

**AGLG**

AUDIT REPORT  
FEBRUARY 2017



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

WITHIN SMALL LOCAL GOVERNMENTS  
DISTRICT OF PORT EDWARD

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

To the Mayor and Council of Port Edward:

1. I am pleased to present this performance audit report on the management of human resources within the District of Port Edward.
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 the province are small communities. Small local governments constantly face a wide variety of challenges and issues 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 both highly relevant and highly significant as a result of the risks and challenges that confront 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. This report outlines our findings in assessing the District of Port Edward's management of the inherent human resource management risks that 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.

7. This report is not an audit of the dollar values of the District's compensation or of the collective agreement bargaining process.

8. In carrying out our work, we acknowledge the difference in size and capacity of the local governments audited, and the variability of 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.

9. The District of Port Edward is the smallest of the five municipalities we audited on this topic during 2016. The District serves a population of approximately 500 residents with a municipal workforce of ten employees. Given its very small size, human resources practices are decentralized, largely informal and generally sufficient to address the District's needs. However, the District should formalize some of its core human resources practices to minimize risks to the delivery of effective City services. This should include developing job descriptions, documenting recruitment and selection processes, carrying out formal employee performance appraisals and regular reporting of human resources measures and issues to Council.

10. I was pleased to see that the District has access to specialized knowledge and skills that it occasionally needs to meet capacity challenges cost-effectively. I encourage the District to make more use of collaborative arrangements and shared services, particularly if growth occurs as a result of the liquefied natural gas sector in the region.

11. We hope this report will help Port Edward enhance its human resource management and advance the public interest through good governance, performance management and decision-making. In addition to this report, we encourage the District to make use of valuable human resources tools 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 District of Port Edward for its cooperation during the performance audit process and their action plan in response to our findings and recommendations.



Gordon Ruth, FCPA, FCGA  
Surrey, BC  
*Auditor General for Local Government*

# TABLE OF CONTENTS



MESSAGE FROM THE AUDITOR GENERAL FOR LOCAL GOVERNMENT	2
LIST OF EXHIBITS	5
EXECUTIVE SUMMARY	6
WHAT WE EXAMINED	6
WHAT WE FOUND	7
SUMMARY OF RECOMMENDATIONS	8
ABOUT THE AUDIT	10
INTRODUCTION	12
LOCAL GOVERNMENT HUMAN RESOURCES	12
CONTEXT	13
COMMUNITY PROFILE	13
LOCAL GOVERNMENT PROFILE	13
FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	15-26
<hr/>	
KEY RISKS	15
QUALIFIED STAFF	15
WORKFORCE PLANNING	15
JOB DESCRIPTIONS	16
RECRUITMENT	17
EMPLOYMENT AGREEMENTS	18
SUCCESSION PLANNING	18
ORIENTATION, TRAINING & DEVELOPMENT	19
ACCOUNTABILITY	21
COMPENSATION AND PAYROLL	21
PAYROLL	22
ATTENDANCE MANAGEMENT	23
WORKPLACE RELATIONS AND ETHICS	23
LABOUR RELATIONS	23
HUMAN RESOURCES POLICIES & PROCEDURES	23
ETHICAL CONDUCT	24
HEALTH AND SAFETY	24
HUMAN RESOURCE REPORTING	25
<hr/>	
SUMMARY OF LOCAL GOVERNMENT COMMENTS	27-28
DISTRICT OF PORT EDWARD ACTION PLAN	29-32

# LIST OF EXHIBITS

<i>Exhibit 1</i>	RECOMMENDATIONS	8
<i>Exhibit 2</i>	DISTRICT VISUAL FACTS	13
<i>Exhibit 3</i>	DISTRICT OF PORT EDWARD WORKFORCE AND POPULATION STATISTICS	13
<i>Exhibit 4</i>	DISTRICT OF PORT EDWARD FINANCIAL SNAPSHOT	14
<i>Exhibit 5</i>	A SYSTEMS APPROACH FOR BUILDING CORE HR PRACTICES	16
<i>Exhibit 6</i>	DISTRICT OF PORT EDWARD NUMBER OF EMPLOYEES BY AGE	17
<i>Exhibit 7</i>	THE BENEFITS OF CROSS-TRAINING EMPLOYEES	20
<i>Exhibit 8</i>	DISTRICT OF PORT EDWARD TRAINING COSTS 2011-2015	20
<i>Exhibit 9</i>	DISTRICT OF PORT EDWARD – SALARIES, WAGES & BENEFITS, & OVERTIME PAY	22
<i>Exhibit 10</i>	DISTRICT OF PORT EDWARD SICK LEAVE PAY	23

## EXECUTIVE SUMMARY

### WHAT WE EXAMINED

13. Small local governments represent the vast majority of local governments in BC. Over 66% have populations fewer than 20,000 and of these, two thirds have a population less than 5,000.

14. Small local governments face similar challenges as 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 in the context of smaller governments which have limited resources, capacity issues, and face increasing competition for skilled staff. Many of these small municipalities and regional districts lack specialized human resource (HR) expertise, tools and resources to address these and other 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 – the benefits the community derives from sound governance, performance management and decision making. We reviewed current human resource planning and management practices and, where information was available, we reviewed the 2011 to 2015 period for data and trend analysis.

## WHAT WE FOUND

18. Port Edward is a small municipality that has experienced a decline in population of 8.1 per cent since 2011. This was a continuation of a decline that began in the 1990's, consistent with an overall decline in BC's forestry and fishery sectors. Municipal service levels remained relatively constant over the 2011-15 period covered by the audit, as did the size and structure of the workforce.
19. The District employs an experienced staff, with several long-serving employees. Workload and capacity are considered to be reasonable. Given its size, workforce planning in Port Edward is largely centred on seasonal scheduling and coverage.
20. Port Edward is facing the potential for significant growth and development should the Pacific Northwest LNG project go forward. The District currently has plans in place to address engineering capacity and will have an approximate two-year planning window to manage potential planning, permitting and development needs as well as bylaw enforcement and administrative support needs. Beyond this, community and workforce growth are expected to be modest and manageable.
21. Overall, while the District's human resource planning and management practices are informal and Port Edward has no dedicated human resources capacity, the District has been effective in addressing most of the key human resources risks it faces as a small local government with limited capacity. However, greater formalization and structure could help to minimize key HR risks while maximizing the District's financial and human resources.
22. Port Edward has qualified staff in place and provides employees with training and development opportunities.
23. The District has controls to ensure exempt compensation is reasonable and payroll is accurate. However, Port Edward's documentation of payroll procedures could be improved and cross-training of staff could help mitigate potential payroll risks.
24. The District's human resources policies and procedures are comprehensive and staff's reporting to Council on human resources matters is focused on key changes and their impacts on operations. Port Edward would benefit from identifying a set of HR measures and reporting on these routinely to Council, as this could inform and help guide decision-making across the organization in the future.
25. While the District holds its staff accountable for their results and labour relations are considered positive, accountability across the organization would be enhanced if Port Edward developed more formal approaches to staff recruitment and selection, performance management, workplace relations and ethics.
26. Succession planning for critical staff positions could reduce risks to service delivery and other operational requirements.
27. Port Edward should consider opportunities for shared services arrangements with neighbouring municipalities, such as planning and development services and building inspections. This could help address capacity challenges and ensure that programs and services are delivered in a cost-effective way.

## Exhibit 1 - RECOMMENDATIONS

### QUALIFIED STAFF RECOMMENDATIONS

1. The District of Port Edward should enhance workforce planning by developing a formal workforce plan to guide key future decisions.
2. The District of Port Edward should develop job descriptions for all staff and ensure they reflect current expectations, needs and requirements.
3. The District of Port Edward should develop a recruitment policy that addresses gaps in documentation procedures and practices to ensure fair, open and transparent hiring processes.
4. The District of Port Edward should enhance its employment agreements with excluded staff by tailoring the performance evaluation clause to each employee's role in the organization and by conducting performance appraisals at timely intervals.
5. The District of Port Edward should formalize succession plans for key staff roles.
6. The District of Port Edward should enhance employee training and development by:
  - Identifying key skill requirements in critical roles and formulating a corporate training and development plan that includes cross-training for these critical roles
  - Centralizing training records and monitoring District training expenditures

### ACCOUNTABILITY RECOMMENDATIONS

7. The District of Port Edward should consider implementing an employee performance evaluation program, including policies and procedures scaled to meet its needs and a comprehensive evaluation process to assess the performance of the Chief Administrative Officer.

### COMPENSATION AND PAYROLL RECOMMENDATIONS

8. The District of Port Edward should develop a compensation policy and, on a regular basis, undertake independent compensation reviews of its exempt staff positions.
9. The District of Port Edward should formally document its payroll procedures to assist with cross-training and assign a staff member as designated backup for payroll duties.



## WORKPLACE RELATIONS AND ETHICS RECOMMENDATIONS

10. The District of Port Edward should enhance its human resources-related policies and procedures by developing:

- A process for the systematic and timely review of policies and procedures
- Policies on confidentiality and whistleblower protection

11. The District of Port Edward should raise employee awareness of its conflict of interest policy requirements by periodically providing an information session and having staff sign to acknowledge they have reviewed the policy.

## HEALTH AND SAFETY RECOMMENDATIONS

12. The District of Port Edward should enhance its occupational health and safety program, including structured workplace and equipment inspections, routine logging of incidents and a review of its policy and safe work procedures.

## HUMAN RESOURCE REPORTING RECOMMENDATIONS

13. The District of Port Edward should consider identifying a set of key HR indicators, analyzing the results and regularly reporting them to Council.

## ABOUT THE AUDIT

28. 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.

29. 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

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

### AUDIT SCOPE AND APPROACH

31. 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.

32. 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 the Canadian Union of Public Employees (CUPE) local representatives.

### AUDIT CRITERIA

33. 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.

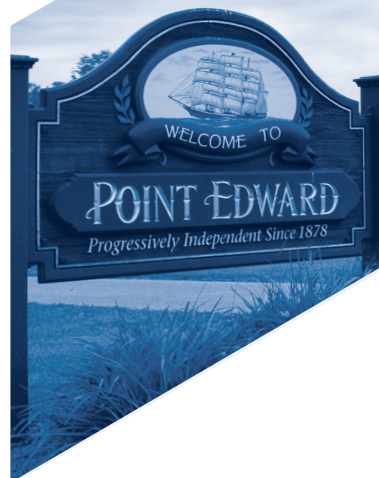
34. Below are the criteria we used to assess the local government:

#### 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 agreements 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.

35. The measurement of these audit criteria is reflective of the size and capacity of local governments. 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

36. 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*.

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

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

### LOCAL GOVERNMENT HUMAN RESOURCES

39. 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.

40. 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.

41. 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.

42. 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.

43. 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.

44. 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.

45. Where a local government has a human resources department, it can provide strategic and operational 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.

46. 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.

47. 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

48. Port Edward is a small community located on BC’s north coast, south of Prince Rupert and west of Terrace. The District consists of approximately 168 square kilometres, bordered by the Skeena River, Inverness Passage and mountains north of Highway 16. It is accessible by road and by water.

Exhibit 2 - DISTRICT VISUAL FACTS



**POPULATION**  **544**

**AREA** 168 SQKM  
**INCORPORATED** 1966

Source: BC Stats 2011 ([www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca))

49. The District encompasses two provincial parks, an ecological reserve and a major historical attraction: the North Pacific Cannery Museum. Outdoor recreation opportunities are abundant, including fresh and saltwater sport fishing, hunting, hiking, camping and boating.

50. The District had a population of 544 according to the 2011 Census. BC Stats estimated that this declined to 500 in 2015.

51. Forestry, fishing and industrial activity related to the Ridley Island Terminal provide most of the employment opportunities for residents of Port Edward. Employment of residents is located in Port Edward and in Prince Rupert. Tourism also provides seasonal employment through fishing charters, sightseeing tours and the North Pacific Cannery Museum.

52. There are approximately 200 houses in Port Edward and one small apartment complex. A 1993 survey showed approximately 79 per cent of residences were owner-occupied, and 21 per cent were renter-occupied. Port Edward has the capacity to grow to accommodate industry or residential expansion.

## LOCAL GOVERNMENT PROFILE

53. The District of Port Edward is overseen by the Chief Administrative Officer (CAO), who is supported by a Corporate Officer and administrative staff. The CAO is responsible for human resources. The District has a Public Works Department and a Volunteer Fire Department with a team of nine volunteers responsible for fire protection and rescue services.

54. The District’s workforce increased by one full-time equivalent (FTE) employee, or 11 per cent, during the period covered by the audit, while the District’s estimated population decreased as shown in Exhibit 3. Non-excluded members of the District’s workforce are represented by the Canadian Union of Public Employees (CUPE).

Exhibit 3 - DISTRICT OF PORT EDWARD WORKFORCE AND POPULATION STATISTICS

	2011	2012	2013	2014	2015	% change
Population	544	542	550	533	500	-8.1%
Total FTE's (Provided)	9	8	9	10	10	11.11%

Source: 2011: Census, 2012-2014: BC Stats estimate, FTE: District of Port Edward

55. *Exhibit 4* provides a financial snapshot of the District's operations. Port Edward's operating revenues and expenditures both grew by approximately 25 per cent between 2011 and 2015. In 2013 and 2014, the District sold some properties, which generated significant additional revenue.

*Exhibit 4 - DISTRICT OF PORT EDWARD FINANCIAL SNAPSHOT*

	2011	2012	2013	2014	2015	% change
Revenue	\$2,442,380	\$3,199,742	\$2,357,136	\$2,869,057	\$3,049,133	25%
Expenditure	\$2,417,537	\$2,579,152	\$2,808,695	\$2,963,456	\$3,030,434	25%
<b>Operating Surplus (Deficit)</b>	<b>\$24,843</b>	<b>\$620,590</b>	<b>-\$451,559</b>	<b>-\$94,399</b>	<b>\$18,699</b>	<b>-25%</b>
Writedown of Land and Receivable	-\$432,425					
Gain from Sale of Land		\$27,402	\$2,726,405	\$2,096,175		
<b>Annual Surplus (Deficit)</b>	<b>-\$407,582</b>	<b>\$647,992</b>	<b>\$2,274,846</b>	<b>\$2,001,776</b>	<b>\$18,699</b>	

*Source: District of Port Edward Annual Reports*



## FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Port Edward faces the possibility for significant growth due to the Pacific Northwest LNG project.

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

57. Our findings are based on a review of the District of Port Edward'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.

### KEY RISKS

58. Our audit objectives involved an assessment of whether human resource planning and management practices, and the administration of human resource activities, assist the local government in addressing key risks to an effectively functioning organization and help to meet the public interest.

59. Our audit focus areas included:

- Workforce planning, recruitment and selection practices and whether qualified staff were hired in a timely manner
- Performance management that holds employees accountable for their results
- Compensation processes that ensure employees are paid accurately and fairly
- Strong workplace relations and the promotion of ethical behaviour and high ethical standards
- Health and safety of employees and the public
- HR reporting processes and whether Council members receive timely, sufficient and accurate information for decision-making

### QUALIFIED STAFF

#### WORKFORCE PLANNING

60. The ability of a small local government such as Port Edward to have qualified staff in place stems from effective human resource activities. We expect Port Edward to carry out workforce planning to help ensure staffing levels are adequately linked to service levels, future requirements, and succession planning for mission critical roles to ensure continuity and consistency in operations.

61. Workforce plans are as important for a local government to complete as are financial plans in order to ensure it achieves its organizational goals.

62. Even small local governments should develop a strategic workforce plan to guide decisions about the future. In Port Edward, workforce planning is largely informal and there is no long-term strategic work force plan. There is limited staff turnover, averaging one new hire annually during the period covered by the audit. The District has qualified staff in place or has access to contractors with specialized knowledge and expertise when needed.

63. However, Port Edward faces the possibility for significant growth due to the Pacific Northwest LNG project. If approved, the project will require the District to obtain additional capacity in engineering, planning, bylaw enforcement, firefighting and public works.

64. The District should develop a workforce plan outlining its goals, objectives and approach to meeting the requirements that may result if the Pacific Northwest LNG project proceeds, including projected changes to its workforce.

#### Recommendation 1

65. The District of Port Edward should enhance workforce planning by developing a formal workforce plan to guide key future decisions.



## JOB DESCRIPTIONS

66. We expect to see timely and effective recruitment and selection practices in Port Edward that provide confidence that newly-hired employees have the required knowledge, skills and abilities based on up-to-date job descriptions. Further, the local government should provide employee orientation, training and development programs, particularly in relation to critical services such as water, waste water and roads.

67. We were advised by the District that staff do not all have job descriptions, and employees carry out their understood duties and responsibilities in the absence of set job descriptions. The District indicated this allows flexibility for the organization's eight non-management employees. However, unclear qualifications, requirements and expectations may create risks to effective staff recruitment and selection as well as effective staff performance management.

68. Job descriptions are critical tools used in recruitment and selection and the development of current job descriptions should be a priority for the District. The LGMA *Human Resources Toolkit* recommends that local governments integrate their job description, staffing and performance appraisal systems following a systems approach.

69. Small local governments that do not have dedicated HR capacity should consider following this systems approach. This method is premised on using the job description as a basis for the other processes and the systems approach can serve to strengthen much of the core HR services that are currently lacking. This approach is outlined in *Exhibit 5*.

### *Exhibit 5 – A SYSTEMS APPROACH FOR BUILDING CORE HR PRACTICES*

*A systems approach involves using the knowledge, skills and abilities (KSAs) as well as the qualifications listed in each job description as the foundation for core HR functions. The big advantages of this approach include the synergy of using common criteria, making systems specific to individual jobs and avoiding complaints of inconsistency.*

*The first step is preparing job descriptions. Typically, this consists of three or more sections describing key duties, knowledge, skills and abilities and qualifications. The KSAs and qualifications must be consistent with duties and the language carefully chosen to reflect differences between positions. The LGMA **Human Resources Toolkit** section 3.1 includes a KSA dictionary.*

*The second step is to incorporate the KSAs and qualifications into staff recruitment documents by making them the selection factors. This leads to creating a rating guide for scoring applicants and a template for developing position-specific questions to include in job interviews. The LGMA **Human Resources Toolkit** section 1.2 describes this process.*

*The third step is to incorporate the KSAs into a performance appraisal document. This works for both probationary and annual reviews. In this manner, the appraisal is position-specific and consistent with the other processes. The LGMA **Human Resources Toolkit** sections 1.3 and 3.2 outline this process.*

*This systems approach can also be used to integrate job evaluation and staff development processes.*



During the period covered by the audit, Port Edward’s recruitment focused largely on turnover.

70. Job descriptions help ensure that qualified staff are hired and can assist in building an accountability framework where District objectives and priorities are linked to individual responsibilities and performance. The District should develop job descriptions for all staff positions and provide copies of bargaining unit job descriptions to union members. These should be dated, signed by the CAO and regularly reviewed.

**Recommendation 2**

71. The District of Port Edward should develop job descriptions for all staff and ensure they reflect current expectations, needs and requirements.

**RECRUITMENT**

72. A local government’s selection of qualified staff is critical to its operational effectiveness. In Port Edward, we expect the District to have fair, open and transparent selection processes, supported by consistent procedures. We also expect Port Edward to adequately document the results of selection processes and retain that documentation in the event of appeals or grievances.

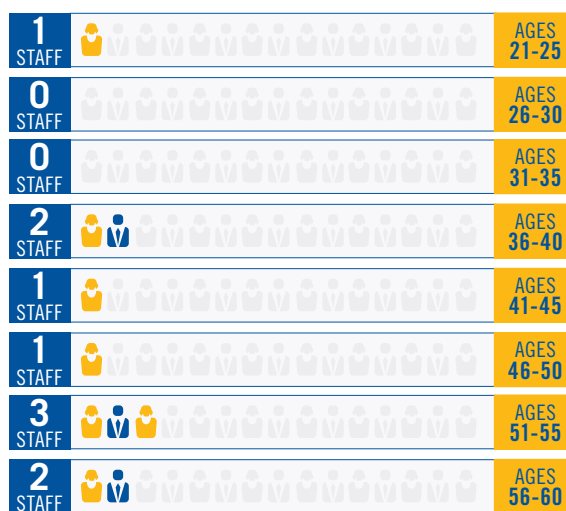
73. In BC, local governments have non-union (exempt) staff positions as well as union positions. For Canadian Union of Public Employees (CUPE) positions, seniority is often a significant consideration in hiring and promotion decisions and, depending on the wording of the collective agreement, may be the determining factor in some circumstances. The district fills exempt staff vacancies primarily on merit.

74. During the period covered by the audit, Port Edward’s recruitment focused largely on turnover; the District experienced 40 per cent turnover due to two employees retiring and two leaving for other jobs. One new position was added to the workforce in Public Works during the period covered by the audit.

75. In Port Edward, staff recruitment and selection practices are largely informal. The District posts minimum qualifications and screened for them in the absence of job descriptions. Emphasis is placed on selecting the candidate with the best “fit” in a small workplace, such as flexibility, being a team player and a focus on serving the public. The District told us that recruitment has not been a significant challenge for the District, as it received multiple applications in response to recent job postings.

76. The District could improve its documentation and retention of recruitment and selection records. This could enhance the efficiency and effectiveness of future hiring processes. This is particularly important due to the District’s aging workforce: as *Exhibit 6* shows, five of its ten employees are aged 51 or older. Improving these processes will also be important should the LNG project move forward, requiring the hiring of additional staff. Documentation of candidate scoring, ranking and seniority also demonstrates fairness and transparency of the recruitment process.

*Exhibit 6 – DISTRICT OF PORT EDWARD NUMBER OF EMPLOYEES BY AGE*



Source: Information provided by the District of Port Edward  
 Note: The total headcount includes only core workforce and excludes casual, temporary, and part-time staff.

Overall, we found the majority of key provisions we would expect to see in an employment agreement.

### Recommendation 3

77. The District of Port Edward should develop a recruitment policy that addresses gaps in documentation procedures and practices to ensure fair, open and transparent hiring processes.

#### EMPLOYEE AGREEMENTS

78. Employment agreements for exempt staff are useful tools that provide certainty to both employers and employees. They also help reduce potential disputes and allow for predictability of costs. We expect the District to have signed employment agreements setting out duties, compensation benefits and clearly delineating working conditions. While letters of hire, bylaws and policies can be used to govern employment terms and conditions, a better practice that mitigates risks to both the employer and employee is for local governments to enter into signed employment agreements with all exempt staff.

79. The District's employment agreement template for exempt staff contains important clauses addressing duties and responsibilities, code of conduct and ethics, compensation, benefits, performance evaluation, sole occupation, leave entitlements, probationary periods, termination and severance, as well as severability. Overall, we found the majority of key provisions we would expect to see in an employment agreement. However, we found that the performance evaluation clause needed improvement.

80. The performance evaluation clause within the employment agreements reviewed stated that performance would be evaluated from "time to time" and provided limited information on the depth or breadth of the evaluation. A performance evaluation should consider the employee's contribution to the District's strategic goals and objectives, individual work plan achievements, areas for improvement and professional development needs.

81. Since the employment agreement is used for all exempt staff, the performance evaluation clause should be tailored to each employee's role in the organization. Leading practices on performance reviews indicate that they should occur at least annually, or at the end of each work plan or performance period.

82. District staff told us that Port Edward's employment agreements are typically reviewed by legal counsel when a senior management position is filled and that the last such review occurred in 2014, when the current CAO was hired. They also told us that the next review will be when the CAO's current agreement expires in 2017.

### Recommendation 4

83. The District of Port Edward should enhance its employment agreements with excluded staff by tailoring the performance evaluation clause to each employee's role in the organization and by conducting appraisals at timely intervals.

#### SUCCESSION PLANNING

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

85. In Port Edward, we expect to see a succession plan in place for the mission-critical positions and skills: those that are essential to the effective functioning of the organization and are typically difficult to recruit for. The strategy 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 strategies should start with the identification and development of current employees although external recruitment should not be precluded.

The District has an orientation program for new employees that is largely centered on safety and work procedures.

86. The District does not have a formal succession plan. Instead, its emphasis is on ensuring temporary coverage is available for key activities. As a result, Port Edward has informal plans to cover the roles and responsibilities of two of the District's three key staff positions within the organization on a temporary basis. Further, Port Edward has conducted staff training to facilitate coverage of key positions in public works and administration. For example, public works staff are trained and certified on different equipment and facilities (heavy equipment, water distribution and waste water) resulting in reduced risks of unplanned turnover.

### Recommendation 5

87. The District of Port Edward should formalize succession plans for key staff roles.

#### ORIENTATION, TRAINING AND DEVELOPMENT

88. Sound orientation can help ensure that newly-hired employees get off to a good start, while training and development activities help maximize employees' contributions toward achieving organizational goals. We expect the District to provide new employees with an orientation both to their position and to the organization and its expectations.

89. An orientation package should include information on human resource management policies and procedures, code of conduct, health and safety requirements, employee benefits, the organizational and management structure, mission, goals, programs and services.

90. We expect to see training and development activities in Port Edward that address operational issues, changing skill requirements, and that support business objectives including evolving organizational expectations. As mentioned earlier,

training and development also supports succession planning. An established organizational training plan can assist in achieving all of this, while helping to effectively allocate the training budget and ensure that training activities are aligned with succession planning.

91. The District has an orientation program for new employees that is largely centered on safety and work procedures. Staff generally acknowledged that the District supported them to obtain necessary training and certifications, and Departments track these records for its employees.

92. Port Edward has a Training and Development Policy that describes how to obtain approval for employee training. The policy refers to a Corporate Training and Development Plan, which the District has not prepared. Instead, training opportunities and approvals are provided on an ad-hoc basis.

93. The District has certifications for water, wastewater and equipment operation in place and – in most cases – also has plans for temporary backfilling of positions requiring certification. Although Port Edward has adequate coverage for key roles in the organization, the District would benefit from mapping critical corporate officer duties in order to facilitate cross-training and coverage. This would ensure that essential skills to provide core services are always in place. *Exhibit 7* describes the benefits of cross-training.

*Exhibit 7 – THE BENEFITS OF CROSS-TRAINING EMPLOYEES*

*Cross-training involves developing skills and proficiencies relating 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 serve as job enrichment for motivated employees who want 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 the expense of 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.*

94. Excepting the Fire Department, the District has not monitored or analyzed its training expenditures. The District should consider formulating a corporate training plan and monitoring District-wide training requirements and expenditures. This would be helpful with budgeting and enhancing the cost-effectiveness of training activities.

95. The District’s five-year training expenditures during the period covered by the audit are shown in *Exhibit 8*, ranging from 0.1 per cent to 0.6 per cent of total district annual expenditures.

*Exhibit 8 – DISTRICT OF PORT EDWARD TRAINING COSTS 2011-2015*

	2011	2012	2013	2014	2015
<b>Training Expenditure</b>	\$13,908	\$15,084	\$2,786	\$18,300	\$2,761
District Total Expenditure	\$2,417,537	\$2,579,152	\$2,808,695	\$2,963,456	\$3,030,434
<b>Training as % of Total Expenditure</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.1%</b>	<b>0.6%</b>	<b>0.1%</b>
Total Wages & Benefits	\$566,300	\$605,748	\$635,147	\$663,955	\$686,422
<b>Training as % of Wages &amp; Benefits</b>	<b>2.5%</b>	<b>2.5%</b>	<b>0.4%</b>	<b>2.8%</b>	<b>0.4%</b>

*Source: Training Expenditure and Total Wages & Benefits Reported by the District, Annual Total District Expenditure quoted from the District of Port Edward Annual Reports*

*Note: 2012 and 2013 Training Expenditures are estimates*

In Port Edward, employee performance is not formally assessed. Feedback tends to be day-to-day or event-driven.

### Recommendation 6

96. The District of Port Edward should enhance employee training and development by:

- Identifying key skill requirements in critical roles and formulating a corporate training and development plan that includes cross-training for these critical roles
- Centralizing training records and monitoring District training expenditures

## ACCOUNTABILITY

97. All local governments need effective performance management processes that hold employees accountable for their results and will assist employees to improve their performance.

98. We expect the District to have an ongoing process of performance management with supervisory staff working collaboratively with 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 in written form. As a leading practice, employee coaching and mentoring programs could encourage development and support succession planning.

99. In Port Edward, employee performance is not formally assessed. Feedback tends to be day-to-day or event-driven and the District expects employees to take personal responsibility for their performance.

100. Port Edward does not have a defined process for Council to assess the CAO's performance, although the employment agreements for the District's two management staff include clauses enabling the Council and/or CAO to conduct performance evaluations.

101. Council may want to consider implementing a comprehensive evaluation process for exempted employees such as a '360 degree' appraisal, which is regarded as a good practice for executive performance evaluation.

102. The District has an employee discipline policy that refers to steps defined in the collective agreement. Letters of discipline are drafted as needed.

103. District staff indicated to us a desire for more structured employee appraisals. The District should consider implementing an employee performance evaluation program, including policies and procedures scaled to meet Port Edward's needs. This would help ensure that individual employee responsibilities, as set out in job descriptions (still to be developed), are aligned with the District's goals and that the District is holding staff accountable for their performance. As discussed earlier in this report, the development of a performance evaluation system can be integrated with the development of job descriptions.

### Recommendation 7

104. The District of Port Edward should consider implementing an employee performance evaluation program, including policies and procedures scaled to meet its needs and a comprehensive evaluation process to assess the performance of the Chief Administrative Officer.

## COMPENSATION AND PAYROLL

105. Staff compensation is a significant expense for all local governments. Taxpayers need assurance that staff compensation is fair, reasonable and based on industry standards. Employees must have confidence that they will actually receive the salaries and benefits they are due.

The District has both a payroll system and manual controls in place to ensure the accuracy of payroll.

106. 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 Port Edward to have a compensation policy along with regular compensation reviews. Compensation reviews are useful in determining an affordable and balanced approach to total compensation.

107. Port Edward lacks a compensation policy that addresses annual salary increases for exempt staff, and the salary increases are not consistently reflected in the exempt staff employment agreements. The District should develop a compensation policy that outlines the District’s compensation philosophy, including how its staff compensation should compare to that of other local governments.

108. As *Exhibit 9* shows, the District’s expenditures on total employee salaries, wages and benefits increased by 21 per cent during the period covered by the audit. This increase was primarily due to the hiring of one additional full-time unionized employee. While overtime pay slightly increased in 2012, it trended downward overall, decreasing by 46 per cent during the period covered by the audit.

109. The District told us that it has conducted salary comparisons with similar municipalities, but it was unable to provide us with documentation showing these comparisons.

110. The District should also consider carrying out an independent compensation review regularly to provide additional assurance around the reasonability of its compensation package. Leading practice suggests a comprehensive review should be carried out every three to five years.

**Recommendation 8**

111. The District of Port Edward should develop a compensation policy and, on a regular basis, undertake independent compensation reviews of its exempt staff positions.

**PAYROLL**

112. The District has both a payroll system and manual controls in place to ensure the accuracy of payroll. During the period covered by the audit, there were no complaints from employees relating to payroll and no errors were detected by the District’s external auditors.

113. However, Port Edward has not formally documented its payroll procedures and lacks designated, trained backup support for payroll functions. The District should document its payroll procedures to assist with cross-training and knowledge transfer. A staff member should be formally designated as payroll backup support.

*Exhibit 9 – DISTRICT OF PORT EDWARD – SALARIES, WAGES & BENEFITS, AND OVERTIME PAY*

	2011	2012	2013	2014	2015	% change
Employee Salaries, Wages and Benefits	\$566,300	\$605,748	\$635,147	\$663,955	\$686,422	21%
Overtime Pay	\$17,847	\$18,633	\$12,781	\$6,911	\$9,634	-46%

Source: District of Port Edward Financial Records



## Recommendation 9

114. The District of Port Edward should formally document its payroll procedures to assist with cross-training and assign a staff member as designated backup for payroll duties.

### ATTENDANCE MANAGEMENT

115. The District's current collective agreement, effective January 2014, includes an incentive clause for employees not taking their sick days. Five extra paid days off are awarded to those who accumulate more than 200 unused sick days. *Exhibit 10* shows that the District's sick pay increased between 2011 and 2013 and then declined in 2014 and 2015, following the introduction of the incentive clause.

*Exhibit 10 – DISTRICT OF PORT EDWARD SICK LEAVE PAY*

	2011	2012	2013	2014	2015
Sick Leave Pay	\$22,540	\$27,215	\$34,975	\$32,360	\$24,867

*Source: District of Port Edward Financial Records*

### WORKPLACE RELATIONS AND ETHICS

116. Even very small local governments, such as Port Edward with ten employees, need to effectively address risks to labour relations, workplace wellness and ethical conduct. The District should properly govern labour relations and have policies and procedures to provide guidance, direction and control over human resources practices. Every local government should have a code of conduct outlining organizational values and setting out requirements around conflict of interest declaration, confidentiality and prohibited behaviours.

### LABOUR RELATIONS

117. Port Edward should have a joint labour-management committee with a clear mandate to oversee how work and working relationships are governed. The workplace should have clearly outlined grievance procedures and processes to ensure that employees with concerns have opportunities for redress.

118. The District's collective agreement refers to a joint labour-management committee and a joint safety committee, but neither has actually been established. District management and staff members told us that they do not consider these committees necessary, given the workplace size, structure and conditions.

119. Despite the absence of a joint labour-management committee, management and staff indicated to us that labour relations are generally positive in the District. There were no formal grievances during the 2011-15 period covered by the audit, and staff told us that they generally regarded the District as a good place to work.

### HUMAN RESOURCES POLICIES AND PROCEDURES

120. We expect to see effective HR policies and procedures in Port Edward that foster a healthy, respectful and harassment-free workplace where employees are treated fairly and with transparency. Key policies and procedures should cover areas such as confidentiality, health and safety, working conditions, attendance and leave management, staff compensation and overtime, reimbursement of fees and expenses, training and development, performance management, termination, discipline, disputes mechanisms and complaint resolution.

121. We also expect the District to have an employee code of conduct, standards for ethical behaviour and conflict of interest policies and procedures to support workplace integrity.

122. The District has a set of employee policies and procedures covering some key areas including ethical conduct, health and safety, training and development, expense reimbursement, discipline and reporting of complaints. In addition, the District has a detailed harassment policy containing a definition, examples of harassment and complaint procedures. The District also told us that a session on team-building was planned for late 2016.

In Port Edward, occupational health and safety is treated as a priority.

123. As mentioned previously, the District had no policy on recruitment or employee performance evaluation. As well, there was no policy on confidentiality and whistleblower protection. In addition, The District's policies have not been regularly reviewed and updated.

124. To address these gaps, the District could consider the LGMA *Human Resources Toolkit*, which contains some 70 draft versions of up-to-date policies. The District should also consider establishing an ongoing process for systematic and timely review of policies and procedures.

#### Recommendation 10

125. The District of Port Edward should enhance its human resources-related policies and procedures by developing:

- A process for the systematic and timely review of policies and procedures
- Policies on confidentiality and whistleblower protection

#### ETHICAL CONDUCT

126. As a small local government, the District is potentially exposed to conflict of interest risk. Port Edward has a standard of conduct policy which outlines ethical conduct requirements, including provisions for conflict of interest. In addition, the District's employment agreement template for exempt staff included general conduct requirements.

127. However, some staff members were not familiar with these requirements and the overall level of awareness of conflict of interest was low. The District should periodically conduct an information session for employees to raise awareness of the policy and should require employees to periodically review and sign an acknowledgement of their understanding of the policy.

#### Recommendation 11

128. The District of Port Edward should raise employee awareness of its conflict of interest policy requirements by periodically providing an information session and having staff sign to acknowledge they have reviewed the policy.

#### HEALTH AND SAFETY

129. All local governments need to effectively manage risks to both employee and public health and safety. 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.

130. We expect the District to be aware of and in compliance with its occupational health and safety obligations as well as all legislative and regulatory requirements. 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 representatives of management and union members.

131. In Port Edward, occupational health and safety is treated as a priority and we were advised the District is in compliance with WorkSafe BC requirements. The District encourages and supports workplace health and safety through a range of formal and informal activities including:

- A health and safety policy
- Safe work procedures
- Safety training provided to employees including students
- Routine workplace and equipment inspections
- Inviting WorkSafe BC to conduct inspections



Overall, Port Edward’s occupational health and safety program would benefit from a more formal approach.

132. One occupational health and safety incident occurred during the five-year period covered by the audit. The District reported it to WorkSafe BC, investigated it and re-wrote its safe work procedures as a result.

133. In Port Edward, the District does not regularly review its policies and procedures. The District’s occupational health and safety policy and safety manual have not been reviewed for several years and operations staff acknowledged that this should be done.

134. Overall, Port Edward’s occupational health and safety program would benefit from a more formal approach, including a review of relevant policy and safe work procedures, routine logging of incidents and a more formal approach to workplace and equipment inspections. This would add robustness to the program and increase effectiveness.

### Recommendation 12

135. The District of Port Edward should enhance its occupational health and safety program, including structured workplace and equipment inspections, routine logging of incidents and a review of its policy and safe work procedures.

## HUMAN RESOURCE REPORTING

136. A small local government such as Port Edward is unlikely to have a dedicated human resources information system to acquire, store, analyze and report HR information to groups such as department heads across the organization. However, we expect the District to capture core HR data such as time and attendance, payroll, benefits administration, recruitment and training activities and results.

137. We further expect to see such information and results incorporated into annual planning to assist with activities such as budgeting, forecasting, recruitment, succession planning, training and development. Core 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.

138. The District uses the VADIM system for payroll which enables staff to generate basic information to assist in meeting their HR management needs with respect to compensation, leave and overtime. Staff annually prepare a detailed payroll report, which shows annual remuneration by type, employee and department.

139. Rather than focusing on key metrics, HR reporting to Council tends to be ad hoc, focused on financial impacts or staffing changes, and is typically between the CAO and Mayor only. Council members are invited to ask the CAO questions as they arise.

140. The District should consider enhancing its HR reporting to Council. Port Edward should carefully select metrics so they do not consume more time preparing than they are worth. The District should regularly review these measures and eliminate any that prove not to be useful. Different measures may be reported on a monthly, quarterly and annual basis.

141. Some examples of core human resources statistics that can be used to support human resources functions and that can inform human resources requirements and decision-making in Port Edward include:

- › Basic workforce demographics
- › Payroll, benefits and compensation data
- › Overtime utilization
- › Staff turnover
- › Time, leave and attendance
- › Training, learning and development
- › Performance appraisal
- › Injuries and WorkSafe BC records
- › Grievances

### **Recommendation 13**

142. The District of Port Edward should consider identifying a set of key HR indicators, analyzing the results and regularly reporting them to Council.



# SUMMARY OF LOCAL GOVERNMENT COMMENTS



## District of Port Edward

Clean, Neat & Green

December 23, 2016

Mr. Gordon Ruth  
Auditor General for Local Government  
201-10470 152 Street  
Surrey, BC  
V3R 0Y3

Dear Mr. Ruth,

Re: "Managing the Inherent Risk of Limited Human Resources within Small Government"  
— District of Port Edward

Mayor MacDonald and Council would like to acknowledge the positive work from your audit team and for their balanced review of our Human Resources Program and Services in the District of Port Edward.

The District of Port Edward maintains a relatively small complement of staff and as such, we do not have a dedicated HR professional. This reality provides the District of Port Edward with the challenge of keeping up with industry standards while, at the same time, not breaking the bank.

In your report, the auditor has identified a number of best practises opportunities for human resources efficiencies, as well as, 13 recommendations that would help to improve in our day to day operations at the District of Port Edward. Council agrees with the report; with the assistance of the Chief Administrative Officer work is now underway to address the findings. Since the audit, the District has also hired an additional management level position to assist with focusing on HR processes.

Timing for this review could not have been better for the District, given the potential for large industry growth over the next several years. The opportunity to fine tune our HR policies and procedures, before rapid growth, will reflect positively on our effectiveness to meet the challenges ahead. However, with impending rapid growth the community will be well served with tightening up on our HR processes to minimize the inherent risk of rapid growth.

Within the report the main theme is to better formalize our HR practices, a result of very low staff turnover and a small number of actual staff, the District hires up seasonal staff during summer and we

District of  
Port Edward

PO Box 1100, Port Edward  
British Columbia V0V 1G0

tel 250.628.3667  
fax 250.628.9225

info@portedward.ca  
www.portedward.ca

## SUMMARY OF LOCAL GOVERNMENT COMMENTS



outsource for technical support in engineering, planning and legal services. We consider ourselves as a lean mean fighting machine.

Of the 13 useful recommendations, the most difficult recommendation to address will be staff succession planning. To this effect, our succession plan needs to address size of community, location and available labour pool. Cross training and identifying potential gaps will be important factors to address.

Council met with our CAO to review the recommendations, December 13 2016. There was a very positive reaction to the overall process for this audit, and Council wishes to send our appreciation to the audit team for their insight and balanced approach to these findings. Council is confident that the proposed action plan will support a more robust HR program for the District of Port Edward.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dave MacDonald', written in a cursive style.

Dave MacDonald  
Mayor

# DISTRICT OF PORT EDWARD ACTION PLAN

AGLG RECOMMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
<b>QUALIFIED STAFF</b>				
<p>1. The District of Port Edward should enhance workforce planning by developing a formal workforce plan to guide key future decisions.</p>	<p>Review current HR processes utilized by District.</p> <p>Address any Union agreement protocols and or provisions.</p> <p>Conduct a service level review with Council to establish appropriate standards as related to budgets.</p> <p>In developing of a strategic workforce plan the District will gain insight into our workforce capacity and future needs, resulting for timely HR action, through:</p> <ul style="list-style-type: none"> <li>• Current workforce profile</li> <li>• Environmental scan</li> <li>• Future workforce demands</li> <li>• Workforce gap analysis</li> <li>• Strategic development action plan</li> </ul>	<p>LGMA HR Toolkit</p> <p>Union agreement</p> <p>Service level policies</p> <p>Best practises examples</p>	CAO/CFO	September 2017
<p>2. The District of Port Edward should develop job descriptions for all staff and ensure they reflect current expectations, needs and requirements.</p>	<p>Conduct as systems approach to developing job descriptions for each staff member, linking the JD to the District's objectives and performance goals and reviews.</p> <p>Create and develop consistent templates, one for exempt, one for non exempt.</p> <p>Interview each staff member.</p> <p>Establish required skills and qualifications.</p>	<p>Review best practices examples from other municipalities.</p> <p>LGMA HR Toolkit</p> <p>Collective agreement</p> <p>Ministry of Environment regulations for qualifications.</p>	CAO/CFO	January 2018
<p>3. The District of Port Edward should develop a recruitment policy that addresses gaps in documentation procedures and practices to ensure fair, open and transparent hiring processes.</p>	<p>Develop a staff recruitment policy for council approval.</p> <p>Maintain database for consistency of recruiting practices.</p>	<p>Review best practices examples from other municipalities.</p> <p>LGMA HR Toolkit</p> <p>Collective agreement</p>	CAO/CFO	January 2018



AGLG RECOMMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
<b>QUALIFIED STAFF</b>				
<p>4. The District of Port Edward should enhance its employment agreements with excluded staff by tailoring the performance evaluation clause to each employee's role in the organization and by conducting performance appraisals at timely intervals.</p>	<p>The District will review the exempt staff employment agreements with the following suitable focus:</p> <ul style="list-style-type: none"> <li>• Updated compensation &amp; benefits policy approved by Council.</li> <li>• Consistent template.</li> <li>• Linked to JD and annual performance reviews.</li> </ul>	<p>Review best practices examples from other municipalities.</p> <p>LGMA HR Toolkit</p> <p>Legal reviews</p>	CAO	June 2017
<p>5. The District of Port Edward should formalize succession plans for key staff roles.</p>	<p>Planning to reduce risks to our continuity of services the District will:</p> <ul style="list-style-type: none"> <li>• Establish mission critical tasks.</li> <li>• Build a strategic plan including cross training opportunities.</li> <li>• Environmental scan of potential short term availability of skill labour.</li> </ul>	<p>Review best practices examples from other municipalities.</p> <p>LGMA HR Toolkit</p> <p>Collective agreement</p>	CAO/CFO	June 2017
<p>6. The District of Port Edward should enhance employee training and development by:</p> <ul style="list-style-type: none"> <li>• Identifying key skill requirements in critical roles and formulating a corporate training and development plan that includes cross-training for these critical roles</li> <li>• Centralizing training records and monitoring District training expenditures</li> </ul>	<p>The District will formulate a training plan, including establishing required training that will be integrated into the performance review process. Staff orientation, health and safety training and code of conduct familiarization will continue to be highest priority for both new and current staff. Annual refresher training to become part of the performance review process.</p>	<p>Collective agreement LGMA Toolkit</p>	CAO/CFO	2018

AGLG RECOMMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
<b>ACCOUNTABILITY</b>				
7. The District of Port Edward should consider implementing an employee performance evaluation program, including policies and procedures scaled to meet its needs and a comprehensive evaluation process to assess the performance of the Chief Administrative Officer.	District will implement an employee performance program.  Council will conduct CAO review of performance.	Best practices review  LGMA Toolkit	CAO/CFO	November 2017
<b>COMPENSATION AND PAYROLL</b>				
8. The District of Port Edward should develop a compensation policy and, on a regular basis, undertake independent compensation reviews of its exempt staff positions.	District will establish compensation policy for exempt staff, including regular reviews.  Staff compensation should compare to that of other local governments.	Best practices review  Comparison to other communities review.	CAO/CFO	September 2017
9. The District of Port Edward should formally document its payroll procedures to assist with cross-training and assign a staff member as designated backup for payroll duties.	District will establish a procedures manual for payroll and other HR processes linked to the electronic database and file systems.  Training of backup staff will be conducted.	HR software	CAO/CFO	December 2017
<b>WORKPLACE RELATIONS AND ETHICS</b>				
10. The District of Port Edward should enhance its human resources-related policies and procedures by developing:  • A process for the systematic and timely review of policies and procedures  • Policies on confidentiality and whistleblower protection	The District will establish a Policy for confidentiality and whistleblower protection.  Annual review of District HR Policies to be conducted.	Review best practices examples from other municipalities.  LGMA Toolkit  Collective agreement	CAO/CFO	December 2017

AGLG RECOMMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
<b>WORKPLACE RELATIONS AND ETHICS</b>				
11. The District of Port Edward should raise employee awareness of its conflict of interest policy requirements by periodically providing an information session and having staff sign to acknowledge they have reviewed the policy.	<p>Conflict of Interest annual refresher training to be implemented and integrated with annual performance reviews.</p> <p>The District will also confirm all current conflict of Interest documentation, confidentiality agreements and ethical conduct standards agreements, with staff.</p>	<p>Review best practices examples from other municipalities.</p> <p>LGMA Toolkit</p> <p>Collective agreement</p>	CAO/CFO	December 2017
<b>HEALTH AND SAFETY</b>				
12. The District of Port Edward should enhance its occupational health and safety program, including structured workplace and equipment inspections, routine logging of incidents and a review of its policy and safe work procedures.	<p>The District considers health and safety of staff as our first priority, ongoing training, reporting and tracking of safety related information and data will be maintained in one office, for better tracking and retention.</p> <p>Annual review of H&amp;S policies.</p> <p>Quarterly meetings to be conducted.</p>	<p>Workers Compensation Act</p> <p>OHS regulations &amp; standards</p> <p>Collective agreement</p>	CAO	September 2017
<b>HR REPORTING</b>				
13. The District of Port Edward should consider identifying a set of key HR indicators, analyzing the results and regularly reporting them to Council.	The District will look at a best practises opportunity from other municipalities to see what works well for reporting HR related metric to Council on a more regular basis.	Best practices review	CAO/CFO	December 2017



## AGLG CONTACT INFORMATION



The AGLG welcomes your feedback and comments. Contact us electronically using our website at [www.aglg.ca](http://www.aglg.ca) or email [info@aglg.ca](mailto: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 152<sup>nd</sup> STREET SURREY BC V3R 0Y3

