings per FTE-CUPE	\$72,981	\$76,555	\$75,983	\$78,372	\$77,770	7%
Earnings per FTE-IAFF	\$103,403	\$102,484	\$102,681	\$103,621	\$104,233	1%
Earnings per FTE-Police	\$101,818	\$105,282	\$94,920	\$95,192	\$95,573	-6%
Earnings per FTE-IBEW	\$95,480	\$96,430	\$97,935	\$100,571	\$102,737	8%
Earnings per FTE-Exempt	\$109,007	\$112,166	\$113,089	\$113,655	\$121,183	11%

Source: City of Nelson Internal Payroll Reports and Annual Reports

Note: The latest Police service agreement was in 2012 and latest IAFF agreement was in 2011.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Overall, the City of Nelson has done a good job of managing the risks it faces as a small local government with limited human resource capacity.

55. The purpose of our audit was to identify strengths and challenges of human resource practices in small local governments and identify opportunities for improvement and leading practices. We assessed whether human resources planning and management activities helped the local government achieve its objectives, support leadership and career development and meet the public interest.

56. Our findings are based on a review of the City's human resource practices, policies and systems. We examined relevant documentation and data and we held discussions with key management and staff, as well as elected officials.

OVERVIEW

57. Overall, the City of Nelson has done a good job of managing the risks it faces as a small local government with limited human resource capacity. The City has a small, dedicated Human Resources (HR) unit that functions effectively and provides guidance and advice across the organization in the delivery of core HR services, including workforce planning, recruitment, and training and development, as well as in the administration of human resources policies, procedures, data and information.

58. In Nelson, workforce planning is strategic, innovative and creative and the workforce is mature and experienced. The City may face a wave of retirements over the next five years and should prepare for that through a combination of succession planning, cross-training and recruitment and retention strategies.

59. The City manages its recruitment and selection processes effectively, helping ensure qualified candidates are hired. Nelson has good practices in place to ensure that job descriptions reflect current skills and qualifications.

60. Nelson has identified succession plans for several key positions and the City should take steps to formally document these plans. The City's employment contracts contain most of the key clauses that are necessary to protect the City from potential risks. Compensation review processes are in place to ensure salaries and benefits are reasonable and accurate.

61. While the City's job orientation and training practices support employee growth and development, its performance management practices could be strengthened in order to add value for the employee and ultimately increase operational effectiveness across the organization.

62. Nelson has policies, procedures and programs in place to support occupational health and safety, wellness and labour relations. Employment disputes, grievances and legal matters are dealt with fairly and effectively, although there are opportunities to strengthen employee relations through stronger labor-management governance.

63. The City's employee policies and procedures are comprehensive, although more could be done to strengthen Nelson's conflict of interest policy and procedures. While conflict of interest incidents rarely occur, it is important to heighten employee awareness of potential conflicts.

64. At this time, the City is identifying a set of human resource performance measures for reporting to senior management and Council and for decision-making purposes. This information should include human resource indicators that can be used to inform more comprehensive human resource planning. Indicators could also increase the effectiveness of human resource activities such as recruitment and selection, succession planning, training and compliance with occupational health and safety and other legislated requirements.

The HR unit's roles and responsibilities are clearly defined and the unit provides leadership across the organization.

ROLE OF HUMAN RESOURCES UNIT

65. Our audit objective involved a review of the role the Human Resources Unit plays in enhancing human resources planning and management activities across the organization. Nelson has a dedicated HR unit, and we expect the HR unit to have a central role in activities such as workforce planning, the review of job descriptions and compensation, and workplace health and wellness.

66. The HR unit should play a coordinating role in the delivery of core HR services such as recruitment and selection, training and development, succession planning and performance management in order to ensure consistency and standardization across the City. We also expect to see Nelson's HR unit taking responsibility for policies and procedures and for the tracking and reporting of HR data and other information that can be used to enhance decision-making.

67. Currently, Nelson has two full-time-equivalent positions dedicated to human resources management, led by an experienced HR professional. The HR unit's roles and responsibilities are clearly defined and the Unit provides leadership across the organization. Core HR services are largely centralized and standardized and a number of good practices that enhance HR effectiveness and efficiency are in place. The HR Manager plays a key role in the collective bargaining process, which is particularly important as Nelson has five unions and five collective agreements, resulting in a complex environment.

68. The HR unit has a work plan linked to the City's corporate objectives that is focused on addressing key HR priorities, including formalizing succession planning, developing a corporate training plan and centralizing training and development records, reviewing gaps in the City's occupational health and safety program and identifying a set of HR measures for reporting purposes. Overall, the HR unit contributes effectively to human resources planning and management practices across the organization.

HUMAN RESOURCE PLANNING

69. Our audit objective involved an assessment of whether human resource planning activities help the local government to meet the public interest. Human resource planning forms the basis for an effective and efficient workforce.

70. Audit criteria included long-range workforce planning based on analysis of demands and needs, sound recruitment and retention practices based on current knowledge skills and abilities and succession planning based on mission-critical roles. Human resource planning helps to ensure employment agreements protect both employer and employee from financial and operational risks and that compensation is fair and set based on industry benchmarks.

WORKFORCE PLANNING

71. Workforce planning is an important activity that can help ensure that a local government's service levels will be achieved and that risks are minimized in the effective delivery of critical services such as drinking water and wastewater and the development of key infrastructure including lands and roads. Workforce planning is a corporate function and all managers across the organization are responsible for it. In Nelson, we expect to see human resource planning that is long-term and strategic, looking ahead from three to five years, as well as short-term and operationally-focused to address immediate needs.

72. In addition, we expect to see workforce planning tied to the local government's strategic or corporate objectives in its business plan. A local government's HR and operational strategies should be interlocking so as to enhance organizational success. HR planning is both formal (systematic and structured) and informal and an HR plan can look very different from one organization to another based on its unique combination of risks and challenges, needs and priorities. We expect Nelson's HR plan to consider the key functions of workforce planning, recruitment, selection, retention and compensation.

73. Workforce planning in Nelson is based largely on identifying staffing needs and opportunities around employee retirements, corporate restructuring, updating of roles and responsibilities and the use of contractors and collaborative arrangements in order to achieve strategic objectives and to add value in providing services.

74. Over the 2011-15 period, the City's workforce decreased by 0.9 per cent while the City's estimated population grew by 5.6 per cent, as shown in *Exhibit 6*. Generally, City staff told us that staffing levels are adequate, although workers at one City worksite expressed concerns around increasing deferred maintenance levels due to capacity issues.

Exhibit 6 - POPULATION & FTE'S

	2011	2012	2013	2014	2015	change
Population	10,230	10,261	10,301	10,469	10,802	5.6%
Total FTEs	149.99	144.95	141.07	147.89	148.70	-0.9%

Source: 2011 Census, 2012-2014: BC Stats estimate, FTE: City of Nelson

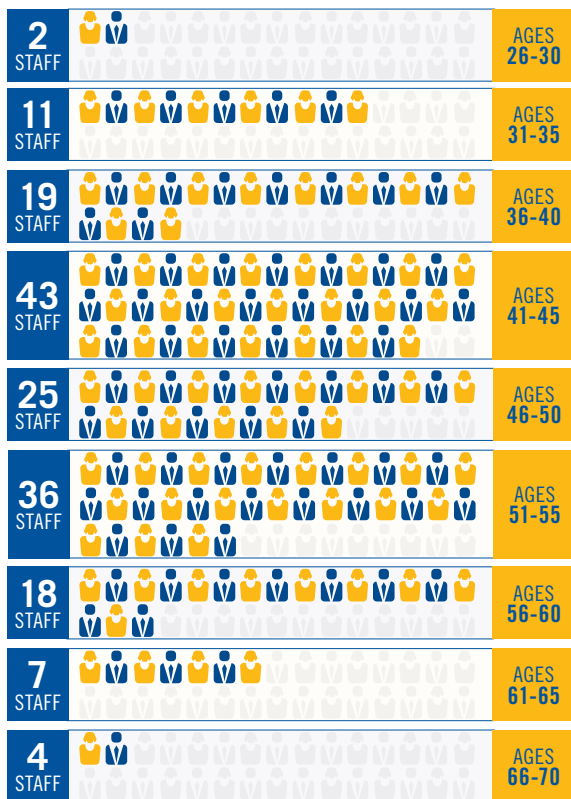
75. Nelson's Human Resource Manager provides an oversight role in workforce planning and is involved in the preparation, review and approval of changes to staffing levels. The unit has also had responsibilities for occupational health and safety since 2012. The City routinely collects aggregate human resource data and HR information useful for strategic and operational decision-making is available, such as workforce characteristics, the size of workforce and annual changes.

76. The City experienced significant staff turnover over the past ten years, primarily due to a wave of retirements. This provided opportunities for Nelson to evaluate staffing and organizational structure needs. For example, the City combined its engineering and planning departments, added a Development Technician position and managerial skills in public works, established an IT group and expanded the role of the HR manager.

AGING WORKFORCE

77. Nelson, like many organizations in BC, both public and private sector, has an aging workforce and faces the prospect of another round of retirements over coming years. As shown in *Exhibit 7*, the number of staff aged 51 years or older that may retire in the next five to ten years is approximately 39 per cent of the total workforce.

Exhibit 7 - NUMBER OF EMPLOYEES BY AGE



Source: MAIS Information exported by City of Nelson on May 26, 2016.

78. As *Exhibit 8* shows, 60 per cent of exempt staff are aged 51 years or older.

Exhibit 8 – NUMBER OF EXEMPT EMPLOYEES BY AGE



Source: MAIS Information exported by City of Nelson on May 26, 2016.

Note: We adjusted the total headcount extracted from MAIS and excluded the following: Council, casual, auxiliary fire, reserve police, shared staff, special needs staff, summer students and youth.

79. In the face of these potential retirements, the City should consider developing an overarching, long-term strategic human resource plan. The plan should consider positions, skills sets, impacts on service levels as well as financial impacts. The plan should also consider the potential for turnover in key positions. Succession planning and cross-training should be points of emphasis. In addition, such a long-range plan should include a recruitment and retention strategy, with a mix of recruitment incentives. These may increase in importance as housing affordability issues grow.

OUTSOURCING

80. Nelson has emphasized the use of contractors in planning, engineering and operations as well as in Nelson Hydro. The City contracts-out a range of engineering, technical and consulting work in areas of core public works services (water, sewer,

facilities and roads). In addition, the City has mapped out power line work for the next five years and intends to use contractors for larger, capital projects.

81. The City has not carried out a formal cost-benefit analysis comparing internal delivery versus outsourcing in order to determine whether this use of contractors is the most cost-effective approach. Such analysis would consider direct costs such as labour, tools and equipment and materials as well as indirect costs related to contract planning, procurement and management. In the future, the City should conduct this type of analysis on a case-by-case basis to inform HR decision-making.

82. Prior to hiring a Human Resources Manager, the City contracted out management of its employee benefits to an insurance company. These included extended health care, dental, long-term disability and life insurance. We were advised that in 2011 the city changed the majority of its plans to administrative services only which resulted in savings of \$443,965 over the last 4 years.

83. Internal management has also allowed the City to carry out an in-depth review of how benefits are administered and make direct contact with the insurance provider during contract negotiations. It has allowed the City to reduce premiums that are cost-shared with employees.

Recommendation 1

84. The City of Nelson should ensure its overall approach to managing human resources is sound by:

- ▶ Developing a long-term strategic human resources plan that considers pending retirement patterns and succession planning, as well as a recruitment and retention strategy
- ▶ Conducting a cost-benefit analysis on the use of contracted service deliver

Nelson has successfully pursued collaborative arrangements with different partners over the years and currently has several in place, each providing a range of benefits to the partners.

COLLABORATIVE ARRANGEMENTS

85. Local governments are increasingly using collaborative partnerships to deliver services. Collaboration is “the linking or sharing of information, resources, activities, and capabilities by organizations to achieve an outcome that could not be achieved by the organizations separately.”¹ It involves two or more parties sharing the costs as well as the benefits of delivering services. Collaborative arrangements can take many forms, tending to fall into five general categories:

- Public-public (horizontal) partnerships involving the same level of government
- Public-public (vertical) partnerships involving different levels of government
- Consolidation/regionalization
- Public-private partnerships
- Public-non-profit partnerships

86. Collaboration has emerged in response to increased growth and demand, the changing nature of governmental roles and responsibilities, increasing complexity and scale of programs and services and ongoing fiscal constraints and pressures for local governments to do more. BC’s system of local government encourages collaboration as local governments operate independently and are accountable for service quality to their citizens, local governments are adaptable and services are scalable and municipal and regional boundaries are functional and flexible.

87. Nelson has successfully pursued collaborative arrangements with different partners over the years and currently has several in place, each providing a range of benefits to the partners.

NELSON GRAND FORKS ELECTRICAL ENGINEER SHARED STAFFING AGREEMENT

88. Nelson has a longstanding agreement with the City of Grand Forks for contracting the services of its General Manager of Nelson Hydro at a 20 per cent level. This has allowed the City to attract and retain an electrical engineer in the position without Nelson having to pay the full cost for this position. The agreement also provides cost savings to Grand Forks, as that city’s electrical utility is not large enough to need a full-time electrical engineer. Grand Forks’ alternative would be to hire an electrical engineering firm at a substantially higher rate than contracting with Nelson.

WEST KOOTENAY TRANSIT AGREEMENT

89. The City of Nelson and the Regional Districts of Central Kootenay and Kootenay Boundary collaborated with BC Transit beginning in 2013 to create a regional transit system for the West Kootenays. Concurrently, the partners created a single system funded by the three parties. The system covers a large geographical area and the partners developed a regional plan with priorities. They established a committee to make recommendations for improvements and to grow ridership.

90. The result is an efficient, integrated regional transit schedule and a single fare structure for the region. The benefits include fleet optimization, which has created greater flexibility and efficiencies.

CFO FINANCIAL SERVICES FOR THE COMMUNITIES OF SALMO, SILVERTON AND SLOCAN

91. In 2014, the City of Nelson entered into an agreement with three nearby villages to provide certain financial services to these very small local governments. The agreement identifies specific services and the compensation each will pay for the services provided.

¹ Bryson, J., B. Crosby, M. Stone., and E. Saunoi-Sandgren. (2009). “Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion.” *The Business of Government (Winter/Fall)*:78–81.

A local government's selection of qualified staff is critical to its operational effectiveness.

92. Benefits of the agreement include a fee for service contract where Nelson receives what the city considers to be a reasonable return for its services. In addition, some Nelson staff have taken on new responsibilities either directly or indirectly supporting the agreement. Benefits to the three villages include having an experienced chief financial officer to serve their communities, improved processes, help train their finance/clerical staff, gain access to additional functionality through Nelson's financial reporting system, as well as cost savings on the purchase of financial software and year-end external audits.

BROADBAND

93. The City completed an information technology service review in 2014. A key recommendation was to hire a full-time information technology manager. In 2015, the City entered into an economic development partnership with the provincial government to hire such a manager, with the partnership contributing \$30,000 in seed funding to help fund the position. The balance of the funding came from revenues the City was generating from its existing fibre customers.

94. This partnership enabled Nelson to hire an Information Technology/Fibre Manager to enhance the City's management of its information technology department while also promoting the growth of broadband in the city, a key economic development focus. Benefits of this arrangement included the City's ability to hire an Information Technology/Fibre Manager, estimated annual cost savings of \$10,000, and an increase in broadband revenues which now exceed \$100,000 per year.

2016 BUILDING INSPECTOR SHARED SERVICE

95. The City and the Regional District of Central Kootenay both had a need for a part-time building inspector. The parties agreed to enter into a cost sharing agreement in 2016 where the Regional District hired the building inspector and the City agreed to contract for the inspector three days per week. The main benefit of this partnership has been

the elimination of building inspection recruitment challenges that smaller local governments face. Both parties had part-time building inspection needs and the arrangement allowed them to address those needs and share the costs.

LIBRARY SERVICE IMPROVEMENT

96. In 2010, the City held a referendum to reorganize library services by bringing three adjacent Regional District areas together to provide universal access. Two of the three regional districts now contribute annual funding to library services, resulting in an increase of \$160,000 per year. This is used to improve overall services and programs and to allow the City to restructure its library staffing model and seek efficiencies.

97. As a result of this arrangement, the City was able to increase hours of operation, add staff and increase the size and quality of physical and on-line lending collections. This has led to higher usage of the library by City and Regional District residents.

RECRUITMENT AND SELECTION

98. Sound recruitment and selection policies and processes help to ensure that a local government identifies, screens, assesses and hires properly qualified employees. Recruitment can also shape strategies to attract and retain employees.

99. A local government's selection of qualified staff is critical to its operational effectiveness. We expect Nelson to have fair, open and transparent selection processes along with consistent procedures. The City should regularly update job descriptions to reflect current duties, requirements and qualifications. It should establish and document criteria used to select candidates.

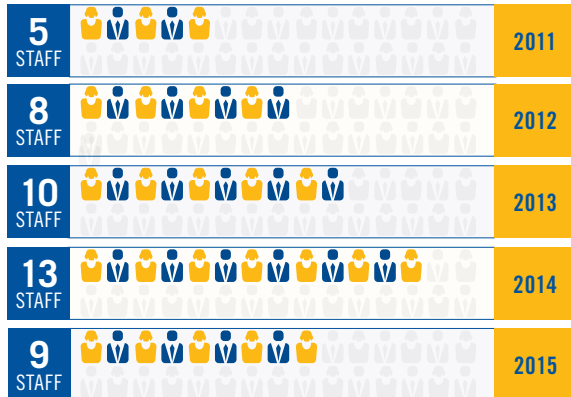
100. We also expect the local government to adequately document the results of selection processes and retain that documentation in the event of appeals or grievances. Further, the City should provide all new employees, both union and non-union, with a letter of employment outlining their working relationship with the employer.

101. In BC, local governments have non-union (exempt) staff positions as well as union positions. For Canadian Union of Public Employees (CUPE) positions, seniority is typically a significant consideration and, depending upon the wording of the collective agreement, seniority may be the determining selection factor in some circumstances. Exempt vacancies are staffed based primarily on merit.

102. In Nelson, staff recruitment and selection is largely centralized within the HR unit and the HR manager assumes accountability for the process. Departments initiate the staffing process, the HR manager drives the recruitment and selection process and assists managers in determining what they require, developing responsibilities and duties for a job description, screening applications, conducting interviews, scoring applicants and assessing recruitment quality control. Rather than having seniority as the determining factor, we were advised that union recruitment and selection is primarily merit-based.

103. Overall, Nelson's centralized approach is effective and recruitment and selection are well-managed. This is important, given the significant level of turnover and subsequent volume of recruitment the City has experienced. As shown in *Exhibit 9*, the City recruited 45 new hires since 2011, accounting for approximately 27 per cent of the City workforce, largely to address staff retirements.

Exhibit 9 - NEW HIRES 2011–2015



Source: MAIS Information exported by City of Nelson on May 26, 2016

Note: We adjusted the total headcount extracted from MAIS and excluded the following: casual, auxiliary fire, reserve police, shared staff, special needs staff, summer students and youth.

104. Nelson's HR unit keeps recruitment files centrally. The City has the good practice of using a recruitment file checklist to ensure completion of procedures and documentation. Our review of selection files noted that important elements of selection, including job postings, interview criteria, interview notes, reference checks and seniority lists were adequately documented in three of the five recruitment processes reviewed.

105. Two of the five files we reviewed lacked the candidate scoring and ranking. Overall, the City could improve its transparency and clarity in determining whether the highest-ranked candidate was selected by retaining candidate scoring and ranking documentation for all recruitment files when applicable.

Recommendation 2

106. The City of Nelson should enhance its hiring processes by retaining candidate scoring and ranking documentation when applicable.

Every employee across the City has a job description and these are routinely reviewed and updated as necessary.

JOB DESCRIPTIONS AND QUALIFICATIONS

107. Job descriptions are an essential element of a local government's recruitment and selection process. A good job description helps in selecting the right person, clearly outlines expectations and ensures employees are held accountable for the requirements of the position. We expect the City to have an approved job description for every position that documents the activities of the position, knowledge, skills and abilities to competently perform those activities and other special requirements as needed.

108. We further expect Nelson to review and update job descriptions regularly or as required to reflect any significant changes in the duties of positions, to ensure that each position is aligned with the organization's strategic direction and, ultimately, to ensure the best suited candidates are recruited and selected. By keeping job descriptions current, a local government also supports the development of a skills inventory and succession planning.

109. We were advised by Nelson staff that every employee across the City has a job description and these are routinely reviewed and updated as necessary. The City has a process for reviewing and updating CUPE job descriptions on a three year rotational basis. For review purposes, the City divides the CUPE positions into three groups (Finance, Police support workers/bylaw, Fire; Public Works, Parks and Cemetery; Utilities, Garage and Transit). However, staff told us that the City is behind on the review of job descriptions. Exempt and other unionized positions do not have a formal policy for review. Prior to posting vacant positions for exempt positions, the city considers revisions and, where prudent, makes changes to the job descriptions to meet current needs.

110. The City also reviews job descriptions when a new hiring process is initiated. Nelson went through a full job description and role review in 2009, which included a memorandum of agreement with CUPE. We reviewed a sample of

five job descriptions and found the date of last review was indicated on each of them and all were signed by the City Manager and the union, where applicable. Both of these are good practices.

111. Under the respective collective agreements, job classification committees are in place with both CUPE and IBEW to review job descriptions and ensure they are current, relevant and accurately reflect the major responsibilities of the position. This appears to be a good practice and has helped prevent disputes related to job classification. Between 2011 and 2015, the City experienced no grievances of this type.

SUCCESSION PLANNING

112. Succession planning is a leading practice that can serve to reduce risks to the safe, effective and efficient delivery of services to residents. Succession planning is one of the benefits of a sound staff training and development system. For it to be effective, we expect local governments to carry out succession planning in a deliberate and systematic way.

113. In Nelson, we expect to see a succession plan in place for all mission-critical positions and skills: those that are critical to the effective functioning of the organization and are typically difficult to recruit for. The plan should address staffing changes and unplanned vacancies and should involve both short-term "backfill" as well as longer term plans. As a leading practice, such plans should start with the identification and development of current employees.

114. In Nelson, some key roles within the City, including the City Manager, Corporate Officer and Chief Financial Officer, have informal succession plans that have been thought through with a focus on staff mentoring, temporary acting assignments and training and development. The City carries this out with a goal of promoting from within.

115. However, these plans are not documented and the City should take steps to formalize succession plans for all key roles and critical skills across the organization. In Nelson, these critical skills include engineering, water and wastewater operations in addition to senior management skills sets.

116. In addition, we noted the City has plans for temporary backfilling in place and is following them.

117. The City has included succession planning in its 2015 to 2018 Council Strategic Priorities.

Recommendation 3

118. The City of Nelson should prioritize mission-critical skills and formalize succession planning.

EMPLOYMENT AGREEMENTS

119. Employment agreements for exempt staff are useful tools that provide certainty to both the employer and employee. They also help reduce potential disputes and allow for predictability of costs. We expect Nelson to have signed employment agreements setting out duties and compensation benefits and clearly delineating working conditions. Local governments should enter into signed employment agreements with all exempt staff.

120. The employment agreement template for exempt staff that is in place in Nelson contains important clauses addressing duties and responsibilities, compensation, benefits, secondary occupations, leave entitlements, education/training, confidentiality, probationary periods, termination and severance, as well as severability.

121. While the City Manager's employment agreement contains a clause enabling Council to conduct an annual performance review, the employment agreement template used for other senior management staff did not contain such a clause.

122. A performance evaluation considers the employee's contribution to the City's strategic goals and objectives, individual work plan achievements, areas for improvement and professional development needs. Further, as the employment agreement is used for all exempt staff, from senior to lower management, the performance evaluation clause should be tailored to that employee's role in the organization.

123. For example, City Manager performance should be assessed on the basis of ability to efficiently implement Council strategies and policies, to provide effective administrative management and leadership across the organization and to communicate matters of significance to Council on a timely basis. These parameters should be clearly reflected in the City Manager's employment agreement.

124. The City told us that its employment agreement template was last reviewed by legal counsel in 2013. A legal firm is on retainer for ad hoc updates/reviews, which may result in amendments. As a good practice, the City should carry out a legal review of the employment agreement template at the time of hiring exempt employees to ensure it adequately addresses changing workplace conditions and expectations.

Recommendation 4

125. The City of Nelson should add a performance evaluation clause to its employment agreement template.

COMPENSATION

126. Compensation can have a big impact on staff recruitment and retention. Critical leadership skills, as well as financial, technical and operational skills and knowledge can be placed at risk when compensation packages are not competitive. We expect Nelson to have a compensation policy along with regular compensation reviews. Compensation reviews are useful in determining an affordable and balanced approach to total compensation.

We expect the City to provide all new City employees with an orientation both to their position and to the organization and its expectations.

127. The City has a compensation policy addressing annual salary increases for exempt staff. The policy includes the City's compensation philosophy of "ensuring exempt staff salaries remain competitive among the established comparative municipalities." The City has a target of plus or minus ten per cent of the median benchmark across its comparators.

128. The City's most recent organizational compensation review was conducted by the HR Manager in 2013, which is in line with leading practices for the timing of reviews. A partial review in 2011 and a full review in 2010 were also conducted internally.

129. The City could consider an external compensation review as a means of gaining additional assurance around the reasonability of its compensation package. The City could also consider reviewing information technology position compensation rates to ensure they are competitive.

HUMAN RESOURCE MANAGEMENT

130. Human resource management involves a number of key functions and practices supporting an effective workplace and are essential to employee and organizational success. Our audit objective involved an assessment of whether human resource management activities support local government leadership and employee development and the achievement of the public interest.

131. Audit criteria included orientation provided to new employees, training and development programs and plans that support employee and organizational success, systems for performance appraisal that link individual and organizational goals, an occupational health and safety program that mitigates workplace risks, the promotion of standards for ethical behaviour, and labour relations governance that contributes to organizational wellness.

ORIENTATION, TRAINING AND DEVELOPMENT

132. Sound orientation can help ensure that newly-hired employees get off to a good start. We expect the City to provide all new City employees with an orientation both to their position and to the organization and its expectations. An orientation package should include information on human resource management policies and procedures, health and safety requirements, employee benefits, the organizational and management structure, mission, goals as well as programs and services and expectations.

133. The purpose of training and development activities is to maximize employees' contribution to the organization's goals and objectives. It is important for organizations to invest in training and development for their employees. For example, the Conference Board of Canada reported that Canadian organizations spent an average \$800 on training and development for each employee in 2014-2015.

134. We expect to see training and development activities in Nelson that address operational issues and that assist in the introduction of new programs and services, changing skill requirements and evolving organizational expectations. As mentioned earlier, training and development also supports succession planning.

135. To increase the overall effectiveness of training and development, we also expect to see training objectives that support business objectives and are tied to each employee's development plan. The local government should have an organization-wide training plan and an established training budget updated annually. The results of training and certification should be measured and documented in a central location. Finally, the budget allocation for these activities should be analyzed at year end to inform future allocations.

ORIENTATION

136. The City has refined its core orientation program and has recently developed a comprehensive New Employee Corporate Orientation Program. Employees are required to meet with the HR manager on their first day of work or earlier, where they are provided a copy of their collective agreement (if applicable), names of the union executive and a copy of the benefit entitlement book. In addition, newly hired staff are provided a thorough review of the employee handbook, which outlines relevant policies employees need to be aware of.

137. Orientation also includes a review of corporate safety requirements and incident reporting. The City asks new and younger workers to view a WorkSafe BC video in addition to a bullying and harassment video. The City also introduces new staff members to the City's accountability model and value for service and how they will play an active role in making this happen.

TRAINING AND DEVELOPMENT

138. The City has two training policies. The first outlines how employees may request support to attend job-related training events, while the second addresses training related to job advancement in anticipation of future job vacancies and future employment requirements for existing City employees. The second policy supports ongoing succession planning and cross-training activities and is a good practice. However, the process for job advancement through training tends to be informal rather than through the structured oversight of a corporate human resource committee, which is how it is set out in the policy.

139. The City allocates a training budget to each department, which is responsible for managing their own training. The majority of training and development activities are identified by department heads and carried out by individual departments. The HR manager has a corporate budget for corporate training initiatives. As shown in *Exhibit 10*, budgeted training costs accounted for approximately one per cent of the City's total expenditures and approximately three per cent of total wages and benefits during the period covered by the audit.

Exhibit 10 – TRAINING COSTS 2011–2015

	2011	2012	2013	2014	2015	2011-2015 % change
Training Expenditure	\$333,867	\$356,606	\$428,576	\$424,014	\$437,871	31%
Annual % Change		7%	20%	-1%	3%	
City Total Expenditure	\$33,607,720	\$31,130,952	\$36,316,371	\$37,142,463	\$38,825,972	average
Training as % of Total Expenditure	0.99%	1.08%	1.18%	1.14%	1.13%	1.10%
Total Salaries, Wage & Benefits	\$13,076,231	\$13,103,289	\$13,593,769	\$14,129,655	\$14,645,939	average
Training as % of Total Salaries, Wage & Benefits	2.55%	2.72%	3.15%	3.00%	2.99%	2.88%

Source: Training Expenditures reported by the City of Nelson's HR Department
City of Nelson Total Expenditure and Total Wages & Benefits reported on Annual Reports

140. The City's finance department and other department heads monitor training budget variances throughout the year. Budget variances are reported out quarterly as part of the financial update to the Council, and the training budget is reviewed and revised on an annual basis through the budgeting process.

141. Overall, the City's oversight of training requirements across the organization and documentation of training plans and records is largely decentralized. This approach can create health and safety risks. For example, in one department, mandatory certification requirements by the Ministry of Environment have not been met. The City is aware of this and is taking action to resolve it.

142. City staff told us that the City is making efforts to coordinate its training requirements and associated timelines, consolidating this within a corporate training plan and centralizing training records within the HR unit. These steps should help prioritize training, development and certification needs across the City and should help to mitigate risks to employee and public health and safety, as well as to maximize the benefits of training budgets, close skills gaps and ensure operational needs are adequately addressed.

TRAINING ACTIVITIES

143. Nelson has had a leadership program in place since 2009, which includes coaching, leadership skills training and the promotion of accountability for all staff. This is a good practice and helps to ensure all employees are introduced to organizational goals, standards and expectations.

144. Staff told us that the City applies for scholarships available for employees such as those sponsored by the BC Board of Examiners to support staff training and development. We were also advised that, as a way of enhancing the efficiency and cost-effectiveness of limited training budgets, the City brings in trainers, hosts training events and invites other organizations and

neighbouring local governments to attend. Overall, employees generally acknowledge that the City is supportive of their professional development and technical upgrading requirements.

145. The City looks for opportunities for cross-training and sharing of staff within and between departments as a measure to address capacity challenges and to provide vacation and sick leave coverage. Cross-training has numerous benefits, as described in *Exhibit 11*.

146. Nelson's CUPE collective agreement has a clause that allows the City to transfer an employee to another position at the discretion of the employer. Staff told us that cross-training is done on a regular basis in Finance, Development Services, Fire Dispatch, Public Works and Parks. In the Operations Department, the City cross-trains staff in positions including concrete work, garbage collection, bylaw enforcement and water and wastewater operations.

147. The City should consider forming a middle-management team to identify additional cross-training opportunities. A group of supervisors would have an in-depth knowledge of their employees' training needs and gaps and an awareness of the impacts on service delivery, such a group would be candidates to carry out this activity.

Recommendation 5

148. The City of Nelson should enhance staff training and skills development by:

- ▶ Centralizing the oversight of and accountability for staff training and development
- ▶ Considering the formation of a middle-management team to identify opportunities for staff skills upgrading and cross-training

Exhibit 11 – A GOOD PRACTICE - THE BENEFITS OF CROSS-TRAINING EMPLOYEES

Cross-training involves the development of skills and proficiencies related to roles outside an employee's current responsibilities. An in-house cross-training program can prepare employees to take on additional responsibilities and ensure consistency of service when an employee is temporarily absent, on extended leave, or when a position becomes vacant.

Cross-training can also be job enrichment for motivated employees who wish to multi-task, grow in the job and learn new skills. Cross-training of staff also allows an organization to pursue new opportunities without incurring additional expenses related to hiring and training new staff.

Increasingly, cross-training is seen as a creative and cost-effective way to motivate employees, improve team performance, improve quality, develop leadership skills, and ultimately, enhance organizational success.

Cross-training involves planning: finding the time to do it, identifying trainers, selecting the right staff and ensuring employees can maintain newly learned skills.

PERFORMANCE MANAGEMENT

149. We expect Nelson to have in place an ongoing process of performance management with supervisors working collaboratively with their employees in setting work and career goals, identifying needs and evaluating performance, including areas for improvement. Supervisors should provide feedback verbally and informally as well as formally in writing. As a leading practice, employee coaching and mentoring programs could be established to encourage development and support succession planning.

150. The City has a policy and procedures for performance appraisal of managers; however it lacks a similar policy for union members. Each department is responsible for managing staff development and performance and the process tends to be informal and unstructured. The City typically does not conduct formal, annual appraisals for union employees and supervisors, although staff members generally acknowledged that informal performance discussions and feedback are provided as required.

151. The City has developed detailed guidelines for a 360 Degree Evaluation tool for exempt staff, including the assessment process, template, guidebook, and sample evaluation report.

The City has created a shortened version, however, the tool is not consistently or widely used in the organization and is considered onerous. The City should consider using the 360 degree tool for senior management only, such as the City Manager and department heads, with the tool scaled to meet the City's particular needs.

152. The City uses an *Individual Development Plan* during the probationary period for new employees hired on a developmental basis. This process helps ensure employee success and the City could consider expanding its use across the organization for all newly hired employees.

153. Formal *Records of Decision and Letters of Expectations* are drafted and signed by both employee and supervisor when performance issues are dealt with. The files are centrally maintained by the HR unit to demonstrate past practice, ensure consistency and maintain confidentiality of records.

Recommendation 6

154. The City of Nelson should enhance its performance appraisal and management practices by:

- Developing policy and procedures governing performance appraisal for union members and monitor their implementation and compliance
- Limiting its use of the 360 Degree Evaluation tool for performance management to the City Manager and department heads

HEALTH AND SAFETY, ETHICAL CONDUCT AND LABOUR RELATIONS

155. Workplace health includes the physical and occupational safety and mental health and well-being of employees engaged in a wide range of activities across the organization.

156. We expect Nelson to be aware of and in compliance with its occupational health and safety obligations as well as all legislative and regulatory requirements it is responsible for. WorkSafe BC has specific requirements for employers of different size workforces and CUPE collective agreements typically require an occupational health and safety committee made up of equal numbers of management and union members.

157. We expect the City to take reasonable steps to support a harassment-free workplace and to have policies and procedures to report and investigate complaints of this nature. As a leading practice, the organization should support workplace diversity and inclusiveness and ensure its HR policy promotes non-discriminatory practices consistent with human rights legislation. We also expect the organization to have an employee code of conduct, standards for ethical behaviour and conflict of interest policies and procedures to support workplace integrity.

158. Joint labour-management committees should be in place, clearly mandated to oversee how work and working relationships are governed. Grievance procedures should be clearly outlined and processes should be enacted to ensure employees have opportunities for redress.

OCCUPATIONAL HEALTH AND SAFETY

159. Overall, the City encourages and supports occupational health and safety through a range of activities:

- An occupational health and safety policy is in place
- The City introduced an occupational health and safety program to new employees as part of the orientation package
- The City has a corporate safety committee as required by its collective agreements, including CUPE, IAFF and IBEW representatives
- The City has a joint occupational health and safety committee at each major worksite with over 20 employees. Inspection results, incidents and investigations are discussed on these committees and documented in detail
- The City logs injury and non-injury accidents and analyzes them by type and department annually. Preventive procedures are developed as a result

160. As *Exhibit 12* shows, both injury and non-injury incidents declined in Nelson over the period of 2011 to 2015.

Exhibit 12 – WORKPLACE INCIDENTS 2011–2015

	2011	2012	2013	2014	2015	% change
Injury incidents	62	60	61	57	58	-6%
Non-injury incidents	66	37	49	25	37	-44%

Source: City of Nelson Internal Reports

161. The City has recently transferred responsibility for occupational health and safety to the HR unit. Staff told us that the HR manager is leading an internal review of the corporate occupational health and safety program as well as safe work procedures in order to identify any updates. The corporate occupational health and safety program booklet used for orientation was last updated in 2008 and should be reviewed and updated as required.

162. Through the BC Municipal Safety Association, the City can audit its OHS program and receive a Certificate of Recognition (COR). This Certificate may help reduce their WorkSafe BC premiums and potentially allow them to direct their savings to improving the OHS program.

Recommendation 7

163. The City of Nelson should review and update its occupational health and safety program booklet.

ATTENDANCE MANAGEMENT

164. The City has a sound attendance management policy and actively manages employee attendance. The HR manager routinely reviews sick leave usage and takes action to address any issues. In addition, the HR manager works closely with employees returning to work from extended absences due to illness or injury.

165. The City has a longstanding clause in its CUPE collective agreement allowing an employee to be paid out for the unused portion of their sick leave bank upon retirement. The percentage of the payout increased with the years of employment with the City.

166. As a means of addressing rising sick leave payouts, the City negotiated an attendance management incentive clause in the 2013 CUPE and the 2012 IBEW agreement. This attendance management clause reduces the bank for employee sick leave payout by 50 per cent of the number of sick days taken over the period of a worker's employment. As an incentive, an employee can earn two additional sick days per year of service toward their sick leave payout. In effect, an employee's sick leave bank is unchanged if they take four sick days a year. When they take fewer than four sick days, they receive a credit to their sick leave bank. When they take more than four days, their number of banked days is permanently reduced. While this change has reduced Nelson's sick leave payout, many local governments are moving toward eliminating this benefit entirely.

167. The City provides each employee with a sick leave payout report and the status of their sick leave bank semi-annually. As shown in *Exhibit 13*, the City's sick leave payout has remained relatively stable since 2013.

Exhibit 13 – SICK LEAVE 2011–2015

	2011	2012	2013	2014	2015	% change
Sick leave hrs*	11,251	7,961	8,948	9,304	9,038	-20%
Short Term Sick leave hrs/FTE*	N/A	46.36	45.26	53.25	46.29	0%
Sick Leave Payout**	\$111,661	\$129,476	\$109,383	\$109,761	\$118,789	6.38%

Notes: * include both short-term and long-term sick leave; ** may include overhead and family sick leave
Sources: * City sick leave records maintained by HR department; ** City payroll system records

Overall, management and labour consider relations to have become more positive and collaborative over the past two years.

ETHICAL CONDUCT

168. The City introduces its ethical conduct requirements to new employees as part of its orientation package. Awareness of these requirements could be raised through the development of more detailed conflict of interest policies and procedures, including an annual review and acknowledgment by staff and workshops to discuss policies and procedures and other methods of communication.

169. In addition, conflict of interest awareness could be incorporated into the City's leadership program. This is particularly important in the case of senior staff, as conflict of interest risks rise as an employee's level of responsibility increases. Further, even though conflicts of interest are considered rare, the City should establish procedures to ensure incidents are centrally logged.

Recommendation 8

170. The City of Nelson should take steps to increase employee awareness of conflict of interest policies and establish procedures for recording incidents.

LABOUR RELATIONS

171. City of Nelson workplaces include employees belonging to five labour unions, including CUPE, IBEW, IAFF, Police and Library. The City has several joint committees to deal with labour relations issues such as workplace conditions, staffing and job classification, to address grievances and to manage training needs and requirements.

172. Overall, management and labour consider relations to have become more positive and collaborative over the past two years. However, CUPE representatives told us that they believe there remains room for improvement, particularly on aspects such as the work of the bargaining unit and use of contractors, occupational health and safety, training, and hours of work.

173. The City has a CUPE labour management committee set out in the collective agreement intended to address workplace issues. Its meetings are targeted to take place bi-monthly although this does not always happen, and there is some uncertainty around its purpose. The City should develop terms of reference to clarify and confirm the mandate of this committee, to address uncertainty and to strengthen its effectiveness.

GRIEVANCES

174. The City's collective agreements outline grievance and arbitration procedures and the City maintains grievance records. The City told us that most complaints are resolved between management and union representatives at the early steps, although there is no documentation of matters resolved in this way. Staff told us that no grievances have gone to arbitration in recent years.

175. Employees filed a total of 13 grievances over the period covered by the audit, with fewer grievances occurring since 2013, as shown in *Exhibit 14*.

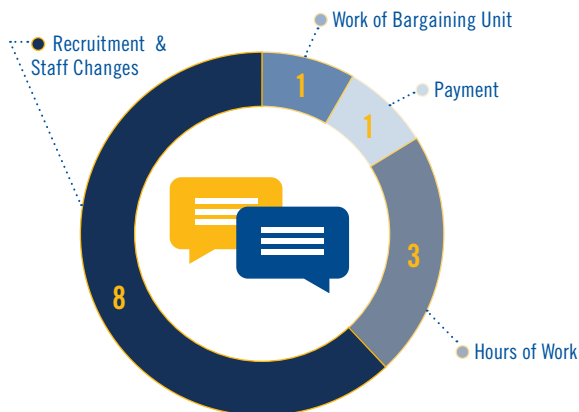
Exhibit 14 – GRIEVANCES BY YEAR

	2011	2012	2013	2014	2015
# of Grievances	3	5	1	1	3

Source: City of Nelson Grievance Log

176. The majority of grievances were related to recruitment and staff changes, as shown in *Exhibit 15*. Ten of the 13 grievances were from CUPE members.

Exhibit 15 – GRIEVANCES BY CATEGORY



Sources: City of Nelson Grievance Log

ENGAGEMENT

177. The City uses intranet software as a way to keep staff aware of city initiatives and as a one stop area for HR related items. We were advised that the City is working on other staff engagement initiatives and hopes to provide more opportunities for staff input and collaboration. In some cases, exit interviews are conducted with employees leaving the City. Interviews of this nature should be carried out more regularly, in particular with retiring employees prior to their departure, in order to more fully tap into their significant corporate history and knowledge. Further, interviews should examine the effectiveness of programs, policies and procedures and emerging skills sets and qualifications.

178. The City has an employee recognition policy and holds events to recognize and reward long service and employee efforts. Staff generally believes that the City provides a positive and respectful workplace.

Recommendation 9

179. The City of Nelson should enhance its labour relations practices by:

- ▶ Developing terms of reference to clarify and confirm the mandate of the CUPE labour-management committee
- ▶ Properly and fully documenting the resolution of labour relations complaints
- ▶ Conducting exit interviews with all departing employees

HUMAN RESOURCE ADMINISTRATION

180. Our audit objective involved an assessment of whether human resources planning and management activities are supported by sound human resources administration.

181. Audit criteria included employee policies and procedures that are comprehensive and that set forth organizational standards for all employees and a set of relevant HR data that is tracked and reported on and that can be used to assess the performance of the organization's HR practices, including the administration of employee salaries and benefits.

HUMAN RESOURCE POLICIES AND PROCEDURES

182. Human resource policies and procedures help to communicate both expectations and requirements for how things are done across the organization. They set a standard and help to ensure consistency in how employees are managed and treated. They also help ensure compliance with health and safety legislation and regulations.

183. We expect to see effective HR policies and procedures in Nelson that foster a healthy, respectful workplace where staff is treated fairly and with transparency. Key policies and procedures include ethical standards and conflict of interest, confidentiality, health and safety, working conditions, attendance and leave

We expect to see HR information and results incorporated into City planning to assist with activities such as budgeting, forecasting, succession planning, training and development.

management, staff compensation and overtime, reimbursement of fees and expenses, training and development, performance management, termination, discipline and dispute mechanisms and complaint resolution.

184. We also expect to see HR management policies as a set of formal, written documents that are easily accessible by management and employees. Local governments also have collective agreements that govern working relationships between management and union employees.

185. Nelson has a comprehensive set of HR policies covering key HR topics, including recruitment, training and development, attendance management, occupational health and safety, performance evaluation, compensation and workplace harassment.

186. These policies were all approved by Council and are generally high level in their focus. The City should consider distinguishing corporate policies, which are subject to Council approval—such as compensation and occupational health and safety—from administrative policies and procedures that are more appropriately approved by the City Manager or delegated senior management, such as recruitment and staff training and development. An administrative policy manual and procedures should be more detailed or department-specific than overall corporate policies.

187. For example, the City's employee discipline policy is overly brief and does not refer to related collective agreement terms. It also lacks policy on dispute resolution for exempt staff. Such a policy should clearly outline the steps to be taken to reach an agreement, thereby eliminating ambiguity and inconsistency and minimizing potential financial impacts.

188. Further, the City's conflict of interest policy does not state what kind of situations are considered a conflict of interest and does not specify procedures for how an employee should declare it or the consequences. As well, the

policy lacks a whistleblower protection clause. Staff told us that the City is taking steps to raise awareness of the conflict of interest policy, confidentiality and information technology usage requirements for all staff.

189. The City's HR-related policies were largely reviewed and approved prior to the period covered by the audit and are considered outdated. Staff told us that the City is currently undertaking an organization-wide policy review. This exercise should include the City's process for systematic and timely review of its policies and procedures.

Recommendation 10

190. The City of Nelson should improve its human resources-related policies and procedures by establishing:

- ▶ A process for management approval of administrative policies and procedures
- ▶ Policies and procedures for conflicts of interest, whistleblower protection and dispute resolution
- ▶ A process for the systematic and timely review of policies and procedures

HUMAN RESOURCES INFORMATION AND DATA

191. A human resources information system is an information system used to acquire, store, analyze and report HR information to user groups such as department heads across the organization. We expect to see an HR information system in Nelson that captures key HR data such as time and attendance, payroll, benefits administration, recruitment, training and HR management.

192. We further expect to see HR information and results incorporated into City planning to assist with activities such as budgeting, forecasting, succession planning, training and development. HR information and results should be analyzed, prepared regularly and the results should be reported to senior management and elected officials on a regular basis.

Some Council members have expressed interest in additional HR reporting.

193. Examples of human resources statistics that can be used to support human resources functions and that can inform human resources strategies and decision-making include:

- Basic workforce demographics
- Size of workforce and current trends
- Workforce per capita ratios and trends
- Management to staff ratios
- Payroll, benefits and compensation data
- Overtime utilization
- Turnover rates and patterns
- Frequency and reason for terminations
- Time to hire
- Time, leave and attendance
- Training, learning and development
- Performance appraisal
- Injuries and WorkSafe BC records
- Grievances

194. Overall, information on a range of HR data was available from Nelson's human resources information system. However, the City has not identified indicators relevant to HR planning that are reviewed on a regular basis and can be used to inform human resources management and workforce planning.

195. The City's information system allows Nelson to generate information and reports to assist HR management including employee personal information, remuneration, attendance records, overtime and employment status. Information on employees and changes of employment status are centrally managed by the HR unit, which enters the information into the system and passes it on to payroll for processing. In addition, staff told us that they intend to use new functions available in the system to facilitate HR management, such as modules to electronically and centrally manage staff certification and training.

196. In 2016, the City added a payroll module to its financial system. The module enables payroll staff to use an audit-like function to review payroll data before release. This function compares the current payroll with prior periods for each employee, highlighting changes so they can be reviewed for accuracy. Overall, management has confidence in the accuracy of the City's payroll information.

197. The City Manager reports to Council on human resources, typically including progress on collective bargaining, collective agreement changes and their implications, key recruitment and grievances.

198. Some Council members have expressed interest in additional HR reporting, including performance evaluation tools and reports confirming compliance with health and safety requirements. It is important that the City's preparation of indicators not consume more resources than they are worth. A great deal of work can be invested in compiling figures that are merely glanced at. Also, the list of indicators should be reviewed regularly to eliminate indicators that prove to be of little interest.

Exhibit 16 – HIRING CHECKLIST - A GOOD PRACTICE FOR COLLECTING HR INFORMATION

A hiring checklist allows a local government to systemize the hiring of new employees. This can be particularly useful where employee recruitment and selection is decentralized.

A checklist covers key steps, starting with the initial needs identification, key qualifications and requirements of the position, salary range, selection method, letter of offer and hiring and onboarding including orientation.

A checklist adds consistency and value to the process and can help gather standard HR information. The HR department can centrally maintain the checklists and periodically review a sample of them as a quality control measure, providing feedback to hiring managers and others involved in the hiring process. In addition, checklists can be used at orientation and termination to gather useful HR information.

199. In Nelson, HR reporting to Council could give consideration to the following:

- › Number of FTES
- › Overtime utilization
- › Sick leave usage
- › Injury time loss
- › Vacancies (by department, reasons for vacancies)
- › Pending employee retirements
- › Number of applicants in response to postings
- › Time to hire
- › Exempt compensation review outcomes
- › Corporate training plan and gaps in mandatory certification requirements
- › Percentage of performance reviews completed
- › WorkSafe BC compliance reports
- › Grievances and other labour relations issues such as the results of employee engagement surveys

200. Local governments can also consider collecting some of this information through a hiring checklist, as described in *Exhibit 16*. HR data gathered systematically through such a tool can support more comprehensive HR planning.

Recommendation 11

201. The City of Nelson should enhance its administration of human resources by:

- › Analyzing and considering HR indicators to assist in human resources planning and management
- › Regularly reporting on key HR indicators to senior management and Council



SUMMARY OF LOCAL GOVERNMENT COMMENTS



CITY OF NELSON

From the Office of the Mayor

November 29, 2016

Mr. Gordon Ruth, FCPA, FCGA
Auditor General for Local Government
201 – 10470, 152nd Street
Surrey, BC V3R 0Y3

Dear Mr. Ruth,

On behalf of the City of Nelson, we appreciate this opportunity to comment on your proposed Final Performance Audit Report, "Managing the Inherent Risks of Limited Human Resources Within Small Local Governments".

We are pleased the Audit process is complete and wish to thank the AGLG staff for the respectful and proficient manner in which they completed their work with due consideration given to our busy workplace.

The City of Nelson is dedicated to providing supportive and engaging human resource practices to assist Council and Staff with the operation of our City in an economically sound and efficient manner. We appreciate the Auditor General's acknowledgement that small local governments are confronted with unique challenges in Human Resources Management and in this regard we value what has been learned of our strengths and challenges throughout the Audit process.


Our Management Team have prepared an Action Planning document, identifying strategies and opportunities for implementing new policies and practices over the next few years that could strengthen and benefit our Human Resources management.

In conclusion, we found the Audit process and proposed Final Performance Audit Report presented fairly.

Yours truly,

Deb Kozak
Mayor

CITY OF NELSON ACTION PLAN

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
 HR PLANNING				
<p>1. The City of Nelson should ensure its overall approach to managing human resources is sound by:</p> <ul style="list-style-type: none"> • Developing a long-term strategic human resources plan that considers pending retirement patterns and succession planning, as well as a recruitment and retention strategy • Conducting a cost-benefit analysis on the use of contracted service delivery 	<p>The City has identified, primarily in its senior management team, key positions and projected upcoming retirements and has identified internal candidates that could fill these key positions. We have also identified certain key technical staff positions that may be difficult to fill.</p> <p>The City has taken a number of steps to strengthen its internal resources to be able to drive value in the services the City provides. e.g. include reducing water main replacement costs by 50% (savings \$1m+ per year); in-house engineering work (savings up to \$500k per year); benefit management (\$100k per year). Although a formally documented cost benefit analysis isn't consistently completed, this is done informally when consultants are hired (generally for specialized expertise) or project work is contracted out. The City will formalize this on the capital request forms currently used and will create something similar for consulting work.</p>	<p>A long-term HR strategic plan cannot be completed within existing resources and a consultant would have to be engaged – estimate is in the \$50,000+ range.</p> <p>Can be completed internally.</p>	<p>Council to decide whether to allocate additional resources.</p> <p>CFO</p>	<p>TBD</p> <p>Budget 2017</p>
<p>2. The City of Nelson should enhance its hiring processes by retaining candidate scoring and ranking documentation when applicable.</p>	<p>The City does retain these in most cases, the exception is with external candidates as there is no risk of a union grievance as result of awarding to a junior applicant. The City has a very solid hiring process and this has withstood the challenges from Unions when the senior applicant has not been promoted. For completeness we will retain these for all employees or in the case of a posting for a shift change make note of this in the posting files.</p>	<p>None required as the scoring is already being done.</p>	<p>HR manager</p>	<p>Already implemented</p>

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
HR PLANNING				
<p>3. The City of Nelson should prioritize mission-critical skills and formalize succession planning.</p>	<p>The City has a succession document that identifies key senior management positions and possible internal replacements. Training and mentoring is being provided to ensure these candidates are in the best position possible to compete for these positions. We concur that this could be formalized and a more robust succession development program can be implemented.</p>	<p>A formal succession plan cannot be completed within existing resources and a consultant would have to be engaged – estimate is in the \$30,000+ range.</p>	<p>Council to decide whether to allocate additional resources.</p>	<p>TBD</p>
<p>4. The City of Nelson should add a performance evaluation clause to its employment agreement template.</p>	<p>The City believes adding performance evaluation in an employment contract would be restrictive as it would require the agreement of the employee if this was to be changed. The city does have a robust performance evaluation process for its exempt staff and most of its unionized staff. The City will develop a new performance evaluation policy.</p>	<p>Can be completed internally.</p>	<p>HR Manager</p>	<p>June 30, 2017</p>
HR MANAGEMENT				
<p>5. The City of Nelson should enhance staff training and skills development by:</p> <ul style="list-style-type: none"> • Centralizing the oversight of and accountability for staff training and development • Considering the formation of a middle-management team to identify opportunities for staff skills upgrading and cross-training 	<p>The City agrees with this recommendation. The City purchased new software in 2015 where it can track training across the organization. This is being implemented.</p> <p>The middle management team does participate in the annual leadership training with the senior management team. The City will explore this recommendation with our management team.</p>	<p>None, was already being implemented at the time of the audit.</p> <p>To be determined</p>	<p>HR Manager</p> <p>HR Manager</p>	<p>Completed</p> <p>June 30, 2017</p>

AGLG RECOMMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
 HR MANAGEMENT				
<p>6. The City of Nelson should enhance its performance appraisal and management practices by:</p> <ul style="list-style-type: none"> • Developing policy and procedures governing performance appraisals for union members and monitor their implementation and compliance • Limiting its use of the 360 Degree Evaluation tool for performance management to the City Manager and department heads 	<p>The City does complete formal performance appraisals for most of its employee groups on an ongoing basis with CUPE being the exception, the focus here has been on probationary employees. Council has recently approved the hiring of a new public works manager which will give us more capacity to complete performance reviews for all CUPE employees.</p> <p>The City agrees with the auditors' recommendation to develop a formal policy that would govern these reviews.</p> <p>The City does have a policy for exempt staff performance appraisals and has reduced the scope of the 360 review to make it less time consuming to complete. 360s are a key feedback tool. We also promote continuous feedback with the goal that there would be no surprises when we do a formal 360. The City also uses a 1-1 assessment tool.</p> <p>The City will consider this recommendation as feedback is important.</p>	<p>Can be completed internally.</p> <p>Can be completed internally.</p>	<p>HR Manager</p> <p>HR Manager</p>	<p>June 30, 2017</p> <p>December 31, 2017</p>

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
HR ADMINISTRATION				
<p>7. The City of Nelson should review and update its occupational health and safety program booklet.</p>	<p>In 2015 Council accepted a staff recommendation to complete a full review and audit of the City's OH&S program, this included an internal evaluation of all policies and procedures related to safety. This includes a review and update of the OSH booklet. The results are new and revised policy and procedures which are currently being developed in consultation with Worksafe BC and the affected Department. The goal of this process was to meet or exceed the requirements of a COR Certification.</p>	<p>In 2015, Council approved a budget increase to add a part-time employee to complete this review, based on the findings Council agreed to retain this staffing increase on an ongoing basis to ensure we our meeting our obligations under OH&S and Worksafe BC.</p>	HR Manager	In-progress
<p>8. The City of Nelson should take steps to increase employee awareness of the conflict of interest policy and establish procedures for recording incidents.</p>	<p>City agrees with this recommendation and will be developing a policy and procedure to formally document any identified conflict of interest situations. The City will be adding a statement on its forms (such as purchase orders, hiring forms) where the signatory will state they have no conflict of interest.</p>	<p>Can be completed internally.</p>	HR Manager/ CFO	December 31, 2017
<p>9. The City of Nelson should enhance its labour relations practices by:</p> <ul style="list-style-type: none"> • Developing terms of reference to clarify and confirm the mandate of the CUPE labour-management committee 	<p>The City targets labour management meetings bi-monthly with its unionized employee groups. These meetings include a formal agenda and minutes are taken, distributed and approved. Progress on items identified are discussed and documented through the minutes. A formal ToR will be developed.</p>	<p>Can be completed internally.</p>	HR Manager	December 31, 2017

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
HR ADMINISTRATION				
<ul style="list-style-type: none"> Properly and fully documenting the resolution of labour relations complaints 	<p>The City addresses labour relations complaints on a formal basis through the grievance process and through labour management meetings. Labour relations complaints that are not formalized in writing, such as stage 1 grievances and day to day issues that arise in the workplace but do not make it to the labour management table or to step 2 of the grievance process are not tracked. The City will explore a process to track these types of issues to be more proactive in identifying underlying labour relations trends in the workplace.</p>	<p>Can be completed internally.</p>	<p>HR Manager</p>	<p>December 31, 2017</p>
<ul style="list-style-type: none"> Conducting exit interviews with all departing employees 	<p>City does conduct exit interviews where requested by staff. Again our overall goal is to be a transparent and open organization and to foster a climate of continuous feedback so we hope that any information that we would receive at an exit interview has already been shared. We will encourage exit interviews as a metric in reaching our goal of continuous feedback.</p>	<p>Can be completed internally. Estimated at 2-4 hours for interview and follow-up per employee. Could require additional HR resources.</p>	<p>HR Manager</p>	<p>December 31, 2017</p>
<p>10. The City of Nelson should improve its human resources-related policies and procedures by establishing:</p> <ul style="list-style-type: none"> A process for management approval of administrative policies and procedures 	<p>The City concurs with this recommendation.</p>	<p>This should reduce time if these do not have to be approved by Council.</p>	<p>HR Manager</p>	<p>March 31, 2017</p>
<ul style="list-style-type: none"> Policies and procedures for conflict of interest, whistleblower protection and dispute resolution 	<p>The City will research what other local governments have implemented policies in these areas and will consider establishing or updating our policies.</p>	<p>Policy research and development generally takes 2-3 days per policy. Implementation and monitoring is dependent on the number of incidents. This can be done internally.</p>	<p>HR Manager</p>	<p>December 31, 2017</p>

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
HR ADMINISTRATION				
<ul style="list-style-type: none"> A process for the systematic and timely review of policies and procedures <p>11. The City of Nelson should enhance its administration of human resources by:</p>	The City concurs with this recommendation.	The department is stretched to complete all the work it is required to do. Policy work tends to go to the bottom of the list and a targeted review process will help to alleviate this. Add'l resources may be required.	HR Manager	December 31, 2017
<ul style="list-style-type: none"> Analyzing and considering HR indicators to assist in human resource planning and management 	<p>Nelson is relatively small organization and does track many of HR indicators identified formally including:</p> <ul style="list-style-type: none"> sick leave usage number of FTE's overtime utilization injury lost time exempt compensation review outcomes mandatory certification requirements WorksafeBC compliance reports grievances and labour relations issues that arise at the labour management table 	The key indicators are being tracked but not together in one report. This can be done internally.	HR Manager	December 31, 2016
<ul style="list-style-type: none"> Regularly reporting on key HR indicators to senior management and Council 	The City agrees with this recommendation and the key indicators will be tracked formally in the HR manager's department head report and reported to Council on a quarterly basis.	Can be done internally.	HR Manager	December 31, 2016

AGLG CONTACT INFORMATION



The AGLG welcomes your feedback and comments. Contact us electronically using our website at www.aglg.ca or email info@aglg.ca to share your questions or comments.

You may also contact us by telephone, fax or mail:

PHONE: 604-930-7100

FAX: 604-930-7128

MAIL: 201-10470 152nd STREET SURREY BC V3R 0Y3

